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9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **WESTERN DIVISION**

12 **SECURITIES AND EXCHANGE**
13 **COMMISSION,**

14 **Plaintiff,**

15 **vs.**

16 **CHARLES P. COPELAND,**
17 **COPELAND WEALTH**
18 **MANAGEMENT, A FINANCIAL**
19 **ADVISORY CORPORATION;**
20 **and COPELAND WEALTH**
21 **MANAGEMENT, A REAL**
22 **ESTATE CORPORATION,**

23 **Defendants.**

CASE NO. 11-cv-08607-R-DTB

TRI TOOL INC.'S
MEMORANDUM OF POINTS
AND AUTHORITIES RE:
STATUTE OF LIMITATIONS

Date: December 16, 2013
Time: 10:00 a.m.
Ctrm: 8, 2nd Floor
Judge: Hon. Manuel L. Real

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I.

INTRODUCTION

On August 19, 2013, non-party, Tri Tool Inc., a Nevada corporation (hereafter “Tri Tool”) sought relief from this court’s permanent injunction. Tri Tool did so to pursue claims against some of the receivership entities, in Sacramento Superior Court, Case No. 34-2009-00054045 (hereafter “State Court Action”). These receivership entities are Copeland Properties Three, a California Limited Partnership (hereafter “CP3”), Copeland Properties 18, a California limited partnership (hereafter “CP18”), formerly Copeland Properties 14 (hereafter “CP14”), and CP3, CP14 and CP18’s common general partner, Copeland Wealth Management, a Real Estate Corporation, a California corporation, previously named Copeland Realty, Inc., (hereafter “CWMRE”). Tri Tool hereafter refers to CP3, CP14, CP18, and CWMRE collectively as the “Receivership Entities.” Tri Tool filed its State Court Action July 27, 2009, seeking to recover payment due Tri Tool on a CP3 promissory note for \$200,000.00 (hereafter “Note”), and interest, attorney fees and costs (hereafter the “Debt”).

The Copelands formed CP3, on February 23, 2004, as a single purpose entity. Its purpose was to own 3041 Sunrise Boulevard, Rancho Cordova, Sacramento County, California 95742-6502 (hereafter “Rancho Cordova Property”). The Debt arose out of CP3’s sale to Tri Tool of the Rancho Cordova Property, for \$9,700,000.00. The Note was due April 5, 2009, bearing interest after that at 10% per annum. The State Trial Court has entered an order summarily adjudicating CP3’s and the Note’s guarantors, Charles P. Copeland (hereafter “C. Copeland”) and Donald E. Copeland (hereafter “D. Copeland”) liable for the Note’s payment (hereafter collectively “Copelands” or “Guarantors”).¹ C. Copeland and D. Copeland have filed bankruptcy.

In the fall, C. Copeland, directing the affairs of CWMRE, formulated a plan to transfer substantially all the assets of CP3 to CP18, with no consideration to CP3. That plan included CP3 obtaining a loan from Pacific Western Bank (hereafter “PW Bank”) for \$1,800,000.00. CP3 would transfer the PW Bank Loan proceeds to CP14, which CP14 would use to purchase real property in

¹The State Court has yet to reduce this order to judgment. This court’s injunction effectively blocks the State Court from doing so.

1 North Carolina, called The Garden Ridge Property (hereafter “Garden Ridge Property”).²
2 Subsequently, when CP3 closed escrow on the sale of its real property to Tri Tool, CP3 would use
3 the sale proceeds to pay off the PW Bank Loan. CP3 would cancel the debt owed it by CP14/CP18,
4 giving the CP3 limited partners, in exchange for equity in CP14/CP18 in like amount. CWMRE got
5 a \$700,000.00 promotional interest.

6 On April 4, 2011, Tri Tool amended its complaint, suing CP3's Limited Partners, and Does
7 One through Twenty Five. Therein, Tri Tool alleges claims arising under California’s Uniform
8 Fraudulent Transfer Act. Tri Tool alleges the Doe Defendants are responsible, in some manner, for
9 the occurrences Plaintiff alleges, and that the Doe Defendants’ acts proximately caused those
10 damages. Tri Tool’s state court claim (hereafter “State Court Claim”) against the Receivership
11 Entities arises out of the Receivership Entities’, as Doe Defendants, transferring CP3’s funds to
12 CP18, and by that avoiding the Debt’s payment. Notwithstanding, Tri Tool hereby respectfully
13 objects to this Court’s adjudication of rights with a jury trial as proscribed by the 7th Amendment to
14 the Constitution, or at minimum a full plenary hearing with witnesses subject to cross-examination.

15 **II.**

16 **FACTUAL BACKGROUND**

17 **A. THE TRANSFERS**

18 On July 7, 2004, CP3 purchased the Rancho Cordova Property. [Dec. of Rollie Peterson,
19 dated June 19, 2013, ¶5 (hereafter “RP Dec.”)], its sole tenant was the United States Internal
20 Revenue Service (hereafter “IRS”) [RP Dec. ¶4]. Shortly after CP3 purchased the Rancho Cordova
21 Property, on November 4, 2004, the IRS exercised an option in its lease to quit. The IRS surrendered
22 the premises to CP3 in May 2005. [RP Dec. ¶8]. Although CP3, after that, found a tenant for part
23 of the space, it could not rent all of it, so CP3 decided to sell. The Copelands wrote to the limited
24 partners and had meetings about their investment in CP3 when the Rancho Cordova Property sold.

25

26 ²The Garden Ridge Property purchase was subject to a loan, which CP14 was to assume.
27 Because CP14 held title to property for the Tabor Trust, the lender would not agree to the sellers’
28 assignment of the loan to CP14. C. Copeland then formed CP18, with CWMRE (then CRI) as its
general partner, and by year’s end merged CP14 and CP18.

1 [RP Dec. ¶8]. By the spring of 2006, it was in escrow for the second time. [RP Dec. ¶8].

2 On April 4, 2006, the Copelands formed CP14 to facilitate an 26 U.S.C. § 1031 tax deferred
3 exchange. It did so for one of C. Copeland's clients, the Taber Family Trust. [RP Dec. ¶9].
4 CWMRE (then known as CRI) was its general partner.

5 On about August 25, 2006, CWMRE (then known as CRI) contracted to purchase the Garden
6 Ridge Property. [RP Dec. ¶10]. CWMRE was both CP3's and CP14's General Partner. With due
7 diligence and extensions, the Garden Ridge Property purchase contract called for closure by the end
8 of February 2007. [RP Dec. ¶10].

9 Tri Tool contracted with CP3, on November 1, 2006, to buy the Rancho Cordova Property,
10 putting \$100,000.00 in escrow. [Declaration of Frank Wernette (hereafter "FW Dec."), ¶3]. The
11 closing was to be December 15, 2006, with two 60 day extensions, at \$100,000.00 per extension, or
12 mid-February 2007. Shortly after CP3 contracted to buy the Rancho Cordova Property, CWMRE
13 assigned its contract to purchase the Garden Ridge Property to CP14. C. Copeland then set in
14 motion a plan to transfer the equity interests of the limited partners of CP3 to CP14, which would
15 own the Garden Ridge Property.

16 During due diligence, Tri Tool discovered, among other things, that existence of the
17 unrecorded easement. Before escrow closed, Tri Tool learned that an adjacent property owner
18 claimed an unrecorded right of way easement (hereafter "Purported Easement") over the Rancho
19 Cordova Property. [FW Dec. ¶3]. CP3, from time-to-time, does defense contracting work. Security
20 of its facilities is a very important issue to Tri Tool, including limiting access over its properties.
21 [FW Dec. ¶6]. Notwithstanding, Tri Tool agreed to close escrow subject to the Purported Easement,
22 giving CP3 two years to obtain its release. [FW Dec. ¶6]. As a condition to closing, subject to the
23 Purported Easement, CP3 promised to pay Tri Tool \$200,000.00 if, within twenty-four (24) months
24 from escrow's close, CP3 did not remove the Purported Easement. [FW Dec. ¶7]. To evidence this
25 obligation, CP3 gave to Tri Tool a promissory note called "Straight Note" (hereafter "Note"). D.
26 Copeland signed the Note as "General Partner" of CP3. [FW Dec. ¶7]. The Note provides for
27 interest at 10% per annum, accruing from the Note's due date. The Note further provides for attorney
28 fees, and costs incurred in its collection. [FW Dec. ¶7]. Payment of the Note was to compensate Tri

1 Tool for its having to undertake removal of the Purported Easement, if CP3 did not timely
2 accomplish its removal. [FW Dec. ¶7]. On January 4, 2007, Tri Tool and CP3 amended the
3 agreement and Tri Tool deposited another \$100,000.00 in escrow. The parties further amended their
4 agreement and on February 5, 2007, Tri Tool deposited another \$100,000.00 in escrow. The escrow
5 officer, on February 7, 2007, then released to CP3 the three deposits totaling \$300,000.00. [FW Dec.
6 ¶3].

7 By February 7, 2007, Tri Tool's purchase of the Rancho Cordova Property from CP3 was a
8 relative certainty. [FW Dec. ¶4]. By this time, Tri Tool had released to CP3 \$300,000.00, and had
9 a firm loan commitment to close escrow. [FW Dec. ¶4]. However, it became apparent that the
10 Rancho Cordova Property closing would not happen before the Garden Ridge Property closing.
11 Consequently, on February 12, 2007, CP3 borrowed from PW Bank, found in Palm Springs,
12 \$1,800,000.00 (hereafter "Loan"). [RP Dec. ¶11]. C. Copeland told PW Bank the Loan's purpose
13 was for CP3 to buy the Garden Ridge Property in Greensboro, North Carolina. [RP Dec. ¶17]. C.
14 Copeland told PW Bank CP3 was in contract with Tri Tool to sell Tri Tool the Rancho Cordova
15 Property. PW Bank's officer testified PW Bank understood this sale to be Loan's source of
16 repayment. PW Bank, on February 20, 2007, issued to CP3 its cashier's check for \$1,795,000.00.
17 [RP Dec. ¶15]. C. Copeland deposited this money in CP3's Centennial Bank checking account. [RP
18 Dec. ¶15]. He then transferred these funds to CP14's Centennial Bank checking account. C.
19 Copeland then transferred that money to an escrow account in Greensboro, North Carolina to fund
20 the purchase of the Garden Ridge Property. He did so on March 1, 2007, in CP18's name, not CP3's
21 name.³ [RP Dec. ¶18 and ¶19]. The books of CP3 and CP14/CP18 characterized the transaction as
22 a loan from CP3 to CP14/CP18. The Garden Ridge Property's seller, Wendover Greensboro, Ltd.,
23 carried back a note from CP18 for \$330,000.00 (hereafter "Wendover Note"). [RP Dec. ¶23].

24 Tri Tool closed escrow on the Rancho Cordova Property on April 6, 2007. From escrow,
25 CP3 paid off the PW Bank Loan of \$1,800,000.00, with accrued interest, of \$24,375.00. [RP Dec.

27 ³C. Copeland could not close the Garden purchase in CP 14's name, as it still held title to
28 Tabor Trust Assets, and the Lender for the CP18.

1 ¶24]. Escrow wired the balance of the sales proceeds to CP3's account for \$680,924.59. [RP Dec.
2 ¶25]. On April 27, 2007, CP3 paid CP18's Wendover Note for \$333,544.11. [RP Dec. ¶25]. CRI
3 and C. Copeland distributed \$230,000.00 cash to one of CP3's partners. As to the others, C.
4 Copeland debited their CP3 partnership capital accounts, as of April 6, 2007. He did this writing
5 off the \$1,795,000.00 loan CP18 owed CP3, on April 6, 2007. [RP Dec. ¶26]. On July 23, 2007,
6 C. Copeland closed CP3's Centennial Bank checking account. [RP Dec. ¶27]. He dissolved CP3 as
7 of December 31, 2007, with the Note outstanding. [RP Dec. ¶27]. This thus left CP3 with no assets
8 to pay the Note, when it came due.

9 **B. STATE COURT CLAIM**

10 CP3 did not perform the condition to remove the Easement within twenty-four (24) months
11 of escrow's close. [FW Dec. ¶7]. It then breached its promise to pay Tri Tool \$200,000.00. [FW
12 Dec. ¶8]. On July 27, 2009, Plaintiff filed the State Court Action. [RP Dec. ¶30]. Tri Tool sued CP3,
13 and the Guarantors for nonpayment. CP3 and the Copelands answered, denying liability. [RP Dec.
14 ¶31]. They asserted the affirmative defenses of unclean hands, waiver and release, estoppel and
15 breach of the covenant of good faith and fair dealing. [RP Dec. ¶31]. Their responses to
16 interrogatories grounded these affirmative defenses on their allegation that Tri Tool interfered with
17 CP3's ability to remove the easement. [RP Dec. ¶31]. On November 24, 2010, the Superior Court
18 entered an order sustaining Tri Tool's motion for summary adjudication against CP3, D. Copeland
19 and C. Copeland. Tri Tool has not yet reduced the order to judgment. [RP Dec. ¶32].

20 **C. DISCOVERY**

21 In discovery, on January 10, 2010, Tri Tool learned that C. Copeland dissolved CP3, shortly
22 after close of the Tri Tool/CP3 escrow. [RP Dec. ¶33]. C. Copeland, in response to the question:
23 "Were funds then distributed to the investors from the sale of the building?" C. Copeland responded
24 "Yes". C. Copeland carefully avoided stating that he did not distribute the funds from the sale to the
25 investors, but instead he transferred their CP3 limited partnership interests to CP14. [RP Dec. ¶33].

26 As a consequence of C. Copeland's misleading testimony, on October 28, 2010, Tri Tool
27 propounded discovery to learn whom the limited partners were. This included serving by mail
28 requests for documents, including all documents that identify CP3's limited partners, all documents

1 showing each limited partner's involvement in CP3 and all documents reflecting the balances of
2 capital accounts. [RP Dec. ¶33]. The discovery was due December 1, 2010, and the Defendants did
3 not respond. [RP Dec. ¶33]. After meet and confer, Tri Tool filed motions to compel on December
4 15, 2010. On January 10, 2011, the court granted Tri Tool's motions, ordering responses by no later
5 than January 20, 2011. C. Copeland, D. Copeland and CP3 failed to comply with the court's January
6 10, 2011 orders. On February 10 and 11, 2011, Tri Tool served subpoenas on C. Copeland and D.
7 Copeland for the same documents the court ordered produced. They responded by mail, objecting
8 to production, Tri Tool receiving their objections on March 8, 2011. Though meet and confer,
9 Defendants finally agreed to comply and, under cover letter dated Friday, March 18, 2011,
10 Defendants mailed to Tri Tool the CP3 limited partners' K-1's, which Plaintiff received March 24,
11 2011. [RP Dec. ¶33, ¶34]. The form K-1's revealed the identity of the limited partners of CP3
12 (hereafter "Limited Partners") that beginning on April 6, 2007, CP3 made distributions to the limited
13 partners, in the amounts of their original investments. The 2007 K-1's reflected withdrawals and
14 distributions to the Limited Partners of \$1,935,000.00. This was their entire investment in CP3. [RP
15 Dec. ¶34]. The K-1's did not show that the distributions to the CP3 limited partners represented a
16 transfer of their CP3 limited partnership interest into another partnership, instead of a return of the
17 cash they invested. In other words, Defendants purposefully delayed Plaintiff's discovery and C.
18 Copeland was deceitful in his response to questions. [RP Dec. ¶35].

19 On March 30, 2011, Plaintiff sought and obtained from the Sacramento Superior Court an
20 order shortening time to file the second amended complaint, which it filed, April 4, 2011. The
21 second amended complaint named the CP3 limited partners, and Doe Defendants, and added, among
22 other things, causes of action under the UFTA, Civ. Code, § 3439 et seq.

23 During the late spring and early summer, Tri Tool caused the complaint to be served on the
24 CP3 limited partners. In August of 2011, attorney for some CP3 limited partners, Robert Ziprick,
25 called and wrote to Tri Tool's attorney, asking for extensions to respond. He stated that a property
26 was in escrow, which Tri Tool now believes to be the North Carolina property. He stated that from
27 the sales proceeds, the Defendants could pay Tri Tool the amounts due on the note, interest and
28 attorney fees. Tri Tool stopped its litigation and waited, the wait ending with the filing of this

1 receivership on October 25, 2011. [RP Dec. ¶34].

2 In mid-June 2012, Peterson requested discovery from the Receiver of CP3's files. The
3 Receiver refused. It was not until January 18, 2013 did the Receiver allow Tri Tool access. On
4 January 18, 2013, the Receiver allowed Attorneys Peterson and Ziprick to review and mark for
5 copying some of CP3, CP14, and CP18's files.⁴ These files, revealed that on February 20, 2007, CP3
6 borrowed \$1,800,000.00 from Western Pacific Bank, Palm Springs' Office. On February 28, 2007,
7 CP3 transferred the money to CP14, to close the purchase of the Garden Ridge Property, in
8 Greensboro, North Carolina. [RP Dec. ¶15 and ¶16].

9 Peterson then subpoenaed PW Bank's CP3 loan file, and took the deposition of PW Bank's
10 loan officer, Tracy Stockman. [RP Dec. ¶13]. Ms. Stockman testified that PW Bank, on February
11 12, 2007, made a loan to CP3 for \$1,800,000.00. She also testified that C. Copeland stated the
12 loan's purpose was for CP3 to buy the Garden Ridge Property. Ms. Stockman also testified that PW
13 Bank was looking to the sale of CP3's Rancho Cordova Property, for the Loan's repayment. In the
14 Loan File was a copy of PW Bank's Cashier's Check, No. 296888, for \$1,975,000.00, for that
15 purpose. [RP Dec. ¶15]. The back of the cashier's check shows CP3 deposited it on February 20,
16 2007, into CP3's First Centennial Bank account. [RP Dec. ¶15]. She also testified that CP3 looked
17 for the loan's repayment, from escrow, upon Tri Tool's purchase from CP3 of the Rancho Cordova
18 Property. [RP Dec. ¶14].

19 Peterson then took C. Copeland's deposition. [RP Dec. ¶17]. C. Copeland confirmed that
20 CP3 borrowed the money to buy the Garden Ridge Property. He testified that he used CP3's money
21 to buy the Garden Ridge Property. [RP Dec. ¶17]. He also testified that CP3 used the proceeds from
22 the sale of its Rancho Cordova Property to pay back the PW Bank Loan [RP Dec. ¶17], and the carry
23 back loan to Wendover. [RP Dec. ¶21]. C. Copeland also confirmed that through accounting entries,
24 he made all the Limited Partners of CP3, except two partners in CP14. [RP Dec. ¶21]. He did not
25 make CP3 a limited partner of CP14. [RP Dec. ¶21]. He testified that he closed the Garden Ridge
26

27 ⁴Although the Limited Partners of CP3, ostensibly now the Limited Partners of CP18,
28 have requested CP18's books and records, the Receiver denies them access to them. This is true
even though the partnership agreement provides them this right.

1 Property in CP18's name. He did this because at the time of closing, CP14 held another property,
 2 as an accommodation, for one of his clients 26 U.S.C. § 1031 like kind exchange. The Garden
 3 Ridge Property contract called for CP14 to assume an existing loan for \$7,100,000.00, as part of the
 4 purchase price. [RP Dec. ¶22]. The lender required the borrower to be a single asset entity.
 5 Consequently, C. Copeland closed escrow, in CP18's name. [RP Dec. ¶22]. He then made CP14 a
 6 limited partner of CP18, with CRI its general partner. By the end of 2007, he dissolved CP14,
 7 rolling its partners into CP18. [RP Dec. ¶29]. He changed the name of CRI to CWMRE. [RP Dec.
 8 ¶29]. Most, if not all, of CP3 Limited Partners were unaware of the Loan. [RP Dec. ¶30].

9 III.

10 ARGUMENT

11 A. STATUE OF LIMITATIONS

12 The Receiver, contending Tri Tool's case lacks merit, argues that the statute of limitations
 13 has run, as to the PW Bank Loan. He did not address CP3's pay off of the carry back loan, in an
 14 amount of \$330,000.00. That is because the carry back loan was clearly within both prongs of the
 15 UFTA statutes that would otherwise provide for extinguishment of actions. Ignoring that CP3 paid
 16 CP18 the carry back loan, he attempted to brush the transfer aside with a remark that the loan's
 17 purpose was proper.

18 1. Three Prongs of UFTA Statute

19 In deciding whether an action to set aside a fraudulent transfer under UFTA is timely, it must
 20 be evaluated under three prongs of the statute. A cause of action under the UFTA, with respect to
 21 a fraudulent transfer, is "extinguished" unless an action is filed or execution is levied within one of
 22 the following time periods:

23 a. Actual Frauds

24 For transfers made with the intent to hinder, delay or defraud any creditor, four years after
 25 the transfer was made or obligation was incurred, or if later, within one year after the transfer or
 26 obligation was or reasonably could have been discovered. [Civ. Code, § 3439.09(a); *Monastra v.*
 27 *Konica Business Machines, U.S.A., Inc.* (1996) 43 Cal.App.4th 1628, 1645 [51 Cal.Rptr.2d 528, 539,
 28 29 UCC Rep.Serv.2d 1306, 96 Cal. Daily Op. Serv. 2188, 96 Daily Journal D.A.R. 3612, 1996 WL

1 139152]; *In re Serrato* (Bankr. N.D. Cal. 1997) 214 B.R. 219, 226 [97 Daily Journal D.A.R. 14465,
2 2 Cal. Bankr. Ct. Rep. 150, 1997 WL 662505]; *Donell v. Kowell* (9th Cir. 2008) 533 F.3d 762, 773,
3 774 [08 Cal. Daily Op. Serv. 8363, 2008 Daily Journal D.A.R. 10090, 2008 WL 2579200] good
4 faith investor in Ponzi scheme was liable only for payments received within Civ. Code, § 3439.09(a)
5 limitations period].

6 ***b. Constructive Fraud***

7 For transfers made without receiving reasonably equivalent value, leaving the debtor
8 insolvent or with unreasonably small assets for its operations, four years after the transfer was made
9 or the obligation was incurred. [Civ. Code, § 3439.09(b); *Monastra*, supra, 43 Cal.App.4th 1628,
10 1645; *Donell*, supra, 533 F.3d 762, 773).]

11 ***c. Maximum Seven Year Limit***

12 Notwithstanding any other provision of law, a cause of action with respect to a fraudulent
13 transfer or obligation is extinguished if no action is brought or levy made within seven years after
14 the transfer was made or the obligation was incurred. [Civ. Code, § 3439.09(c); *In re JMC Telecom*
15 *LLC* (C.D. Cal. 2009) 416 B.R. 738, 742, 743 [2009 WL 3226520]]. In this case, that may be as
16 early as February 28, 2014.

17 ***2. Meaning of Transfer***

18 A transfer generally does not occur until it is perfected so as to protect against subsequent
19 purchasers and creditors (e.g., by filing a financing statement with the Secretary of State or recording
20 a real property transfer with the county recorder). [Civ. Code, § 3439.06(a)]. If not perfected before
21 a UFTA action is filed, the transfer is deemed made immediately before the filing of the action. [Civ.
22 Code, § 3439.06(b)]. If transfers of the particular property cannot be perfected under applicable law,
23 the transfer is deemed made when it becomes effective between the debtor and transferee. [Civ.
24 Code, § 3439.06(c)(2).]

25 Here, the facts demonstrate that both transfers, the PW Bank \$1,800,000.00, and the
26 \$330,000.00 carry back payoff loan, are not barred by the first and second prongs of the UFTA
27 statute and are not extinguished by either. In this case, the PW Bank Loan of \$1,800,000.00 became
28 a loan from CP3 to CP18. It was an asset of CP3 until CP3 forgave the debt on April 6, 2007. It did

1 so not in exchange for consideration paid by CP18 to CP3, but for a transfer of CP18's equity to
2 CP3's partners. The \$330,000.00 carry back loan obligation paid by CP3 was clearly effective after
3 April 5, 2007, when paid by CP3 on April 27, 2007.

4 Tri Tool filed its second amended complaint, including a UFTA claim, on April 4, 2007. C.
5 Copeland testified, and the partnership books and records reflect that CP3 and CP14/CP18 treated
6 CP3's transfer as the PW Bank \$1,800,000.00 loan proceeds to CP3 as a loan by CP3 to CP14, until
7 April 6, 2007, when the transfer became effective as an exchange of debt for equity that had no
8 benefit to CP3. C. Copeland testified, in his deposition of February 1, 2013, starting at Page 180:6-
9 25 through 187, that on March 1, 2007, he transferred CP3's PW Bank Loan funds to CP14's account.
10 He booked the transfer on CP14's books as a loan from CP3 to CP14. On April 6, 2007, the day CP3
11 sold its sole asset, and repaid the PW Bank Loan, C. Copeland debited the capital accounts of the
12 limited partners, the amount of their investment. At that same time, he correspondingly debited
13 CP3's loans receivable account for the CP14's loan payable to CP3, and established capital accounts
14 in CP14 for the CP3 partners. On April 27, 2007, he used CP3's funds to pay off CP18's carry back
15 note for the Real Property's purchase, in the amount of \$333,544.11. All this was done by him
16 within the four year statute of limitations. [See C. Copeland Deposition Transcript, attached to the
17 Declaration of Rollie A. Peterson, Esq., as Exhibit "A"].

18 In furtherance of its statute of limitations argument, the Receiver contends that C. Copeland
19 caused CP3 to invest the PW Bank Loan in CP14, on March 1, 2007, as opposed to it being a loan,
20 as both partnerships entities book them. He does so despite CP3's accounting records showing
21 otherwise. He does so despite C. Copeland's deposition testimony that he booked on CP14's ledgers,
22 the March 1, 2007 transfer from CP3, to CP14, as a loan. He does so despite CP3 having paid the
23 PW Bank Loan, through escrow, on April 6, 2007, and CP3 partners' partnership interests becoming
24 an investment in CP14, on April 6, 2007, completing the UFTA transfer. Arguendo, even if this
25 were not true, as the receiver contends, and CP3 made an investment in CP14, that investment by
26 CP3 in CP14 disappeared on April 6, 2007, when C. Copeland converted it to CP3 limited partners'
27 investment in CP14. CWMRE, as general partner, CP3, CP14 and CP18 all participated in the
28 continuous plan to convert the assets of CP3 to CP18, taking the partners with them from one entity

1 to the other, but leaving the creditors behind. Thus, under either scenario, the fraudulent transfer
2 occurred on April 6, 2007, when it became effective between the debtor and the transferee.

3 Arguendo, even if, as to the \$1,800,000.00 PW Bank Loan, it does not fall within the four
4 year statute for constructive fraud, it still falls within the one year discovery period for actual frauds.
5 Assuming for argument, that CP3 acquired an equity interest in CP14 on February 22, 2007, and the
6 April 6, 2007 transfer to CP3's limited partners of that equity for CP14's debt did not then make
7 effective the transaction. Plaintiff still had a year to discover the fraudulent transfer. In discovery,
8 on January 10, 2010, Tri Tool learned that C. Copeland dissolved CP3, shortly after close of the Tri
9 Tool/CP3 escrow. C. Copeland, in response to the question : "Were funds then distributed to the
10 investors from the sale of the building?" responded "Yes". C. Copeland did not say the funds went
11 to CP14, and the investors then got an interest in CP14. He carefully avoided stating that he
12 transferred the funds to CP14 and the CP3 limited partnership interests to CP14. As a consequence
13 of this testimony, on October 28, 2010, Tri Tool propounded discovery to learn whom the limited
14 partners were. This included serving by mail special interrogatories and requests for documents.
15 The Defendants did not respond, when the discovery was due December 1, 2010. After meet and
16 confer, Tri Tool filed motions to compel on December 15, 2010. On January 10, 2011, the court
17 granted Tri Tool's motions, ordering responses by no later than January 20, 2011. C. Copeland, D.
18 Copeland and CP3 failed to comply with the court's January 10, 2011 orders. On February 10 and
19 11, 2011, Tri Tool served subpoenas on C. Copeland and D. Copeland for the same documents the
20 court ordered produced. They responded by mail objecting to production, Tri Tool receiving their
21 objections on March 8, 2011. Though meet and confer, Defendants finally agreed to comply and,
22 under cover letter dated Friday, March 18, 2011, Defendants mailed to Tri Tool the CP3 limited
23 partners' K-1's, which Plaintiff received March 24, 2011. The form K-1's revealed that beginning
24 on April 6, 2007, CP3 made distributions to the limited partners, in the amounts of their original
25 investments. The K-1's did not show that the distributions to the CP3 limited partners represented
26 a transfer of their CP3 limited partnership interest into another partnership, instead of a return of the
27 cash they invested. C. Copeland did not produce CP3's accounting records showing the capital
28 accounts of the partners and subscription agreements. In other words, Defendants purposefully

1 delayed Plaintiff's discovery. This coupled with C. Copeland's deceitful response to deposition
2 questions, triggered equitable tolling of the statute.

3 On March 30, 2011, Plaintiff sought and obtained from the Sacramento Superior Court an
4 order shortening time to file the second amended complaint, which it filed, by stipulation, April 4,
5 2011. The second amended complaint named the limited partners as Doe Defendants and added,
6 among other things, a cause of action under the UFTA, Civ. Code, § 3439 et seq. During the late
7 spring and early summer, Tri Tool caused the complaint to be served on the CP3 limited partners.
8 In August of 2011, attorney for some CP3 limited partners, Robert Ziprick, called and wrote to Tri
9 Tool's attorney, asking for extensions to respond. He stated that a property was in escrow, which
10 Tri Tool now believes to be the North Carolina property. He stated that from the sales proceeds, the
11 Defendants could pay Tri Tool the amounts due on the note, interest and attorney fees. Tri Tool
12 stopped its litigation and waited, the wait ending with the filing of this receivership on October 25,
13 2011. Again, equitable estoppel, tolls the statute which is a factual question for a jury.

14 **3. Actions Legally Prohibited by Other Means**

15 Code Civ. Proc., § 356 tolls the statute of limitation during the course of the stay. The courts
16 have applied Code Civ. Proc., § 356 in situations where an action is legally prohibited by means
17 other than injunctions or statutory prohibitions. [*Hoover v. Galbraith* (1972) 7 Cal.3d 519, 526 [102
18 Cal.Rptr. 733, 738, 498 P.2d 981]]. The running of the statute of limitations is tolled during any
19 period in which plaintiff is legally prevented from taking action to protect his or her rights. [*Hoover*,
20 *supra*, 7 Cal.3d 519, 526]. For example, the statute of limitations on Teacher's action against School
21 Board for terminating his employment as a result of State's erroneous revocation of his teaching
22 credential was tolled pending the State's restoration of the wrongfully-revoked credential. [*Lerner*
23 *v. Los Angeles City Bd. of Ed.* (1963) 59 Cal.2d 382, 391, 392 [29 Cal.Rptr. 657, 662, 380 P.2d 97]].
24 The statute of limitations on Employee's action to establish the right to a pension was tolled during
25 the legally required deliberations of City's pension board and until its final decision. [*Skaggs v. City*
26 *of Los Angeles* (1954) 43 Cal.2d 497, 500 [275 P.2d 9, 12].]

27 **4. Last Overt Act**

28 If the conduct giving rise to the tort commences at a time bared by the statute of limitations,

1 but continues until a date not barred, the later acts support the cause. [*Wyatt v. Union Mortgage Co.*
2 (1979) 24 Cal.3d 773, 786 [157 Cal.Rptr. 392, 399, 598 P.2d 45]]. The statute does not begin to run
3 until commission of the last overt act. Thus, C. Copeland's plan tolls the statute through its
4 conclusion.

5

6 **5. Requirement that Original Complaint State Valid Claim Against "Doe" Defendants**

7 For the amendment to relate back, the original complaint must name "Doe" defendants and
8 contain charging allegations that state a valid claim against the fictitiously-named defendants.
9 [*Austin v. Massachusetts Bonding & Ins. Co.* (1961) 56 Cal.2d 596, 600 [15 Cal.Rptr. 817, 819, 364
10 P.2d 681]; *Scherer v. Mark* (1976) 64 Cal.App.3d 834, 842 [135 Cal.Rptr. 90, 95]].

11 As long as "Doe" defendants were included in the original complaint, defective substitution
12 of a "Doe" in the amended complaint is a procedural error and can be cured by later amendment
13 under Code Civ. Proc., § 473(a)(1) (for "mistake" in naming party;). Indeed, absent prejudice to the
14 defendant, it is an abuse of discretion to refuse such amendment. [*Streicher v. Tommy's Electric Co.*
15 (1985) 164 Cal.App.3d 876, 884, 885 [211 Cal.Rptr. 22, 27]; *Woo v. Superior Court* (1999) 75
16 Cal.App.4th 169, 177 [89 Cal.Rptr.2d 20, 25, 99 Cal. Daily Op. Serv. 7954, 1999 Daily Journal
17 D.A.R. 10077, 1999 WL 744198] After the statute of limitations had run, P amended his complaint
18 to name D as a defendant, instead of substituting him for one of the "Doe" defendants named in the
19 original complaint. The error was "procedural" and curable by amendment (under Code Civ. Proc.,
20 § 473(a)(1)) identifying D as a "Doe"; and as so amended, the complaint related back (under Code
21 Civ. Proc., § 474) to the filing of the original complaint. [*Streicher, supra*, 164 Cal.App.3d 876, 884,
22 885].

23 **6. Date of Accrual of Cause of Action**

24 With respect to the statute of limitations, the date of accrual of a cause of action is a jury
25 triable issue when accrual turns on the "discovery rule" (i.e., when plaintiff discovered or should
26 have discovered the underlying cause of action. [*Jefferson v. County of Kern* (2002) 98 Cal.App.4th
27 606, 610-611, 619-620 [120 Cal.Rptr.2d 1, 3, 4, 11, 02 Cal. Daily Op. Serv. 4342, 2002 Daily
28 Journal D.A.R. 5483, 2002 WL 651977]]. The Seventh Amendment applies when federal courts

1 determine state claims. [*Hattaway v. McMillian* (11th Cir. 1990) 903 F.2d 1440 [16 Fed.R.Serv.3d
2 1177, 1990 WL 75061]].

3 IV.

4 CONCLUSION

5 For the foregoing reasons, this Court should not find that the statute of limitations does not
6 bar Tri Tool's claims.

7
8 **PETERSON & KELL,
9 A LAW CORPORATION**

10 **Dated: November 18, 2013**

11 By: 
12 **ROLLIE A. PETERSON,**
13 **Attorney for Tri Tool Inc.**

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8 **Attorneys for Tri Tool Inc.**

9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **WESTERN DIVISION**

12 **SECURITIES AND EXCHANGE**
13 **COMMISSION,**

14 **Plaintiff,**

15 **vs.**

16 **CHARLES P. COPELAND,**
17 **COPELAND WEALTH**
18 **MANAGEMENT, A FINANCIAL**
19 **ADVISORY CORPORATION;**
20 **and COPELAND WEALTH**
21 **MANAGEMENT, A REAL**
22 **ESTATE CORPORATION,**

23 **Defendants.**

CASE NO. 11-cv-08607-R-DTB

DECLARATION OF ROLLIE A.
PETERSON, ESQ., IN SUPPORT
OF TRI TOOL INC.'S
MEMORANDUM OF POINTS
AND AUTHORITIES RE:
STATUTE OF LIMITATIONS

Date: December 16, 2013
Time: 10:00 a.m.
Ctrm: 8, 2nd Floor
Judge: Hon. Manuel L. Real

24 I, Rollie A. Peterson, do hereby solemnly swear:

25 1. I am an attorney licensed to practice law before all the courts in California, including
26 the United States District Court, Central District. If called to testify in this matter, I could testify
27 of my only personal knowledge as to the following matters, except where I state otherwise.

28 2. I represent non party Tri Tool Inc., a Nevada corporation (hereafter "Tri Tool") here.
I also represent Tri Tool in an action whose venue is in the California Superior Court for the
County of Sacramento, Court Case No. 34-2009-00054045 (hereafter "State Court Action").

1 3. I also represent Tri Tool in another Sacramento Superior Court case. Therein, Tri
2 Tool seeks to quiet title to real property found at 3041 Sunrise Boulevard, Rancho Cordova,
3 Sacramento County, California (hereafter "Rancho Cordova Property"). That action concerns a
4 purported unrecorded right-of-way easement across the Rancho Cordova Property giving rise to
5 the obligation CP3 owes Tri Tool, which is the subject of the State Court Action. As a
6 consequence of the right-of-way case, I obtained from First American Title Insurance Company
7 National Commercial Services, as of January 20, 2011, a CLTA Chain of Title Guarantee
8 concerning the Rancho Cordova Property from January 1, 1977 to January 20, 2011. I have studied
9 the same, and am familiar with both the past and current state of Rancho Cordova Property's title
10 from 1977 to present.

11 4. The G.F. Cook Development Corporation, of Provo, Utah (hereafter "Cook"),
12 constructed the building on the Rancho Cordova Property. It was a build to suit for the United
13 States Internal Revenue Service (hereafter "IRS"). The building's only tenant from the time of its
14 original occupancy through May 2005 was the IRS.

15 5. On July 7, 2004, Copeland Properties Three, a California Limited Partnership,
16 (hereafter "CP3") purchased the Rancho Cordova Property from Cook. CP3's general partner was
17 Copeland Realty Inc., a California Corporation (hereafter "CRI").

18 6. On February 1, 2013, I took the deposition of Charles Perry Copeland (hereafter "C.
19 Copeland Tr."). I have attached hereto as Exhibit "A" true and correct copies of relevant pages of
20 the C. Copeland Tr. C. Copeland was a Vice President of CRI. [C. Copeland Tr., Pg. 34:4-6]. He
21 testified therein about CP3's purchase [C. Copeland Tr., Pg. 173:2-7] and that the Rancho Cordova
22 Property was CP3's sole asset. [C. Copeland Tr., Pg. 60:3-5].

23 7. Shortly after CP3 purchased the Rancho Cordova Property, in November 2004, the
24 IRS exercised an option in its lease to quit as of May of 2005. I have attached hereto as Exhibit
25 "B", a true and correct copy of a CRI letter announcing to the CP3 limited partners this event.

26 8. The IRS quit and surrendered the premises to CP3 in May 2005. [C. Copeland Tr.,
27 Pg. 31:23-Pg. 32:22]. After that, CP3 leased to FEMA a part of the building found on the Rancho
28 Cordova Property. [C. Copeland Tr., Pg. 44:10-21]. However, it could not find other tenants to

1 occupy the remaining space, so CP3 decided to sell. [C. Copeland Tr., Pg. 33:1-9]. By March
2 2006, the Rancho Cordova Property was in escrow. [C. Copeland Tr., Pg. 33:18-Pg. 34:25]. The
3 escrow fell out in early July 2006. [C. Copeland Tr., Pg. 53:13-24].

4 9. On April 4, 2006, the Copelands formed Copeland Properties 14, a California
5 limited partnership (hereafter "CP14"). I have attached hereto as Exhibit "C", a true and correct
6 copy of the Certificate of Limited Partnership. It reflects that CRI was its general partner, as well
7 as CP3's. C. Copeland formed it to facilitate an IRS 26 U.S.C.A. § 1031 Exchange for one of C.
8 Copeland's accounting clients, the Taber Family Trust. [C. Copeland Tr., Pg. 43:1-20].

9 10. On about August 25, 2006, CRI contracted to purchase real property in Greensboro,
10 North Carolina, found at 6103 Landmark Center Drive. [C. Copeland Tr., Pg. 60:19-Pg. 61:3]. A
11 sole tenant called "Garden Ridge" occupied this property (hereafter "Garden Ridge Property"). [C.
12 Copeland Tr., Pg. 112:6-10]. With due diligence and extensions, the contract called for closure
13 by the end of February 2007. I attach a true and correct copy of the contract hereto as Exhibit "D".

14 11. On November 19, 2012, I subpoenaed records from Pacific Western Bank's Palm
15 Spring's Branch. On or about December 12, 2012, PWB's Legal Process Department served on
16 me a response to my subpoena for records from them. I have attached hereto as Exhibit "E" a true
17 and correct copy of Charlene Keffer's Declaration concerning bank records. She included a "Paid
18 Note Statement", a true and correct copy of which I attached hereto as Exhibit "F". "The Paid
19 Note Statement reflects that on February 12, 2007, CP3 borrowed from Pacific Western Bank,
20 found in Palm Springs, California (hereafter "PWB"), \$1,800,000.00. She also included a federal
21 wire transfer message reflecting an incoming wire transfer from First American Title in Roseville,
22 California of \$1,824,450.00, for the loan's pay-off. I have attached hereto as Exhibit "G" a true
23 and correct copy of the wire transfer message.

24 12. On January 14, 2013, I subpoenaed from PWB a loan file for PWB Loan No.
25 181650457 (hereafter "Loan File"), concerning CP3. The Loan File included a "Business Loan
26 Agreement", executed by CP3. I have attached hereto as Exhibit "H" a true and correct copy of
27 the Business Loan Agreement. The Business Loan Agreement, at Page 3, under CP3's affirmative
28 covenants provides: "Loan Proceeds. Use all loan proceeds for Borrower's business operations,

1 unless specifically consented to the contrary by Lender in writing". The Loan File revealed that
2 on February 12, 2007, CP3 obtained a loan for \$1.8M from PWB, Palm Springs' Office.

3 13. I also subpoenaed PWB's most knowledgeable person about the \$1.8M loan to CP3.
4 On January 30, 2013, PWB presented Ms. Tracy Stockman for her deposition. I have attached
5 hereto as Exhibit "I" true and correct copies of relevant pages of her deposition transcript (hereafter
6 "Stockman Tr."). Ms. Stockman is a PWB Vice President, Construction Loan Officer. [Stockman
7 Tr., Pg. 8:13-19].

8 14. Ms. Stockman testified that she was C. Copeland's primary business banking officer
9 at PWB. [Stockman Tr., Pg. 40:17-21]. She testified PWB, on February 12, 2007, made a "Swing
10 Loan" to CP3 for \$1.8M. [Stockman Tr., Pg. 79:5-9]. She also testified that C. Copeland stated
11 the Swing Loan's purpose was for CP3 to buy the Garden Ridge Property. [Stockman Tr., Pg.
12 27:18-25; Pg. 28:1-4; Pg. 33:6-21; Pg. 88:4-21]. Ms. Stockman further testified that PWB was
13 looking to the sale of CP3's Rancho Cordova Property, for the Swing Loan's repayment. [Stockman
14 Tr., Pg. 37:4-17; Pg. 63:7-18; Pg. 79:5-19]. I have attached hereto as Exhibit "J" a true and correct
15 e-mail, a part of the Loan File.

16 15. Also, in the Loan File was a copy of PWB's Cashier's Check, No. 296888, for
17 \$1,795,000.00. PWB issued the cashier's check to CP3 on February 20, 2007. The back of the
18 PWB's cashier's check shows, on February 20, 2007, CP3 deposited it into CP3's 1st Centennial
19 Bank account. A true and correct copy of the Cashier's Check is attached hereto as Exhibit "K".
20 [C. Copeland Tr., Pg. 102:17-21].

21 16. On February 28, 2007, C. Copeland transferred the Swing Loan's funds from CP3
22 to CP14's 1st Centennial Bank account. [C. Copeland Tr., Pg. 104:4-18]. CP3's 1st Centennial
23 Business Checking Account Statement, dated February 28, 2007, reflects that on February 28,
24 2007, CP3 transferred the \$1,795,000.00 to CP14. I have attached hereto as Exhibit "L" a true and
25 correct copy of CP3 February 28, 2007, 1st Centennial Bank Business Checking Account
26 Statement, Account No. 114722603, and 1st Centennial Bank's interbank transfer confirmation
27 print-out.

28 17. Following Ms. Stockman's deposition, I took C. Copeland's deposition. C.

1 Copeland confirmed that CP3 borrowed from PWB the money to buy the Garden Ridge Property.
2 [C. Copeland Tr., Pg. 77:24-25; Pg. 78:1-2]. C. Copeland told the Bank the Loan's purpose was
3 for CP3 to buy the Garden Ridge Property. [C. Copeland Tr., Pg. 59:8-15].

4 18. C. Copeland testified that he used CP3's money to buy the Garden Ridge Property.
5 [C. Copeland Tr., Pg. 104:4-14 and Pg. 188:16-19]. The Loan funds flowed from PWB to CP3's
6 bank account, then through CP14's bank account, to an escrow account, where Copeland Properties
7 18, a California limited partnership (hereafter "CP18") purchased the Garden Ridge Property. [C.
8 Copeland Tr., Pg. 59:4-18]. On March 1, 2007, C. Copeland wired transferred from CP14 to
9 Hunter, Higgins, Miles, Elam & Benjamin, PLLC, in Greensboro, North Carolina \$1,725,610.95
10 for CP18 to purchase the Garden Ridge Property. I attach hereto as Exhibit "M" a true and correct
11 copy of a Settlement Statement showing cash from buyer, CP18.

12 19. Copeland testified that he closed the Garden Ridge Property in CP18's name. [C.
13 Copeland Tr., Pg. 113:4-21]. He did this because at the time of closing, CP14 held another
14 property, as an accommodation, for one of his clients 26 U.S.C.A. § 1031 like kind exchange. [C.
15 Copeland Tr., Pgs. 113:6-23, 114:9-15].

16 20. C. Copeland also testified that CP3 used the proceeds from the sale of its Rancho
17 Cordova Property to pay back the PWB Loan. [C. Copeland Tr., Pg. 60:3-18].

18 21. C. Copeland testified the concept was to roll CP3's limited partners into CP18, upon
19 close of CP3's sale of the Rancho Cordova Property. [C. Copeland Tr., Pg. 47:13-16]. C. Copeland
20 also confirmed that through accounting entries. On April 6, 2007, he made the Limited Partners
21 of CP3, partners in CP14, except for two of them. [C. Copeland Tr., Pgs. 76:17-25, 77:1-4, and
22 79:10-24]. CP3 was not made a partner in CP14. [C. Copeland Tr., Pg. 105:11-25]. At the end
23 of year 2007, CP14 had no assets, everything was over in CP18. [C. Copeland Tr., Pg. 158:7-9].
24 He testified that through accounting transactions, CP3 made a loan to CP14, the general ledger
25 being the Note, the Note being paid by converting it to equity in CP14 and that equity was
26 transferred to the Limited Partners of CP3. [C. Copeland Tr., Pg. 183:14-25; Pg. 184:1-7].

27 22. The Garden Ridge Property contract called for CRI to assume an existing loan in
28 the approximate amount of \$7,100,000.00, as part of the purchase price. [See Exhibit "D", Real

1 Estate Purchase Contract, Pg. 1]. The lender required the borrower to be a single asset entity. [C.
2 Copeland Tr., Pg. 113:12-15]. Consequently, C. Copeland closed escrow, in CP18's name. [C.
3 Copeland Tr., Pg. 114:9-15]. He then made CP14 a limited partner of CP18. [C. Copeland Tr.,
4 Pg. 114:9-15].

5 23. Garden Ridge Property's seller, Wendover Greensboro, Ltd. (hereafter
6 "Wendover"), carried back a note for \$330,000.00, as additional consideration (hereafter
7 "Wendover Note"). [C. Copeland's Tr., Pg. 139: 22-25; Pg. 140:1-17].

8 24. On April 6, 2007, CP3 and Tri Tool, at First America Title Insurance Company, in
9 Sacramento, California (hereafter "First"), closed escrow on the Rancho Cordova Property. I have
10 attached hereto as Exhibit "N" a true and correct copy of First's "Seller's Final Settlement
11 Statement", printed April 9, 2007, with C. Copeland's Note at the top. [C. Copeland Tr., Pg.
12 131:11-23] The Seller's Final Settlement Statement reflects that CP3 paid to PWB, from escrow,
13 the loan principle amount of \$1,800,000.00, plus \$24,375.00 in interest. [C. Copeland Tr., Pg.
14 101:9-22].

15 25. First then wired transferred to CP3's 1st Centennial Bank account \$680,924.59, the
16 sales proceed's balance. [C. Copeland Tr., Pg. 136:23-25; Pg. 137:1-4]. From this balance, CP3
17 paid to Wendover \$333,544.11, CP18's Wendover Note obligation. [C. Copeland Tr., Pg. 140:9-
18 17]. This left CP18 owing to CP3 the sum of \$2,157,919.11, as of April 27, 2007. He then sent
19 to Lillian Franklin a check for \$230,000, her original investment in CP3. I have attached hereto
20 as Exhibit "O" a true and correct copy of CP3's First Business Checking Account Statement for the
21 month ending April 30, 2007, and a copy of the check to Lillian Franklin. These documents reflect
22 the \$680,924.59 wire transfer from First to CP3, the payment of Check #3445 to Lillian Franklin
23 for \$230,000.00 and the payment to Wendover for \$333,544.11.

24 26. As to the other CP3 Limited Partners's, C. Copeland debited their CP3 partnership
25 capital accounts, as of April 7, 2007. Except for Dr. Bricker, he then credited CP14's capital
26 accounts, in their names, for like amounts. After doing so, and paying insiders, such as CRI, this
27 left CP3 with negative equity of \$191,410.68, [C. Copeland Tr., Pg. 171:10-16]. This negative
28 equity is without CP3 accounting for the Tri Tool Note. CP3 never booked the Note. I have

1 attached hereto as Exhibit "P" a true and correct copy of CP3's Closing Trial Balance for 2007.
2 It does not show CP3's liability owed Tri Tool.

3 27. On July 23, 2007, C. Copeland closed CP3's bank account. I have attached hereto
4 as Exhibit "R", CP3's 1st Centennial Business Checking Account Statement, dated July 23, 2007,
5 showing a zero balance. C. Copeland testified that he dissolved CP3 shortly after the sale to Tri
6 Tool. [C. Copeland Depo. Tr., Pg. 14:22-25-Pg. 15:1].

7 28. Through the PWB loan to CP3, C. Copeland transferred CP3's assets, through CP14,
8 to CP18, changed the name of CRI to CWMRE and dissolved CP3, with the Note outstanding. [C.
9 Copeland Tr., Pg. 183:14-25 and Pg. 184:1-7]. He thus left CP3 with no assets to pay the Note,
10 when it came due.

11 29. By the end of 2007, C. Copeland dissolved CP14, rolling its partners into CP18.
12 [C. Copeland Tr., Pg. 141:4-18]. I have attached hereto as Exhibit "R" a true and correct copy of
13 CP14's Certificate of Dissolution effective as of December 31, 2007. CRI changed its name to
14 Copeland Wealth Management, Real Estate, at the end of 2007 (hereafter "CWMRE"). [C.
15 Copeland Tr., Pg. 153:1-17].

16 30. On July 27, 2009, Plaintiff filed the State Court Action. Tri Tool sued CP3, and the
17 Guarantors for nonpayment. The State Court Action seeks to recover payment due Tri Tool on
18 CP3's promissory note for \$200,000.00 (hereafter "Note"), and interest, attorney fees and costs
19 (hereafter the "Debt"). Tri Tool sued CP3 as maker, and C. Copeland, and Donald Copeland
20 (hereafter "D. Copeland"), as guarantors of the Note.

21 31. CP3 and the Copelands answered, denying liability. They asserted the affirmative
22 defenses of unclean hands, waiver and release, estoppel and breach of the covenant of good faith
23 and fair dealing. Their responses to interrogatories grounded these affirmative defenses on their
24 allegation that Tri Tool interfered with CP3's ability to remove the easement.

25 32. On November 24, 2010, the Superior Court entered an order sustaining Tri Tool's
26 motion for summary adjudication against CP3, D. Copeland and C. Copeland. Tri Tool has not yet
27 reduced the order to judgment.

28 33. In discovery, on January 10, 2010, Tri Tool learned that C. Copeland dissolved CP3,

1 shortly after close of the Tri Tool/CP3 escrow. C. Copeland, in response to the question: “Were
2 funds then distributed to the investors from the sale of the building?” responded “Yes”. [C.
3 Copeland Tr., Pg. 15:2-4]. C. Copeland avoided stating that he transferred the CP3 limited
4 partners’ interests in CP3 to CP14, then CP18. As a consequence of this testimony, on October 28,
5 2010, Tri Tool propounded discovery to learn whom the limited partners were. This included
6 serving by mail requests for documents, including all documents that identify CP3’s limited
7 partners, all documents, showing each limited partner’s involvement in CP3 and all documents
8 reflecting the balances of Copeland accounts. The Defendants did not respond, when the discovery
9 was due December 1, 2012. After meet and confer, Tri Tool filed motions to compel on December
10 15, 2010. On January 10, 2011, the court granted Tri Tool’s motions, ordering responses by no
11 later than January 20, 2011. C. Copeland, D. Copeland and CP3 failed to comply with the court’s
12 January 10, 2011 orders. On February 10 and 11, 2011, Tri Tool served subpoenas on C.
13 Copeland and D. Copeland for the same documents the court ordered produced. They responded
14 by mail objecting to production, Tri Tool receiving their objections on March 8, 2011. Though
15 meet and confer, Defendants finally agreed to comply and, under cover letter dated Friday, March
16 18, 2011, Defendants mailed to Tri Tool the CP3 limited partners’ K-1’s, which Plaintiff received
17 March 24, 2011.

18 34. In discovery, Tri Tool obtained from CP3 its Internal Revenue Service Forms K-1’s,
19 revealing the identity of the limited partners of CP3 (hereafter “Limited Partners”). The K1’s also
20 revealed the amount and times of the Limited Partners’ contributions and the withdrawals of their
21 contribution. The form K-1’s revealed that beginning on April 6, 2007, CP3 made distributions to
22 the limited partners, in the amounts of their original investments. The K-1’s did not show that the
23 distributions to the CP3 limited partners represented a transfer of their CP3 limited partnership
24 interest into another partnership, instead of a return of the cash they invested. The 2007 K-1’s
25 reflected withdrawals and distributions to the Limited Partners of \$1,935,000.00. This was their
26 entire investment in CP3.

27 35. Tri Tool, on March 30, 2011, obtained from the court an order allowing it to amend
28 its complaint. Tri Tool’s amendment added, as Doe Defendants, the eight CP3 Limited Partners,

1 and two causes of action. One cause, under California Corp. Code, would require the Limited
2 Partners to return to CP3 the distributions made to them. The other cause seeks recovery under the
3 UFTA, Civ. Code, § 3439 et seq., for fraudulent transfers. The court granted Plaintiff's motion on
4 April 1, 2011. On April 4, 2011, Tri Tool filed its second amended complaint.

5 36. On May 25, 2011, D. Copeland filed bankruptcy. Tri Tool has also learned, in
6 discovery, that although D. Copeland signed the Note individually, as "General Partner," in so
7 doing, he was acting for CRI. CRI was CP3's true general partner, which now goes by the name
8 CWMRE.

9 37. The State Trial Court has ordered summary adjudication against CP3, the Note's
10 guarantors, C. Copeland and D. Copeland for the Note's nonpayment (hereafter collectively
11 "Copelands" or "Guarantors"). The State Court has not yet reduced this order to judgment. This
12 court's injunction effectively blocks the State Court from doing so. C. Copeland is judgment proof,
13 having transferred his assets to the Receiver.

14 38. I attach hereto as Exhibit "S" copies of the CP18 General Ledgers attached to
15 Receiver's motion, Dkt #47, filed March 5, 2012, Pages 32 and 33 of 57. These reflect the loan
16 to CP3 forgiven in exchange of equity interests.

17 39. I am familiar with the files of Plaintiff Tri Tool relating to their purchase of the IRS
18 building on 3041 Sunrise Boulevard. Attached hereto as Exhibit "T" is a true and correct copy of
19 the buyer's closing settlement statement for its purchase from Tri Tool. Their closing files did not
20 include the seller's settlement statement. I am familiar with escrow procedures and closings in
21 Northern California. The seller's settlement statements are not given to the buyers.

22 I declare under penalty of perjury under the laws of the State of California that the foregoing
23 is true and correct and that this declaration was executed on this 18th day of November 2013.

24
25 /s/ Rollie A. Peterson, Esq.
26 **ROLLIE A. PETERSON, ESQ.**

EXHIBIT “A”



When Every Word Counts...

SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR COUNTY OF SACRAMENTO

TRI TOOL, INC,)	
)	
Plaintiff,)	
)	
vs.)	CASE NO:
)	34-2009-00054045
COPELAND PROPERTIES THREE, LP, et)	
al,)	
)	
Defendants.)	
)	

DEPOSITION OF: CHARLES COPELAND
 TAKEN BY : ROLLIE PETERSON, ESQUIRE
 Commencing : 9:20 A.M.
 Location : 707 Brookside Avenue
 Redlands, California
 Day, Date : FRIDAY, FEBRUARY 1, 2013
 Reported by : Sonja A. Lane, CSR No. 13150
 Pursuant to : Notice
 Original to : ROLLIE PETERSON, ESQUIRE

Pages 1 - 198
Job No. 131071

CERTIFIED COPY

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Exhibit "A" - 1

Page 11	Page 13
<p>1 one possibly just a draft that was sent out in 2 anticipation?</p> <p>3 A If you look at page 18 of this draft, 18 of 28 4 I think on this exhibit -- or there's at least 18-28 at 5 the bottom right-hand corner of what I'm looking at.</p> <p>6 Q I'm sorry. 18? I'm --</p> <p>7 A -28. So there's an 18-22.</p> <p>8 Q When you say --</p> <p>9 A There's an 18-23. So it's 18-28 at the bottom 10 right-hand corner of the exhibit. You probably will need 11 the exhibit.</p> <p>12 Q I want to make sure we're looking at the same 13 exhibit.</p> <p>14 Okay. I see what you're saying. It's down 15 here. And I don't, for some reason, have that on the 16 last page.</p> <p>17 A Yours stops at 24.</p> <p>18 Q Yeah. If could you do me a favor, if you'll 19 refer to the FRA1 --</p> <p>20 A FRA000132.</p> <p>21 Q 132, got it.</p> <p>22 A But you'll notice that that says page 24 of 24.</p> <p>23 Q Correct.</p> <p>24 A And it's got signatures on it that were signed 25 when this was a 24-page document. And then you're asking</p>	<p>1 Q No.</p> <p>2 Okay. So then we ended up with signatures on 3 page 24 of 24 that really may have been on the same 4 agreement printed out using different font? Is that 5 potentially what you're saying?</p> <p>6 A That's potentially what I'm talking about. Joe 7 Dotan's signature was asked for on page 24 of 24.</p> <p>8 Q Uh-huh.</p> <p>9 A And it's also asked for on 26 of 27.</p> <p>10 Q Uh-huh.</p> <p>11 A But there are different names on 26 of 27. And 12 it looks like his copy to me is an earlier version.</p> <p>13 Q Okay. Flip back one more page here. And I 14 think what you're saying here is that here's another 24 15 of 24, which is FRA000132 Bate stamp number?</p> <p>16 A Correct.</p> <p>17 Q And they're going to have Joseph Dotan's 18 signature?</p> <p>19 A Correct.</p> <p>20 Q And it's exactly the same page as the one 21 before that has Melvin Ross's signature?</p> <p>22 A Correct.</p> <p>23 Q So the signatures were gathered independently 24 of them, multiple signature pages, different people 25 signing them? Would that be a fair characterization?</p>
Page 12	Page 14
<p>1 me a question about page 26 of 27 that was produced by 2 Joe Dotan, that has Dotan's signature line on it. But 3 his signature line was also on page 24 of 24. I'm not 4 sure why it was rerun in our computer, it may have just 5 been rerun. I notice on the first page, the first page 6 doesn't -- all the lines don't come up in paragraph 1.06 7 on page 1 of 24 of Sandra Hayes's, there are three lines.</p> <p>8 Q This is Exhibit 65 is what you were just 9 pointing at?</p> <p>10 A Correct.</p> <p>11 And on Exhibit 18 of Dotan's on Exhibit 18, 12 there's only one line in paragraph 1.06. And a cursory 13 review, it doesn't look like the first page changed any, 14 it just looks like they cut it off differently.</p> <p>15 Q So you're saying that maybe it printed out on a 16 different printer, possibly. Maybe different spacing, 17 same agreement, but she ended up with more pages as a 18 result?</p> <p>19 A That may be the case.</p> <p>20 Q Different font?</p> <p>21 A There may be additional information in here.</p> <p>22 Q Uh-huh.</p> <p>23 A But it looks like if you just look at the first 24 line of 1.04, that sentence doesn't end in the same place 25 on both documents.</p>	<p>1 A That would be a fair characterization.</p> <p>2 Q Procedure then would be to send out a Limited 3 Partnership Agreement to the individual, talk to them 4 about it, they would sign it, and give it back to you. 5 And then you'd have multiple agreements out to multiple 6 people. Would that be true?</p> <p>7 A Almost.</p> <p>8 Q Tell me how it's done.</p> <p>9 A We would meet with them, give them the Limited 10 Partnership Agreement and the signature page.</p> <p>11 Q Okay.</p> <p>12 A Let them take the Limited Partnership Agreement 13 home, check with whoever they wanted to check with on it, 14 and eventually get us back the signature page only.</p> <p>15 Q Okay. With each one of the limited partners, 16 did you take time to answer any of the questions they 17 might have concerning the partnership and the partnership 18 agreement?</p> <p>19 A I did.</p> <p>20 Q Did you encourage them to see an attorney 21 before they signed it?</p> <p>22 A I think I did, but I can't testify factually I 23 did that.</p> <p>24 Q Okay. If you look at Exhibit Number 19. 25 This Exhibit Number 19 is Risk Disclosure</p>

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1 Statement produced by Copeland Realty, Inc., and
 2 apparently it bears -- it has his name on the letterhead
 3 on the top left-hand corner. And it talks about a
 4 termination of the lease, the CP-3 lease, within six
 5 months.
 6 This is the only one that I found, the only
 7 Risk Disclosure Statement that I found was signed by
 8 Mr. Dotan.
 9 Was there other -- was this given to all the
 10 limited partners?
 11 A I don't know.
 12 Q You don't, okay.
 13 Did you tend -- for the partnerships, did you
 14 tend to get financial information from them to ensure
 15 they were sophisticated investors?
 16 A Almost all of these clients were known to me
 17 and their financial condition was known to me.
 18 Q So you knew whether or not you knew they were a
 19 sophisticated investor?
 20 A Yes.
 21 Q Would Mr. Dotan fit that profile?
 22 A I believe so. I don't have his facts in front
 23 of me now to reconfirm that.
 24 Q Uh-huh.
 25 A But I believe that would have been the case.

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1 Q And that would have -- at least at this time,
 2 would have been the net worth in excess of a million
 3 dollars apart from their homes?
 4 A Yes.
 5 Q And that's why the million dollar figure --
 6 A That's how I would define a sophisticated
 7 investor.
 8 MR. PETERSON: I'm going to mark this 81. If
 9 you'll be so kind to put a sticker on there for me, I'd
 10 appreciate it.
 11 MR. ZIPRICK: This is number?
 12 MR. PETERSON: 81.
 13 MR. ZIPRICK: I'll mark it for him.
 14 (Plaintiff's Exhibit 81 was marked for
 15 identification.)
 16 BY MR. PETERSON:
 17 Q This appears to be a check register, and it
 18 would have been on the Travis Credit Union account for
 19 CP-3.
 20 A Is that a question?
 21 Q No. That -- I'm making a statement to you.
 22 Can you identify it as such?
 23 A Yes.
 24 Q And if you look at the -- it provides an
 25 8/26/04, the Copeland Trust, for \$65,000. That was money

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1 transferred out of the CP-3 to the Copeland trust?
 2 A That is what I would expect it was.
 3 Q And you notice that there's a round -- it
 4 appears to be a stamp. It says, "Posted." Was that your
 5 procedure that when you posted this on the electronic
 6 recordkeeping system, you used it, then would you stamp
 7 it as posted to make sure that you caught every item?
 8 A I did not do that. That was done by one of the
 9 bookkeepers in our firm.
 10 Q Right.
 11 A This stamp was not required, but that may have
 12 been something she chose to do to help her in making sure
 13 what she was doing.
 14 Q Okay. And you note the date on the \$65,000.
 15 It doesn't say what the purpose is of the \$65,000
 16 transfer, but it was on August of -- 26th of '04. Okay.
 17 Do you have any idea without speculating what
 18 the \$65,000 transfer was for?
 19 A Not without speculating.
 20 Q Okay.
 21 MR. PETERSON: If you'll mark this as Exhibit
 22 82.
 23 (Plaintiff's Exhibit 82 was marked for
 24 identification.)
 25 BY MR. PETERSON:

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1 Q Now, if you'll look at Exhibit Number 82.
 2 Okay? This is out of the same check register, okay, out
 3 of Travis. And it's dated 9/2 of '04, about a week after
 4 the entry that I asked you to identify on Exhibit Number
 5 81, which was check 1025. And it says, "August and
 6 September payment."
 7 Would this be the guaranteed payment to
 8 Dr. Ross for his investment in CP-3?
 9 A This would have been a distribution to Dr. Ross
 10 for August and September.
 11 Q And then the following two are voided -- the
 12 following three. And then we have a September 3rd check
 13 to Dorothy Ziilch for 7166.68. And that was same thing,
 14 August and September; correct?
 15 A That's what it says, yes.
 16 Q And the same way with Dr. Eure?
 17 A Yes.
 18 Q And Lillian Franklin?
 19 A Yes.
 20 Q Dr. Dotan?
 21 A Yes.
 22 Q And Janet Ihde?
 23 A To her retirement account at Schwab, yes.
 24 Q Neal Bricker?
 25 A Yes.

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1 MR. PETERSON: Absolutely.
 2 MR. BRUBACHER: On the printout that you
 3 brought today, Mr. Copeland, do you know is -- one issue
 4 we've run into typically, at least I have, is that the
 5 memo sections on a lot of the entities isn't quite broad
 6 enough on the printouts, so that things get cut off.
 7 That's one of the reasons why I'd be interested in seeing
 8 the electronic version, so I know actually what's in
 9 there.
 10 Do you know, is it completely printed on the
 11 copy you got today, so there's nothing missing.
 12 THE WITNESS: Probably not. No. It's the same
 13 single-page version that you're used to seeing instead of
 14 spreading all of the columns.
 15 I don't have your e-mail correct yet.
 16 MR. PETERSON: It's just initial RPeterson, one
 17 word, at Peterson-Kell, K-e-l-l, .com. And Peterson is
 18 with an s-o-n.
 19 THE WITNESS: P-e-t-e-r-s-o-n?
 20 BY MR. PETERSON:
 21 Q Yes, sir.
 22 A Thank you.
 23 Q Sure, thank you.
 24 I'm going to hand -- I want you to look at
 25 Exhibit Number 60, if you would. Does that appear to be

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1 your son's signature?
 2 A Yes.
 3 Q And while you're finishing reading this, this
 4 is a letter from Copeland Realty Inc. dated September
 5 1st, 2005, purports to bear the signature of Donald D.
 6 Copeland. And it was addressed to Ms. Hayes.
 7 That would be Sandra Hayes; correct?
 8 A That's correct.
 9 Q It says, "We're currently in the process of
 10 doing some consolidation with our bookkeeping."
 11 Is that what you were talking about before when
 12 you were talking about the consolidation of sending one
 13 check as opposed to five?
 14 A Correct.
 15 Q It says, "Copeland Properties 3, 166667,
 16 currently on hold."
 17 Is that the amount of her -- would have been
 18 her monthly return?
 19 A Correct.
 20 Q And it's on hold because the prior May the
 21 tenant left the building?
 22 A Yes.
 23 Q And eventually another tenant moved in and took
 24 a portion of the building; correct?
 25 A Yes.

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1 Q And at the time -- at least I think we looked
 2 in May of 2005, it appears there was a partnership
 3 meeting you couldn't recall. Do you recall the building
 4 being listed for sale and/or rent with C.B. Ellis in
 5 Sacramento, California?
 6 A I recall them being our agent. And exactly
 7 when it was listed for sale or rent with them, I'm not
 8 sure. But, yes, I remember them being an agent for us
 9 somewhere in this time frame.
 10 Q Sure.
 11 They were your agent when you -- when CP-3 or
 12 Copeland Realty negotiated or purchased the properties
 13 from the Provo, Utah group; correct?
 14 A That's correct.
 15 Q Any of the distributions weren't -- do you
 16 recall when the distributions went on hold?
 17 A No. Probably right after the tenant moved out.
 18 Q Okay. If you look at Exhibit 61. Exhibit 61
 19 is a letter that appears to be authored by you. Appears
 20 to your bear your signature on the second page; is that
 21 true?
 22 A Yes, it is.
 23 Q Okay. And it's dated March 10th of 2006, and
 24 it's on Copeland Realty, Inc.'s letterhead. Were you an
 25 officer of Copeland at the time, at this time?

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1 A Of Copeland Realty, Inc.?
 2 Q Right.
 3 A Yes.
 4 Q And what was your position with Copeland
 5 Realty, Inc.?
 6 A I was the vice president.
 7 Q The letter announces that you have solid news,
 8 a second buyer of the property, Tower Development
 9 Corporation.
 10 Tower Development, was that the Tower Records
 11 people, do you know?
 12 A I doubt it.
 13 Q Okay.
 14 A But I don't know.
 15 Q Okay. Anyhow, you had a prior buyer. I
 16 haven't seen anything concerning the first buyer.
 17 Do you recall who the first buyer was?
 18 A No.
 19 Q Do you recall any of the details or specifics
 20 of the first buyer?
 21 A No.
 22 Q Was it a buyer that actually signed a contract
 23 and an escrow opened for a period of time?
 24 A I don't think so. I think it was less than an
 25 escrow conclusion to the first buyer.

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1 Q Okay. If you look at Exhibit Number 29.
 2 Exhibit Number 29 is a copy of a certificate of limited
 3 partnership for CP-14 LP. And if you look at it, it's
 4 interesting because it appears that the 14 is handwritten
 5 in. Do you see that in Item Number 1?
 6 A Yep.
 7 Q Do you know why that would be? Why it wouldn't
 8 be typed in as opposed to --
 9 A I'm pretty sure my son, Don, had several -- had
 10 these forms made up for filing. We were doing as many as
 11 four or five of these partnerships a year.
 12 Q Right.
 13 A So he probably left that blank and handwritten
 14 in the number when he sent it to the State.
 15 Q Okay. Okay. And it appears that he -- that
 16 you signed this on 4/3 of '06.
 17 Does that appear to be his signature at the
 18 bottom?
 19 A That appears to be his signature and that
 20 appears to be the date.
 21 Q Okay. Anyhow, Exhibit Number 30 --
 22 MR. PETERSON: Just pile those over on the
 23 side. Any of the exhibits that are under 80, just stick
 24 over to the side, I'll get them after.
 25 MR. ZIPRICK: Okay. All right. Okay.

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1 BY MR. PETERSON:
 2 Q If you'll look at Exhibit Number 30. And this
 3 is a letter from Donald Copeland, and it says, "The
 4 buyers on the Copeland property," I guess this would be
 5 the second buyers on the Copeland Property, they're
 6 putting the \$20,000 of nonrefundable money up. That they
 7 still expect to close escrow.
 8 Do you recall when this escrow fell out?
 9 A No.
 10 Q Okay. Would it have been somewhere maybe in
 11 June of 2006?
 12 A I know it was after April 4th, 2006.
 13 Q Okay. And the \$20,000, was that a monthly
 14 extension?
 15 A From the prior document you showed me, that's
 16 what I would conclude.
 17 Q Okay. And at this point in time, there was --
 18 FEMA was in the building as a tenant?
 19 A FEMA was in the building at some point in time.
 20 Probably at this point in time, but I don't recall
 21 exactly when FEMA was in.
 22 Q Do you recall what the monthly mortgage was on
 23 the building?
 24 A No.
 25 Q At this time, was the \$20,000 a month plus the

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1 FEMA rent covering the mortgage?
 2 A I would believe so.
 3 (Plaintiff's Exhibit 87 was marked for
 4 identification.)
 5 BY MR. PETERSON:
 6 Q Exhibit Number 87. I'm going to hand you this.
 7 Unfortunately I only have two copies. This purports to
 8 be a Limited Partnership Agreement. The agreement date
 9 is 22 April 2006.
 10 Who would have filed in the 22 April 2006?
 11 A Secretarial person working for the Copeland
 12 Group.
 13 Q Okay. Do that at the direction of Donald
 14 Copeland, probably?
 15 A More likely at my direction.
 16 Q At your direction, okay.
 17 And if you look down here, it says, "The
 18 purpose of the partnership under 1.03 will engage in the
 19 business as small business stock ownership and any
 20 activities that are related or incidental to that
 21 business."
 22 What does that mean?
 23 A That means we failed to change it from the
 24 Copeland private equity investment partnership agreement
 25 back to a property investment.

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1 Q Okay. So that -- it's a scrivener's error?
 2 A Yes, it's a scrivener's error for this
 3 partnership.
 4 Q Go to page -- I notice this one also has 26
 5 pages. Okay. You go to 25 of 26. I notice that on this
 6 limited partnership page, we have, of the CP-3 partners,
 7 Dotan and a -- that's Joseph and Beth and Ehud, is
 8 that --
 9 A That is Joseph Dotan's son.
 10 Q That's his son, okay. And then Perry and
 11 Sandra Hayes. So the Dotan's and the Hayes's were in
 12 CP-3; right?
 13 A Correct.
 14 Q As well as Melvin Ross?
 15 A Correct.
 16 Q And Dorothy Ziilch?
 17 A Correct.
 18 Q And Janet Ihde?
 19 A Janet Ihde's IRA.
 20 Q Right. And Eure?
 21 A Correct.
 22 Q By the time that you had gotten to April 22nd
 23 of '06, you believed that had you sold the building;
 24 right? I mean, that's what your prior letter had said?
 25 It looked like it was.

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1 A Correct. As of March 10th, we thought we were
 2 in escrow with a buyer who would buy the building.
 3 Q And because they had a significant amount of
 4 money in cash, that was what I call hard money?
 5 A Correct.
 6 Q Okay. So by this time had you talked to all of
 7 the people that were listed as limited partners in this
 8 agreement about making an investment into CP-14?
 9 A Nobody who is listed here had not been talked
 10 to. We did not put anyone in as a potential signatory
 11 unless they had been talked to. Whether or not they had
 12 decided, I don't know.
 13 Q Okay. And the concept here was to roll
 14 essentially these people, their investment, out of CP-3
 15 upon its close and into CP-14; right?
 16 A Correct.
 17 Q And the projection for closing on CP-3 I think
 18 at this time was July of '06?
 19 A As of the 22nd of April, the expected closing
 20 was May 10th of 2006.
 21 Q Okay. I'm going to hand you Exhibit Number 88.
 22 (Plaintiff's Exhibit 88 was marked for
 23 identification.)
 24 BY MR. PETERSON:
 25 Q And if you look at Exhibit Number 88, here

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1 again it's the check register from the Travis Credit
 2 Union on CP-3. And at the bottom we have CP-3's 1st
 3 Centennial mortgage payment. And it says, "Coming out of
 4 1st Centennial."
 5 So was this a situation where the government
 6 was direct depositing rent payments?
 7 A I don't know.
 8 Q You don't know.
 9 But at any rate, you were taking money out of
 10 CP-3 at this point to put into 1st Centennial to make the
 11 mortgage payment; right?
 12 A No. What I believe this is telling us is that
 13 we had switched banks from Travis Credit Union to 1st
 14 Centennial Bank, and we were just using the same stubs to
 15 record it.
 16 Q Well --
 17 A But you're right, this may have been a transfer
 18 from Travis to 1st Centennial because the mortgage
 19 payment was now being directly taken from 1st Centennial.
 20 Q Okay.
 21 A I can't tell for sure from this.
 22 Q But you don't know whether there was a direct
 23 deposit coming from FEMA into Travis at this point?
 24 A I don't know from this document.
 25 MR. PETERSON: 89.

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1 (Plaintiff's Exhibit 89 was marked for
 2 identification.)
 3 BY MR. PETERSON:
 4 Q I'm not exactly sure why I had two pages
 5 here -- oh, yes, I know why. If you'll look at the
 6 second entry, 1381, a check number 1381, it follows
 7 sequentially. This would still be coming out of Travis
 8 Credit Union; right?
 9 A I would think so.
 10 Q Okay. And it says, "To Copeland Properties 6,
 11 16,331.92."
 12 What was that for, do you know?
 13 A That would have been a payment from this
 14 partnership to Copeland Properties 6 for the use of
 15 Copeland Properties 6. At this point in time, Copeland
 16 Properties 3 probably owed Copeland Realty 3- or
 17 \$400,000. And if it had cash and Copeland Properties 6
 18 needed to borrow money from Copeland Realty, we may have
 19 just directly paid against the Copeland Realty loan by
 20 sending money to Copeland Properties 6, and thereby
 21 satisfying part of Copeland Properties 3's debt, and
 22 establishing a debt to Copeland Realty.
 23 Q So then what one should see on the trial
 24 balance would be for the date of 5/11/06, a payment to
 25 Copeland Properties 6 of 16,331.92, a corresponding

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1 offsetting entry against a loan account --
 2 A Either a creation of a loan for Copeland
 3 Properties 6 to Copeland Properties 3 or the payment of a
 4 Copeland Realty loan, accordingly.
 5 Q Okay. But it would make four entries to
 6 satisfy the bookkeeping system; correct?
 7 A It would take at least two; it would take a
 8 debit, which is what this is, and a credit to something.
 9 Q But this is a direct payment for somebody
 10 else's obligation. In other words, it seems to me that
 11 what you're saying is that this would be a repayment of
 12 Copeland 3's debt to Copeland Realty, and yet, you know,
 13 there isn't anything in the books for Copeland Properties
 14 6, so you'd have to have at least two transactions to
 15 cover it; right? You'd have to create an account -- you
 16 mean you're paying somebody else's obligation here?
 17 A It may be just one entry. I'm telling you, it
 18 may be just one entry or it might be two entries.
 19 Q Okay. I'm trying to find out how --
 20 A When I look at this -- I assume we'll get to
 21 the general ledger.
 22 Q Yeah, at some point.
 23 A When we get there, then I'll be able to answer
 24 your question.
 25 Q You'll be able to identify -- okay. Your

Page 51	Page 53
<p>1 general practice would have been if Copeland Properties 3 2 was paying money to Copeland Properties 6, in effect in 3 repayment of a Copeland Realty obligation, how would you 4 handle that bookkeeping-wise? 5 A One of the two ways that I just told you. We 6 may have set up a loan initially to Copeland Properties 7 6, therefore, there would be that loan created, then that 8 loan closed by paying Copeland Realty. Or we may have 9 just made this as an entry against the Copeland Realty 10 debt. The same bookkeeper was doing Copeland Properties 11 6, Copeland Properties 3, Copeland Properties 12. And 12 she had the flexibility, as long as she kept it clear 13 where we could understand it, to take as many shortcuts 14 in the bookkeeping as made her job easier. 15 Q Says here, "Copeland Properties 9 is the next 16 entry for 50,000." 17 A That would have been the same type of 18 situation. 19 Q Same situation. Basically paying back the 20 Copeland Realty debt by making a payment to Copeland 21 Properties 9? 22 A Probably. 23 MR. ZIPRICK: Could we ask one question? 24 MR. PETERSON: You can ask -- 25 MR. ZIPRICK: Before we move beyond this, is</p>	<p>1 Q If you'll turn to the second page of the 2 document Exhibit Number 89, and you'll see a check that 3 was written out of the Travis CP-3 account of May 11th, 4 2006. And it says, "Note payable \$30,000," and it says 5 to, "CRI." That is the Copeland Realty, Inc.? 6 A Correct. 7 Q That's a repayment then to them? 8 A Yes. 9 Q Then that would show up on the books as an -- 10 obviously a credit out of the cash side and a debit off 11 on the loan side? 12 A Yes. 13 Q Exhibit Number 31, it's a letter from your son 14 on Copeland Realty, Inc. letterhead; correct? 15 A Yes. 16 Q Dated May 12th, 2006. 17 A Yes. 18 Q And it's addressed to the Copeland Properties 3 19 limited partners. It says, "That the buyer has verbally 20 communicated with us that he intends to extend the escrow 21 one more time, and then close escrow on July 10th, 2006." 22 And escrow did close. All the money that they 23 put in, then, was hard money; correct? 24 A That would be my assumption, yes. 25 Q Do you recall, was it -- did it go all the way</p>
Page 52	Page 54
<p>1 who would have been doing the bookkeeping on the 2 transactions within the Copeland organization to keep 3 these accounts straight, these various entries, offsets. 4 THE WITNESS: Our primary bookkeeper for the 5 Copeland Properties was Gail Osborne. 6 MR. ZIPRICK: G-a -- 7 THE WITNESS: -- i-l. 8 MR. ZIPRICK: With an E at the end, or no E at 9 the end. 10 THE WITNESS: I believe with an E at the end of 11 Osborne. 12 MR. ZIPRICK: Does she still work at Copeland? 13 THE WITNESS: No. 14 MR. ZIPRICK: Do you know where she is now? 15 THE WITNESS: Yes. 16 MR. ZIPRICK: Where is she now? 17 THE WITNESS: She works for -- it's a law firm 18 here in town. 19 MR. ZIPRICK: Do you know the type of firm. 20 THE WITNESS: Yeah. They're over on Orange 21 Tree. It's similar to your type of firm. It's -- 22 MR. ZIPRICK: John Mirau? 23 THE WITNESS: Yes. 24 MR. ZIPRICK: M-i-r-a-u. 25 BY MR. PETERSON:</p>	<p>1 to July 10th until you found out they weren't going to 2 close? 3 A I don't know. 4 MR. PETERSON: Exhibit Number 90. 5 (Plaintiff's Exhibit 90 was marked for 6 identification.) 7 BY MR. PETERSON: 8 Q Here again, Travis check register, okay, for 9 CP-3. And at the bottom it's got a notation. I don't 10 know if it means anything. "Accidentally paid partial 11 July rent of \$11,200." What? It says "FEMA mistake." 12 A Yes. 13 Q What's that all about? 14 A I don't have any recollection what this 15 would be. My best guess would be that we collected the 16 FEMA rent, and it was for -- they sent us a payment for a 17 period beyond when they had a lease obligation, and we 18 had to return a portion of the rent that they had paid us 19 for the period that was beyond their lease obligation. 20 Q The next page over, then, it says, "On June 21 30th, 2006, transferring over FEMA rent partial payment 22 to 1st Centennial"; is that correct? Would that be -- 23 A Yes. 24 Q And that would be in the amount of 72,991.25? 25 A Correct.</p>

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1 Real Estate Purchase Agreement. This was a document you
 2 provided to the bank; correct?
 3 A I would assume so, yes.
 4 Q This is also relating to a loan that you
 5 obtained on behalf of CP-3 from Pacific Western Bank for
 6 \$1.8 million; is that right?
 7 A That's correct.
 8 Q And the purpose of the loan was to buy real
 9 estate in North Carolina, which -- and Wendover,
 10 Greensboro -- I'm sorry, is it Wendover -- I'm sorry,
 11 Greensboro, North Carolina. Where do I get Wendover?
 12 That's the name of the Texas partnership, I guess.
 13 But it was the land -- it was 6103 Landmark
 14 Center Boulevard in Greensboro, North Carolina; right?
 15 A Correct.
 16 Q And that was the primary purpose of the loan;
 17 correct?
 18 A That -- yes.
 19 Q That was predicated upon -- that loan was
 20 predicated upon the sale of CP-3's sole asset, being the
 21 Rancho Cordova property; right?
 22 A Please say that again.
 23 Q CP-3 -- most of your partnerships were sole
 24 asset entities; right?
 25 A Single asset.

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1 Q Single asset?
 2 A Yes.
 3 Q And CP-3's asset, it was a single asset
 4 partnership; right?
 5 A That's right.
 6 Q And its asset was a property up in Rancho
 7 Cordova, California?
 8 A Correct.
 9 Q And that's the property you sold to Tri Tool?
 10 A That's correct.
 11 Q My client.
 12 And the loan, the \$1.8 million loan was
 13 predicated essentially upon -- or its payment was
 14 about -- predicated upon the sale of the property to my
 15 client; correct?
 16 A The expected payment of this loan was going to
 17 be from the proceeds that would come from the sale of the
 18 building to your client.
 19 Q And the Real Estate Purchase Agreement here
 20 was -- is dated the 25th of August, 2006, which
 21 essentially was after the escrow fell out from the second
 22 buyer of the property, okay, up in Sacramento, and before
 23 Tri Tool entered into a contract, and the date that Tri
 24 Tool entered into the contract, I believe, was November
 25 1st, 2006, okay. In the middle of that time, you entered

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1 into a Real Estate Purchase Agreement to buy this
 2 property?
 3 A Correct.
 4 Q Okay. And how were you going to pay for this
 5 property at that time that you entered into this purchase
 6 agreement? What was your intention?
 7 A Our intention was to raise funds from investors
 8 to purchase this property.
 9 Q Okay. How long of a window did you have to
 10 purchase the property?
 11 A On page 3 of the document that you've shown me,
 12 it discusses the closing. And the closing shall be no
 13 later than 30 days after the expiration of the due
 14 diligence period. And then we had two 30-day extension
 15 potentials in it.
 16 So whenever the due diligence period was
 17 finished, there would have been a total of 90 days after
 18 that date for the purchase of this property. So at a
 19 minimum, it would have been November 25th of 2006, plus
 20 whatever length the due diligence period was.
 21 Q Does the document provide for the two due
 22 diligence periods?
 23 A I'm sure it does.
 24 Q Okay. Do you see the paragraph in which it
 25 provides for it?

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1 A Not yet. It appears to be on page 4.
 2 Q Okay.
 3 A We had until September 15 for the due diligence
 4 period. So the closing would have been 90 days after
 5 September 15th, which I would have concluded would have
 6 been around December 15th, 2006, for the closing of this
 7 property.
 8 Q Absent any extension; correct?
 9 A No, that's with.
 10 Q All the extensions?
 11 A With the extensions currently allowed in this
 12 document.
 13 Q How much money did -- and I guess it was
 14 Copeland Realty, Inc. that entered into the contract.
 15 And how much money did you put down?
 16 A On page 2, paragraph B-1, it says we put down
 17 \$50,000.
 18 Q Okay. And then after the due diligence, you
 19 had to increase that amount?
 20 A I don't know what took place from this document
 21 after the due diligence.
 22 Q It says -- the next paragraph down it says,
 23 "Upon completion" -- it says, "Upon completion of the due
 24 diligence period, and if buyer elects to proceed with
 25 this transaction, buyer shall deliver an additional

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1 A Whether it's housekeeping or not, I think we
 2 probably had them dated earlier. She had told me she
 3 wanted it do it, I made the transfer, and then eventually
 4 we got a document. I always prefer the actual date of
 5 the signature to be on it rather than any other date.
 6 Q In fact --
 7 A So this is the date she signed it.
 8 Q In fact, the loan on here for 1.8 million
 9 basically took all the equity out of CP-3 when it was
 10 made, and then it was repaid from the escrow and closed
 11 on April 6th of 2007; correct?
 12 A I don't think so. I don't think it took all
 13 the equity.
 14 Q Well, it took more than all. I think it
 15 took -- according to the balance sheet, it left a net
 16 negative equity in the property.
 17 A A book negative equity.
 18 Q How is that -- how is that then booked for
 19 CP-3? I mean, money came out of CP -- CP-3 borrowed
 20 money, 1.8 million, ended up with 700-- or 1.795 with
 21 5,000 in points and closing costs of a loan. And that
 22 money went to CP-14, so it'd take down the Greensboro
 23 property; right?
 24 A It bought an asset, an investment in CP-14.
 25 And it borrowed money to buy that asset. Had no affect

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1 on the equity.
 2 Q So CP-3, then, as far as it was booked, ended
 3 up with an investment in CP-14 --
 4 A Correct.
 5 Q -- to the tune of \$1,795,000?
 6 A Or 1,800,000.
 7 Q Well, yeah. In fact, a little more than that
 8 because I think the payoff on the loan included, you
 9 know, at the end of the day was 1,827,000 or something
 10 like that.
 11 A Okay. I assume you're correct.
 12 Q There was a 22- or \$23,000 payment that was
 13 made by Copeland Realty -- we'll look at this document to
 14 get the right number -- for interest. It appears to have
 15 gone into escrow. Do you recall that?
 16 A I don't recall it, but it sounds reasonable.
 17 Q And then the escrow paid off the loan in its
 18 entirety?
 19 A I believe the loan was paid from escrow, yes.
 20 Q Effectively, that transfer, Janet Ihde's
 21 interest, Dr. Eure's interest, and the other limited
 22 partners' interest, all except for, I believe,
 23 Ms. Franklin, into CP-14; is that right?
 24 A I think it was more than just Ms. Franklin.
 25 But it was -- it transferred the equity of -- by paying

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1 off the loan.
 2 Q Right.
 3 A It transferred the equity of those who were
 4 going into the CP-14, CP-18 into there from CP-3.
 5 Q If Tri Tool hadn't closed -- I want you to
 6 assume for a minute that Tri Tool had not closed its
 7 purchase of the property, okay. CP-3 would have still
 8 had the debt to pay by the end of April; right? Or maybe
 9 it was June 1st. It was a single pay note.
 10 A Correct.
 11 Q Okay. It was a single pay note that was, I
 12 think, due in June?
 13 A Correct.
 14 Q Yeah, okay.
 15 If the escrow had fallen out for Tri Tool, CP-3
 16 would have had this obligation?
 17 A CP-3 had that obligation whether Tri Tool
 18 closed on the transaction or not.
 19 Q That's true.
 20 On June 1st, if Tri Tool hadn't closed on April
 21 5th, CP-3 would have had to pay the promissory note?
 22 A CP-3 would have had that note payable. How it
 23 would have dealt with it, I don't know.
 24 Q Okay. But at that point, CP-14 had \$1.8
 25 million worth of CP-3's money?

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1 A Had \$1.8 million provided to it by CP-3, who
 2 had borrowed it from Pacific Western Bank.
 3 Q Right.
 4 If you'll look at Exhibit Number 33 for me.
 5 And for the purposes of the record, it's an -- appears to
 6 be correspondence written on Copeland Realty, Inc.'s
 7 letterhead, bears Donald E. Copeland's name, and appears
 8 to be his signature. It's to the limited partners of
 9 Copeland Properties 3.
 10 Is that your son's signature?
 11 A Yes.
 12 Q Okay. In looking at the document, you're
 13 talking about the sale of the Rancho Cordova property,
 14 expected to close March 15th of 2007. The letter is
 15 dated November 6th of 2006, approximately a week before
 16 you had identified, at least for this seller of the
 17 Greensboro, North Carolina property, okay, that CP-14 was
 18 going to be the purchaser. And you talk in this letter
 19 about, "We will create a specific cash plan for all
 20 investors."
 21 And you're saying once the due diligence date
 22 of 12/15/06 had passed. Does that mean Tri Tool's due
 23 diligence date?
 24 A Yes.
 25 Q Okay. What were you referring to or what was

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1 being referred to as the "we will create a specific cash
2 plan"?

3 A For each investor?

4 Q Uh-huh.

5 A Meant we would talk with each investor, decide
6 what they wanted to do with their cash from this sale,
7 and create a plan for each investor specifically.

8 Q Which you included also CP-14; right?

9 A May have or may not have.

10 Q Well, it seems like everybody rolled into
11 CP-14, except for Ms. Franklin, I think, and potentially
12 Dr. Bricker. I think he ended up in Copeland Fixed
13 Investment 2; is that right?

14 A I think so, yes.

15 Q At least part of his investment?

16 A Yes.

17 Q Other than those two, the rest of them ended up
18 in CP-3?

19 A Correct.

20 Q I mean CP-14?

21 A They were all in CP-3.

22 Q Right. And ended up in CP-14, except for those
23 two?

24 A Yes, yes.

25 Q Okay.

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1 MR. ZIPRICK: I have a question while you're
2 looking.

3 MR. PETERSON: Do it.

4 MR. ZIPRICK: As you talked with the CP-3
5 limited partners, do you have any notes regarding
6 conversations with any of them?

7 THE WITNESS: No.

8 MR. ZIPRICK: Do you have any record of talking
9 with any of them?

10 THE WITNESS: No.

11 MR. ZIPRICK: Do you have any calendar where
12 you would have marked an appointment to talk with any of
13 them?

14 THE WITNESS: I have an electronic calendar,
15 but it does not go back this far in the records. The
16 potential source of a calendar might be the -- before I
17 moved to my new location, the FCC took a complete copy of
18 all of our books and records, which would have included
19 my calendar. That was two or three years ago. And so it
20 may have gone back far enough to include some of them
21 there.

22 MR. ZIPRICK: Do you have a recollection of
23 meeting with any of the CP-3 limited partners in this
24 course of this move from 3 to 14?

25 THE WITNESS: No.

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1 MR. ZIPRICK: Is it possible you didn't meet
2 with them?

3 THE WITNESS: It's possible I didn't meet with
4 them. It's not possible I didn't discuss it with them.

5 MR. ZIPRICK: Okay.

6 THE WITNESS: Whether it was a meeting in
7 person or a conversation over the telephone.

8 MR. ZIPRICK: Would there be any documentation
9 anywhere that you know of that you talked to them on the
10 phone or met with them?

11 THE WITNESS: No.

12 MR. ZIPRICK: Okay. That's my short questions
13 on that area.

14 MR. PETERSON: 93.
15 (Plaintiff's Exhibit 93 was marked for
16 identification.)

17 BY MR. PETERSON:

18 Q This is a -- purports to be a cash basis
19 balance sheet for Copeland Properties 3 as of December
20 31st, 2006. This was a document I received from the
21 receiver. Is this a -- do you recognize this?

22 A This looks like a QuickBooks summary of
23 Copeland Properties 3 assets and liabilities, cash basis,
24 as of December 31st, 2006. Looks like it was printed at
25 4:38 p.m. on February 9th, 2007.

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1 Q Okay. And if you recall, that was about the
2 time that you were getting a loan from Pacific Western
3 Bank for \$1.8 million. If you'll take a moment and look
4 at some of the correspondence, they're asking for
5 financial statements. And you're referring to Exhibit
6 Number 77 at this point. And go to the last panel or the
7 second to the last panel, you'll see correspondence in
8 the form of an e-mail string.

9 A I see it.

10 Q Okay. Do you think this was printed off and
11 provided to Pacific Bank for the purpose of obtaining the
12 loan?

13 A This document that you just handed me?

14 Q Yes.

15 A No.

16 Q Pardon me?

17 A No.

18 Q And why not?

19 A Because they have a document that's dated
20 January 17th, 2007 --

21 Q Okay.

22 A -- that was in their file. So I'm presuming
23 that this was the document we gave them.

24 Q Sure, sure.

25 Is there any substantial difference between the

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1 settlement statement for Copeland Properties 14 for the
 2 Landmark Center Boulevard building in Greensboro, North
 3 Carolina. And it's dated February 15th, 2007, which is a
 4 couple of weeks before the transaction actually closed.
 5 And you'll see down the right-hand side,
 6 deferred payment to seller \$330,000. Do you see that?
 7 Item 514, summary of sellers transactions?
 8 A Uh-huh.
 9 Q That's the 330,000 I was talking about. Okay.
 10 And what is that deferred payment to seller?
 11 What was that all about?
 12 A The seller was willing to wait for a period of
 13 time for us to come up with 330,000. And they were
 14 willing to take a personal guaranteed loan from Don and I
 15 to do it.
 16 Q Okay.
 17 MR. PETERSON: 98.
 18 (Plaintiff's Exhibit 98 was marked for
 19 identification.)
 20 BY MR. PETERSON:
 21 Q Looking at Exhibit 98, it provides that the
 22 borrowers Copeland Properties 14, and the sellers
 23 Wendover, Greensboro Limited, obviously for the
 24 Greensboro, North Carolina properties. And it's got a
 25 signature block for Copeland Properties 14 and a

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1 signature block for Don -- Douglas Simpkins. Douglas
 2 Simpkins then was the individual that did the carryback
 3 on the 300-, or agreed to defer payment for the 330,000?
 4 A I don't know. There should be a note for that
 5 330,000. If we saw that, that might say who approved it
 6 on their side. But I don't know who was approving
 7 anything their -- we didn't care who on their side was
 8 approving things.
 9 Q What is your understanding of the purpose of
 10 the buyer/seller certification?
 11 A I thought that this had to do with this escrow
 12 settlement statement, which was a preliminary glance at
 13 this. And both parties were saying escrow looks right.
 14 Q Okay.
 15 MR. PETERSON: 99.
 16 (Plaintiff's Exhibit 99 was marked for
 17 identification.)
 18 BY MR. PETERSON:
 19 Q Can you describe this Exhibit 99 for me?
 20 A It appears to be documents from Pacific Western
 21 Bank regarding the 1,800,000 loan, whatever charges
 22 charging against it, and how they're getting down to
 23 their net figure.
 24 Q So they have a processing fee of 4,500, and
 25 500; correct? One is for a loan fee, one is a

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1 processing -- loan fees of 4,000, processing fee of 500,
 2 for \$5,000. Which would make up the difference in the
 3 1.8 million in the cashiers check that was cut for 1.795;
 4 correct?
 5 A Correct.
 6 Q And the 1.795 was a cashier's check cut to
 7 Copeland Properties 3 LP. And that was placed in a bank
 8 account at Centennial Bank; right?
 9 A I don't know, but that sounds reasonable.
 10 Q In CP-3's account. Eventually when the \$1.8
 11 million loan was paid off, it was CP-3 that paid the
 12 \$5,000 processing fee along with the repayment of the
 13 loan; correct?
 14 A CP-3 would have repaid the loan, I believe.
 15 Q Along with the processing fee? Yes?
 16 A Along with the -- any interest due on the loan.
 17 Q And the processing --
 18 A And the long itself. The loan is for 1 million
 19 8.
 20 Q Right.
 21 A It -- for your description, it paid the net
 22 proceeds plus the processing fee plus the interest.
 23 Q Plus the interest, okay.
 24 You remember account numbers, business checking
 25 account numbers, in 2001, as being maybe Copeland Fixed

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1 Income 2?
 2 A No, I don't remember any business checking
 3 account numbers. I doubt if I ever knew a business
 4 account checking number.
 5 Q Okay. And the only way that you could verify
 6 any amounts that went in and out of an account, basically
 7 at any given time, would basically be looking at the
 8 trial balance for that particular entity and then you'd
 9 be able to identify it; correct?
 10 A Whatever documentary evidence supports those
 11 entries, I could look at that, and then help you
 12 understand what was going on with it.
 13 Q Okay. I can show you Exhibit Number 100.
 14 (Plaintiff's Exhibit 100 was marked
 15 for identification.)
 16 BY MR. PETERSON:
 17 Q This is CP-3's checking account. A statement
 18 from Centennial. And it's on the 2/20 you note there's a
 19 \$1,795,000 deposit. That would be the loan proceeds from
 20 Pacific Western; correct?
 21 A That would be correct.
 22 Q Okay. There's also a wire transfer from First
 23 American Title Company of 300,000 on 2/2/07. That would
 24 be \$300,000 of the Copeland money that went hard? Plus
 25 First American Title Company being in Roseville,

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1 California?

2 MR. BRUBACHER: Did you mean the 300,000 of the

3 Tri Tool that went hard?

4 MR. PETERSON: Yes. What did I say?

5 MR. BRUBACHER: I thought you said 300,000 --

6 BY MR. PETERSON:

7 Q \$300,000 of Tri Tool money that was wire

8 transferred in from First American Title Company out of

9 Roseville, California.

10 A You're talking about under the "other credits"?

11 Q Uh-huh.

12 A Wire from First American Title, \$300,000?

13 Q That's correct.

14 A That would have come from somebody, most likely

15 what you're talking about.

16 Q Uh-huh.

17 A But I don't know for sure that that's the case.

18 Q Okay. And there's a check that went out for

19 \$195,000 on the 8th.

20 MR. BRUBACHER: Just to be clear, you're

21 referring to the \$194,728.95.

22 MR. PETERSON: To be very clear, yes.

23 MR. ZIPRICK: Check number 2418.

24 BY MR. PETERSON:

25 Q And you'd be able to look at the trial balance

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1 ledger and give an indication from that where that check

2 went?

3 A I would hope so.

4 Q Okay. Turning to the second page, then, of the

5 exhibit. We have an Internet transfer to business

6 checking, 114858301, for \$1,795,000. That's CP-14's

7 account; right?

8 A I don't know. I assume that would be correct,

9 but I don't know.

10 Q Okay. And you assume that to be correct

11 because the money came from -- the cashier's check was

12 deposited into a -- into CP-3's account and went from

13 CP-3 out to CP-14?

14 A That would have been the plan.

15 Q And it would have been through an Internet

16 transfer?

17 A Yeah. Internet transfer, wire transfer. The

18 bank would have handled it.

19 Q Okay. Did you -- at this time, did you have an

20 online service -- I mean an online account with the bank

21 where it would show up and show the number of accounts

22 and you could actually transfer money between the

23 accounts just over the Internet?

24 A I don't think we did that. It may have been

25 possible, but I think we used the bank's facility. We

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1 would have given them a wire transfer form or something

2 of that nature.

3 Q Okay.

4 A But it's possible.

5 Q It was noted the Internet transfer as opposed

6 to the wire transfer. That's why I was --

7 A It's possible we had that capability. It was

8 not something that I had day-to-day activity with. Don

9 would have supervised that, and Gail would have been the

10 one who was transacting those transactions.

11 Q Sure. Look at Exhibit Number 47, if you would.

12 Did you recognize Exhibit 47?

13 A I don't recognize it, per se. But it looks to

14 me to be the summary of the Copeland Properties 14.

15 Q Would Copeland Realty or one of your other

16 entities, would they prepare a list like this for each

17 one of the partnerships to identify who was members?

18 A Sometimes. Not necessarily like this for every

19 partnership.

20 Q Okay.

21 A But they would have kept records in some way,

22 shape, or form that documented this type of evidence.

23 Q Sure.

24 I don't see CP-3 as being a partner on this.

25 A CP-3 is not listed as a partner on this.

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1 Q Exhibit Number 48, if you could look at that

2 for me. Okay. And if you'll look at -- the page number

3 at the bottom is 26 of 26. And if you go throughout the

4 exhibit, you'll see 26 of 26 pretty much all the way

5 throughout. Okay. You get to 26 of 27 on a page or two.

6 But look at -- do me a favor and look at -- I'm

7 going to use Bates numbers, but the last three numbers.

8 388, if you look at that page. And look at 390.

9 The Limited Partnership Agreement that we

10 marked as Exhibit Number 87. And if you go to page 25 of

11 26, and you look up at the top of 25 and 26, and it's got

12 a -- you know, enter this blank day and blank 2006 at --

13 or executed on this blank day, and then the managing

14 general partner, which would be Donald Copeland, and then

15 the limited partners underneath.

16 Was there more than one limited partnership

17 that was put together on the 22nd of April of 2006?

18 A I doubt it, but I don't know for sure.

19 Q And as you go through this and flip through,

20 you'll see quite a difference in the -- you know, what I

21 mean. For instance, I was going to show you 388 and 390.

22 You have three of the -- or four of the limited partner

23 signatures showing up on page 388, but it looks like the

24 same document, 26 of 27 executed 27th of April. And on

25 390, there's four.

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1 Q Okay. This appears to be wiring instructions.
 2 It says, "For trust account." I'm assuming it's the
 3 attorney's trust account? They handled the closing on
 4 the transaction?
 5 A That's what I would assume.
 6 Q Okay. And down at the bottom it has 1,710,000.
 7 What's that number?
 8 A I don't know.
 9 Q Do you recognize the handwriting?
 10 A It looks a little like my son's, but I couldn't
 11 guarantee that's his.
 12 Q So that's just wire instructions for CP-14 to
 13 wire the money out to -- from 1st Centennial Bank -- let
 14 me back up, because it doesn't make any sense at this
 15 point.
 16 Why is the wiring instructions for Copeland
 17 Properties 14, why are they giving the 1st Centennial
 18 Bank the account number and the routing number?
 19 A I think these are both instructions that went
 20 to the escrow, so that if the escrow was going to send
 21 money to anybody, this is how they would send it.
 22 Q So basically, if they needed to send back to
 23 Copeland Properties 14, here's where you send it to?
 24 A Yes.
 25 Q Gotcha.

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1 Because it would seem like in closing the
 2 transaction, the money would only flow the other
 3 direction.
 4 A Once in a while you put too much in.
 5 Q Not often.
 6 Was there only one tenant at the Greensboro,
 7 North Carolina property?
 8 A Yes.
 9 Q Okay. Garden Ridge, that was the tenant?
 10 A Yes.
 11 Q Can you identify Exhibit Number 102 for us?
 12 A It appears to be a partnership agreement for
 13 Copeland Properties 18.
 14 (Plaintiff's Exhibit 102 was marked
 15 for identification.)
 16 BY MR. PETERSON:
 17 Q Okay. And Copeland Properties 18, then -- I'm
 18 sorry, what was the purpose?
 19 A Purpose was to manage the Greensboro, North
 20 Carolina property.
 21 Q And --
 22 A Own and manage.
 23 Q Yeah. Because it says here, "The partnership
 24 desires to acquire certain property." So that's the
 25 Greensboro property that 18 is going to acquire; correct?

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1 A Yes.
 2 Q And go to the last page of the document.
 3 A Okay.
 4 Q And it says CP-14 is the limited partner of 18?
 5 A Looks like that's correct.
 6 Q Okay. So what was the concept, as of February
 7 2007, concerning Copeland Properties being the owner of
 8 the Greensboro -- or I'm sorry, the North Carolina
 9 properties?
 10 A Why not just leave 14 in place? Why change it
 11 to 18?
 12 Q Yeah. What's going on here?
 13 A The bank requires a single property partnership
 14 to be the holder of the property that it's going to allow
 15 to assume its mortgage.
 16 Q Right.
 17 A Copeland Properties 14 took Taber's property
 18 and owned it for a period of time until it conducted a
 19 1031 exchange on it. So Copeland Properties 14 was a
 20 two-property partnership. The bank would not permit a
 21 two-property partnership; there's too much risk.
 22 Therefore, Copeland Properties 14 was formed to solely
 23 own the real estate in North Carolina.
 24 Q And I'm assuming the risk that we're really
 25 talking about here is the bankruptcy risk, and if you

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1 only have a single asset real property entity, you can't
 2 do a reorganization. Was that the thought process?
 3 A I'm not privileged to what the bank considered
 4 its risk.
 5 Q You never heard that, that that might be one of
 6 the primary reasons for lending institutions not to
 7 have --
 8 A I have not heard that.
 9 Q So essentially, CP-18, then, was going to be
 10 the owner of the property. Was CP-18, as a limited
 11 partner -- CP-18 was going to be the owner of CP-14, a
 12 limited partner?
 13 A Correct. As it was initially formed, and then
 14 we did away with CP-14, and all the partners of CP-14
 15 became the partners.
 16 Q And CP-3 was not a part of that mix as being a
 17 partner?
 18 A Not by the time we got to CP-18.
 19 MR. ZIPRICK: Can I ask a question while you're
 20 looking?
 21 MR. PETERSON: Absolutely. Go for it.
 22 MR. ZIPRICK: Are there any documents that you
 23 have that explain what you just explained about the
 24 concept of 14 dissolving or ending its existence, and
 25 then the investors in 14 becoming directly the limited

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1 Q What you've got in your hand right now, the
 2 exhibit you have in your hand 107?
 3 A That's right, these are the same escrow.
 4 Q That's all I was trying to do is link them up.
 5 A This is the same escrow.
 6 Q So this would -- the \$100,000 would be the
 7 \$100,000 deposit that Tri Tool had placed into escrow
 8 that had to be released as a part of your transaction; is
 9 that right?
 10 A Most likely.
 11 Q If you'll look at Exhibit Number 44. This
 12 appears to be the settlement statement for the close of
 13 the Rancho Cordova property to -- from CP-3 to Tri Tool;
 14 correct?
 15 A Correct.
 16 Q And if you'll notice that down at the bottom
 17 there was cash to sellers \$680,924.59.
 18 A Yes.
 19 Q Okay. It says at the top, "Don, we should have
 20 some withholds at Business Partners. Can you check on it
 21 and have it forwarded. C." Is that your writing and
 22 initial?
 23 A Yes.
 24 Q What were you -- what were you referring to
 25 when you wrote this note?

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1 A There is a payoff at Business Partners LLC for
 2 \$5 million. And we had an account there that we were
 3 contributing to every payment that was like that 730,000
 4 we saw on the other place, where the bank holds back some
 5 money that's our money for security on the loan. And so
 6 that account needed to be closed out, we needed to
 7 request a transfer from Business Partners to us of
 8 whatever was in that account that did not get debited in
 9 escrow when they asked for their payoff.
 10 Q Do you recall if that happened?
 11 A I'm sure it happened.
 12 Q Do you recall how much?
 13 A No.
 14 Q And where would that have been forwarded to?
 15 A That would have been forwarded to CP-3.
 16 Q Okay. There's a lot of handwriting on here.
 17 I'm assuming -- and I'm probably -- it's tax information,
 18 and that it's actually your handwriting; is that correct?
 19 A The first part is correct, it's information for
 20 how this was treated for tax purposes.
 21 Q Okay.
 22 A And the second part, that it's my handwriting
 23 is not correct.
 24 Q Do you recognize the handwriting?
 25 A I don't recognize the handwriting. But it was

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1 one of two high level tax preparers that we had doing
 2 partnership returns.
 3 Q And, essentially, there was the payoff on the
 4 note, Pacific Western that came out of this escrow, 1.8,
 5 there was interest on the loan from 4/4/07 to 4/10/07, a
 6 3,412.50. And there was interest of \$20,962.50, totaling
 7 24,375 and some change; is that --
 8 A That's correct, except no change.
 9 Q Okay, no change.
 10 Okay. And then that was paid by CP-3 then, I
 11 guess, to Pacific Western on that loan?
 12 A Yes.
 13 Q Okay. And then if you look down at the bottom
 14 you've got the \$400,000 that was released to CP-3 as a
 15 part of the contract; is that correct? Isn't that
 16 what --
 17 A That's what those -- yes.
 18 Q And one of those is what we just referred to in
 19 Exhibit 106?
 20 A They are not dated, but I would assume so.
 21 MR. BRUBACHER: When you say \$400,000, are you
 22 combining the 200,000 and the 100,000 and --
 23 THE WITNESS: Yes, sir.
 24 MR. BRUBACHER: Okay.
 25 (Plaintiff's Exhibit 108 was marked

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1 for identification.)
 2 BY MR. PETERSON:
 3 Q Now looking at Exhibit Number 108. That is a
 4 check drawn on Copeland Realty in the amount of \$23,000
 5 and some odd change, but it is made payable to Pacific
 6 Western Bank.
 7 Did the bank get paid twice?
 8 MR. BRUBACHER: You're looking at Exhibit
 9 Number 108?
 10 MR. PETERSON: I'm looking at Exhibit 108, yes.
 11 MR. BRUBACHER: For the record, I think it's
 12 \$21,450.
 13 MR. PETERSON: You have a lot better eyes than
 14 I do.
 15 MR. BRUBACHER: It actually says it below the
 16 check amount, in the description.
 17 MR. PETERSON: I got it.
 18 BY MR. PETERSON:
 19 Q What can you tell me about this?
 20 A I can tell you it was for loan number
 21 114720001.
 22 Q Go back a couple of exhibits and look at the
 23 demand from Pacific Western, 107 -- Exhibit 107. See the
 24 loan number?
 25 A 181650457.

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1 Q That matches -- then it matches the account
 2 number. If you don't mind, I'll walk behind you.
 3 A Well, there's two account numbers on here, so I
 4 don't know what we're talking about.
 5 Q There's an account number here.
 6 A And there's another here.
 7 Q Then there's this account number.
 8 A Yeah, those two match.
 9 Q Those two match.
 10 Okay. But the other one doesn't -- oh, you
 11 know what, if you look at the one on the right,
 12 114720001, look at the bottom of the check.
 13 A Oh, it's coming out of that account. Okay.
 14 Q You see that?
 15 A It appears we paid the interest statement on
 16 this, and then the escrow, three or four days later, paid
 17 it out of escrow.
 18 Q So Pacific Western Bank got paid twice?
 19 A Looks like it. Doesn't mean they kept it.
 20 Q Meaning they got your payment in this check,
 21 cashed your payment, got it from escrow, and then sent it
 22 back?
 23 A Possibly. We'd have to look in the books to
 24 make sure that happened. That would be a good question
 25 for following up on.

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1 Q Okay. Well, it seems strange to me that I was
 2 seeing --
 3 A I think you're right. I think they were double
 4 paid by these two documents. I just don't know if that's
 5 the end of the story.
 6 Q Okay. Yeah, because here's the other part of
 7 it 108 -- or 109 now?
 8 MR. PETERSON: If you'll mark this 109 for me.
 9 (Plaintiff's Exhibit 109 was marked
 10 for identification.)
 11 BY MR. PETERSON:
 12 Q I suspect what we're looking at here, 109, is
 13 an advise of wire transfer, okay, from First American
 14 Trust FSB in the amount of 18,244.50 to Pacific Western.
 15 So check number 108 is from Copeland Realty for 24, and
 16 then we've got a wire transfer out.
 17 A Which corresponds to the escrow.
 18 Q Yes.
 19 MR. PETERSON: 110.
 20 (Plaintiff's Exhibit 110 was marked
 21 for identification.)
 22 BY MR. PETERSON:
 23 Q Okay. 110 is a bank statement dated 4/30,
 24 April 30th of 2007. Just after the close of escrow, it's
 25 Copeland Properties 3 LP, and it reflects the 680,924.59

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1 deposit. Which would have been the wire transfer from
 2 First American Title Company pursuant to the escrow;
 3 correct?
 4 A Yes, it does.
 5 Q And then down underneath we have checks that
 6 were drawn. And we have check 3445, \$230,000. And I
 7 believe that's for Franklin. Okay.
 8 MR. BRUBACHER: Which check was that? I'm
 9 sorry.
 10 MR. ZIPRICK: 3445.
 11 BY MR. PETERSON:
 12 Q 3445, uh-huh.
 13 A I don't think it comes through on your copy of
 14 these exhibits. Looks like it's cut off. It would be on
 15 page -- well, no. Where it is?
 16 Q What are you looking for?
 17 A Number -- no, no. I found it. 230,000.
 18 Q 230,000, which would be Franklin?
 19 A I don't know that, but it's possible.
 20 Q Okay. And then you flip back over to the next
 21 page. Okay. And we've got two wires to Wendover
 22 Greensboro Limited on 4/27; one is for 33,544.11 and the
 23 other is 333,544.11. That second transfer paid off the
 24 whole back loan from the owners, and the sale of CP or
 25 the properties of CP-18; right?

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1 A I don't know.
 2 Q Well --
 3 A Likely, but I don't know.
 4 Q Now, if you get the closing statement for --
 5 A Which is what?
 6 MR. BRUBACHER: Exhibit 44, is what we're
 7 talking about?
 8 MR. PETERSON: No, I don't think so.
 9 MR. BRUBACHER: No, you're not. You're talking
 10 about another exhibit.
 11 MR. PETERSON: 44 is --
 12 MR. BRUBACHER: That's for the Sacramento
 13 property work.
 14 THE WITNESS: It's Tri Tool.
 15 MR. BRUBACHER: Exhibit 105, I believe.
 16 MR. PETERSON: Is it 105?
 17 MR. BRUBACHER: I believe. Settlement
 18 statement.
 19 MR. PETERSON: Is it --
 20 MR. BRUBACHER: Five pages from the back.
 21 MR. PETERSON: I think that's probably correct.
 22 Was that it? Did you find it?
 23 MR. BRUBACHER: Yeah, this one right here.
 24 MR. PETERSON: What exhibit number is it?
 25 MR. BRUBACHER: 105.

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1 BY MR. PETERSON:
 2 Q Do you have 105 in front of you, Chuck?
 3 A Yes, I do.
 4 Q And if you'll compare, I think it's on the
 5 second page of 105 -- or the carryback is on the first
 6 page.
 7 MR. BRUBACHER: The fifth page from the end, I
 8 think.
 9 THE WITNESS: What are you -- I'm on Exhibit
 10 105, looking at the escrow statement. What do you want
 11 me to be looking at?
 12 BY MR. PETERSON:
 13 Q Deferred statement to seller, \$330,000.
 14 A Yeah.
 15 Q The 333,000 that came out here, the wire to
 16 Wendover Greensboro for 300-, would that cover that with
 17 interest?
 18 A It might. I don't know.
 19 Q Okay. Did this --
 20 A I can almost make that link, but I can't quite
 21 make that link.
 22 Q So do you know of any other reason that CP-3
 23 would be wire transferring \$333 -- \$333,544 to Wendover
 24 Greensboro limited? That's who the note was owed to,
 25 correct, Wendover Greensboro Limited?

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1 A That's correct.
 2 Q Is there any other reason, other than paying
 3 off the 330-, that that transfer would have been made?
 4 A I don't know what the 33- is for, and that's to
 5 the same person.
 6 MR. BRUBACHER: If you look on the page before
 7 that, that 33- is reversed.
 8 BY MR. PETERSON:
 9 Q Okay. See, to reverse entry? Now go back down
 10 here.
 11 A So to answer your question, I don't know of any
 12 other reason than the one you're suggesting it would be
 13 there.
 14 Q Okay. So CP-3, in effect, paid off that
 15 carryback, the seller carryback, financing for the North
 16 Carolina property?
 17 A Yes.
 18 Q Eventually -- initially, and I was looking at
 19 Ms. Ihde's Schwab accounts. And there -- it was reported
 20 to Charles Schwab that her investment was in CP-14, which
 21 it was. Okay. And then eventually it was rolled up to
 22 CP-18.
 23 A Okay.
 24 Q And CP-14 was dissolved.
 25 In -- actually, a certificate of dissolution

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1 was filed in March showing it was dissolved effective the
 2 end of the year 2007.
 3 A Okay.
 4 Q There was an income tax statement filed for
 5 CP-14 for yearend 2007 showing zero assets.
 6 A Okay.
 7 Q Can you tell me what happened in relation to
 8 CP-14 and CP-18 as --
 9 A CP-14 had as its asset an investment, a
 10 partnership ownership in CP-18.
 11 Q Okay.
 12 A It then distributed that ownership out to its
 13 partners proportionately and closed.
 14 Q Was there any reason that that didn't just
 15 happen back in March when the closing of the property
 16 occurred in North Carolina?
 17 A I'm not sure why we didn't do it then, but we
 18 did it by the end of that year.
 19 Q Okay.
 20 MR. BRUBACHER: I'm sorry. End of what year?
 21 THE WITNESS: 2007.
 22 MR. ZIPRICK: Our -- while he's looking, I'll
 23 take advantage of the moment.
 24 MR. PETERSON: Please.
 25 MR. ZIPRICK: Is there any record -- when we're

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1 looking at say the Charles Schwab account, is there any
 2 record that you have -- I think you were a Charles Schwab
 3 broker in that relationship. Was that -- is that
 4 correct, you were a Charles Schwab broker.
 5 A We were not a broker, we were a registered
 6 representative with Charles Schwab.
 7 MR. ZIPRICK: What is the difference?
 8 THE WITNESS: A broker has different licensing
 9 and obligations. He's a stockbroker. And a registered
 10 representative has a different license and operates under
 11 a different set of rules.
 12 MR. ZIPRICK: Do you have those documents that
 13 set you up as a registered representative still for
 14 Charles Schwab for Ihde's account.
 15 THE WITNESS: The receiver took over the
 16 company that had those records, and has those records.
 17 MR. ZIPRICK: So which company was that.
 18 THE WITNESS: That was a Copeland Group, a
 19 financial advisor corporation.
 20 MR. ZIPRICK: Okay. All right. Thank you.
 21 MR. PETERSON: 111 please.
 22 (Plaintiff's Exhibit 111 was marked
 23 for identification.)
 24 BY MR. PETERSON:
 25 Q Have you had a chance to look at the Exhibit

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<p>1 for this, just recognize these as transactions she might 2 be asked questions on later, and kept them in a folder so 3 it was easy to find them and to document. 4 MR. BRUBACHER: I see. You told us that 5 bookkeeper's name already; right? 6 THE WITNESS: I did. Would you like to again? 7 MR. BRUBACHER: I can look in my notes. 8 BY MR. PETERSON: 9 Q You know what, I think that's already marked as 10 Exhibit 46. 11 Looking at Exhibit Number 46, it's a limited 12 partnership agreement for CP-14 that's dated September 13 5th, 2007. And there again, we've got the 103, the 14 partnership will engage in the small -- business small 15 stock ownership. But if we go back to page 3 of 26, it 16 says, "The original limited partners are as follows," 17 okay, and lists out the original partners. 18 What can you tell me about this document? What 19 was the purpose of having another Limited Partnership 20 Agreement dated the 5th day of September 2007 by CP-14? 21 A My only belief is that that was when the last 22 of the partners were in, but I don't know for sure. 23 Q I'm sorry. I don't understand. "The last of 24 the partners were in?" 25 A All of the partners did not join the</p>	<p>1 A Yeah. By the end of 2007. 2 Q Correct. 3 MR. PETERSON: Exhibit 112. 4 (Plaintiff's Exhibit 112 was marked 5 for identification.) 6 BY MR. PETERSON: 7 Q Looking at 112. And this is a letter on 8 Copeland Wealth Management from Donald Copeland. It 9 says, "The general partner of Copeland Properties 18." 10 Why would he write it on Copeland Wealth Management as 11 opposed to the real estate company? 12 A Look at the second line in the heading. It 13 says, "Real estate." 14 Q Is this a new company then? 15 A Copeland Realty changed its name to Copeland 16 Wealth Management Real Estate some time in the process of 17 this. Okay. 18 Q And this is a letter that is written. It says, 19 "Dear custodian." Who is was the custodian? 20 A Whoever wrote him the letter asking for this 21 letter, I don't know. 22 Q Well, is this Donald Copeland's letter to the 23 custodian? 24 A Except Donald Copeland forget to put the inside 25 address on it as to who he was sending this letter to.</p>
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<p>1 partnership at the same time. 2 Q Right, okay. 3 So you're saying that the 5th day of September 4 may have been the last partner that came on board to 5 CP-14? 6 A At that point in time, apparently we knew who 7 all these partners were. 8 Q Okay. So then it was after that, then you were 9 able to take and transfer CP-14 and -- I'm sorry, just 10 basically substitute 18 in; is that right? 11 A 14 at any point in time could have become the 12 partner of 18. 13 Q Which it did? 14 A Yeah. It just wasn't necessarily -- I don't 15 know all of these. I'd have to have a real chart in 16 front of me to answer the question I think you're asking. 17 But somewhere in the process here we were putting 18 together all of the partners in 14, we were closing on 19 the property in North Carolina, and we were making 14 the 20 partner of the 18. I don't know that all the partners 21 were in 14 when 14 took its responsibility for the taking 22 it over, becoming the limited partner in 18. 23 Q Yeah. And then all the partnership interests 24 were just rolled up into 18, and limited partnerships 25 were 14?</p>	<p>1 Q Okay. We don't know from that point. But he's 2 basically saying that as of December 4th, okay, all 3 clients previously invested in the Copeland Properties 14 4 have been moved over into 18, okay. That's the final 5 step. 6 What are the -- whose handwriting is in the 7 upper right-hand corner? Is that yours? 8 A No. That looks a lot like my son's. 9 Q And can you decipher it for me, "old" 10 something. It looks almost like -- 11 A Those look to me like parcel numbers. 12 Q Partial? 13 A Parcel. 14 Q Parcel numbers. "Old section number"? Okay. 15 "A/C," what would that mean to you? 16 A Account numbers. 17 Q Okay. 18 A I don't know if it was bank account numbers -- 19 I don't know -- something. 20 Q Whatever, huh? 21 A If we investigated enough, I'm sure there are 22 some records in here that have these numbers on them, and 23 we can tell. 24 MR. BRUBACHER: Can I ask one question? 25 I just notice at the top of this exhibit it has</p>

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<p>1 a fax header. The fax line, it shows 415 telephone 2 number, which is a San Francisco area code. Did you know 3 a San Francisco area code, which this would have been 4 faxed from, the San Francisco area code by chance? 5 MR. PETERSON: Charles Schwab. Aren't they the 6 custodian for IE? 7 THE WITNESS: I bet this -- these are -- these 8 are notifications to Charles Schwab for the IRA accounts 9 that were held there. 10 BY MR. PETERSON: 11 Q Copeland had some accounts at Charles Schwab. 12 Your son had some accounts there; correct? 13 A My son -- I have three sons. 14 Q Donald. 15 A Donald had some personal accounts there. 16 Q Okay. 17 A Copeland Real Estate had some accounts there, 18 or an account there. 19 Q You had fairly significant monies in those 20 accounts at one point? 21 A There was, in the Copeland Real Estate 22 Investment Fund at one point, probably somewhere between 23 1.5 and \$2 million. If that's what you mean is 24 substantial, then that would be correct. 25 Q I think I saw somewhere in the neighborhood of</p>	<p>1 A Correct. 2 Q And there, again, Joseph Dotan to record 3 transfer to CP-14 on 2007; right? 4 A Correct. 5 Q And the same thing 4/6/2007, and Janet Ihde -- 6 it says to record transfer to CP-14, same date 4/6/2007; 7 right? 8 And those are the transactions that we were 9 talking about earlier in the deposition, where you said 10 that there were bookkeeping entries to essentially make 11 the adjustment between the loan account and the capital 12 accounts of the partnership; correct? 13 A Correct. 14 Q And I suspect if we had all the pages of the 15 general journal, that we would be able to identify the 16 others? 17 A You would be able to see the loan getting 18 zeroed out on the books. 19 Q Okay. And I'm just going to show you this. 20 It's a US Return of Partnership Income of 2007. And 21 you'll notice that CP-14, zero assets; right? 22 A And final return. 23 Q And final return. 24 A But not the one we sent in. It doesn't look to 25 me like it's signed. And it looks like it's got the</p>
<p>Page 156</p> <p>1 \$7 million at one point? 2 A \$7 million in a Charles Schwab account. I 3 don't know what you're talking about. It's not ringing 4 any bells to me. 5 Q It wasn't your money, huh? 6 A And I'm pretty sure none of my sons had that 7 amount in there. 8 Q Exhibit Number 49, if could you open that up 9 for me. You got 49 in front you? 10 A I do. 11 Q I only have -- and you -- for general ledgers 12 for CP-3, you said you were going to send those to me 13 on -- 14 A Electronic transfer or on e-mail. 15 Q Correct, okay. 16 But as I go through here, and if you look at 17 what we do have, we're showing that on this general 18 ledger, that Lillian Franklin got a check for the 19 \$230,000; correct? 20 A Not on this general ledger, I don't see it. 21 Q I think I saw -- 22 A I see it up there. Yes, I see it. 23 Q Okay. And then down underneath it we got 24 Melvin Ross. And it says it's dated 4/6/2007. And it 25 says, "To record transfer to CP-14"; right?</p>	<p>Page 158</p> <p>1 squiggly stuff at the bottom. 2 Q Exactly. 3 A It was printed later with the correct fonts, 4 but there's probably one that was actually filed. 5 Q That's what I just want to clarify. 6 A Yes. 7 Q As of the end of the year 2007, Copeland 8 Properties 14 had no assets, everything was over in 18? 9 A Yes. 10 MR. PETERSON: 113, please. 11 (Plaintiff's Exhibit 113 was marked 12 for identification.) 13 BY MR. PETERSON: 14 Q Looking at the photocopy of the file jacket 15 that this came from, it says, "Copeland Properties 3 LP 16 client docs/journals." Do you recognize? 17 A I recognize that kind of file that we used to 18 have, yes. 19 Q Okay. And if you'll endeavor to go through it 20 with me. Look at the second page of it. Up at the top, 21 it says, "Copeland Properties," the 2 is struck and 22 there's a 3. Is that your handwriting? 23 A Are you on the second page? 24 Q The second page. You'll see you're trying to 25 get this over with very quickly. I can tell.</p>

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1 Copeland Realty, leaving the net effect of all of these,
 2 plus the existing original Copeland Realty debt where
 3 Copeland Properties 3 still owed it \$191,000. That was a
 4 subordinated loan to the distribution of capital to the
 5 partners of Copeland Properties 3, and it could not be
 6 paid. The partners only got their original capital
 7 contribution back, they got no more than that. And this
 8 debt got forgiven because it was a subordinated debt.
 9 BY MR. PETERSON:
 10 Q At the end of the day, then, after we closed
 11 escrow, Copeland Properties 3 was upside down
 12 \$191,410.68?
 13 A Yes.
 14 Q When I say "upside down," I mean in the
 15 negative.
 16 A That's correct.
 17 Q Looking at the next page, CP-3, what does this
 18 page here convey?
 19 A These are journal entry 2, 3 and 4. In our
 20 records they precede journal entry 5.
 21 Q That's generally the way it works, doesn't it?
 22 A Sometimes; not always.
 23 Okay. And so the first one, journal entry 2,
 24 is trying to record the escrow that you saw. Okay?
 25 We're closing out the value of the property.

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1 Q Okay.
 2 A We're closing out the -- well, it's debiting an
 3 account for tax purposes that we're creating, cost of
 4 property sold, and closing out the original cost in land,
 5 the original cost of the building, the original leased
 6 equipment cost, the accumulated depreciation for the
 7 leased equipment, the accumulated depreciation for the
 8 building, the original loan fees, the accumulated loan
 9 amortization expense, the accumulated depreciation on the
 10 loan amortization expense, and the loan fee expense that
 11 we had in there.
 12 And so all of that comes together to create one
 13 side of a sale entry, which is the cost of the building
 14 that we sold. There's a journal entry 1 that's not here,
 15 which I'm assuming creates the income side of that sale.
 16 And then down here we bought an additional piece of land.
 17 Q Okay, okay.
 18 A And that's clearing that out. Then there's
 19 some sales proceeds and interest expense that were put in
 20 the journal entry.
 21 Q That's why I said -- it's a little piece of
 22 curiosity. There's additional land that was purchased.
 23 A Okay.
 24 Q There were two parcels of land that Tri Tool
 25 bought?

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1 A Yes.
 2 Q Okay. My understanding was that both of those
 3 parcels of land -- well, bought them from CP-3. But in a
 4 Cook Development Company, I think it was; in Utah was the
 5 one that sold the property to CP-3; right? Or was it --
 6 A I don't remember the name, but that could be
 7 true.
 8 Q Okay. And didn't they sell two parcels to
 9 CP-3?
 10 A No. They sold one parcel to CP-3. And then
 11 later they wanted to sell the other parcel. And we
 12 thought for CP-3 being able to sell its property would be
 13 good to have control of it, Copeland Realty bought it.
 14 Q Okay.
 15 A And then Copeland Realty transferred it to CP-3
 16 for its cost when we did the sale with Tri Tool.
 17 Q Okay.
 18 A But CP-3 didn't have the money to buy the land.
 19 Q Yeah, okay. Was that -- was that parcel,
 20 then -- was that a parcel that was north of the building,
 21 do you recall?
 22 A It almost surrounded the building. It was on
 23 two sides of the building.
 24 Q Yeah.
 25 MR. PETERSON: Just off the record.

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1 (Brief recess.)
 2 MR. PETERSON: Let's go back on the record.
 3 BY MR. PETERSON:
 4 Q I didn't know how much you got into that
 5 background or the politics or any of that.
 6 A No.
 7 Q But it's pretty amazing over there.
 8 Let's turn to the next page. Its -- and I
 9 think we've seen this, except I don't think we had the
 10 numbers on the right-hand side. We saw this on this
 11 document in a prior exhibit. And over here in the
 12 right-hand side we got some numbers. Can you explain the
 13 numbers for me?
 14 A The 9.9 million is the sale price.
 15 Q Uh-huh.
 16 A The 7.7 million is the number we just looked
 17 at, at journal entry number 2.
 18 Q Okay. It's the third one that I'm --
 19 A The 461,935, I'm at a loss for --
 20 Q Okay.
 21 A -- right away. And then it's showing a gain.
 22 Q And the gain we're showing, is that an income
 23 tax type of number? Is that --
 24 A Yeah, it's not accurate. But whoever wrote it,
 25 this is not the accurate numbers. But this is what they

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1 When we come down to under 2020 notes payable
 2 to CRI, you got on the left-hand side -- I'm sorry, you
 3 got on the credit side, increasing the liability owed to
 4 CRI approximately about 90 -- \$95,000, right, during this
 5 period?
 6 A Yep.
 7 Q Then the left-hand side, we've got partial
 8 payments on the note payable. Okay.
 9 Let me -- and we've got three partial payments
 10 that says, "a note payable."
 11 Was there more than one note -- I mean, did you
 12 actually have formal notes that you kept?
 13 A No.
 14 Q Okay. It was all accounting transactions?
 15 A Yes.
 16 Q Okay.
 17 MR. ZIPRICK: Can I interject a question?
 18 MR. PETERSON: Sure, you can.
 19 MR. ZIPRICK: If I understand it right, then
 20 the note on this ledger is created from CP-14 to CP-3 --
 21 THE WITNESS: Yes.
 22 MR. ZIPRICK: -- in a general ledger.
 23 THE WITNESS: There's not a formal note, but
 24 the general ledger constitutes a note.
 25 MR. ZIPRICK: Is that note in existence today?

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1 THE WITNESS: No. That note was paid by
 2 transferring that equity in CP-14. That note was
 3 converted to equity in CP-14, and that equity was
 4 transferred to the limited partners of CP-3.
 5 So CP-3 partners own now today equity in CP-18
 6 equal to the amount equal to or greater than that million
 7 note.
 8 MR. ZIPRICK: Okay.
 9 MR. BRUBACHER: And is that reflected in the
 10 item number 1414, where it says, "General journal April
 11 6th, 2007"?
 12 MR. PETERSON: Where are you at, Marshall?
 13 MR. BRUBACHER: I'm on the first page of the
 14 general ledger.
 15 MR. PETERSON: Page 1.
 16 MR. BRUBACHER: It's on the first page of the
 17 general ledger, 1414.
 18 MR. PETERSON: 1414 on page 1. That's the
 19 problem. There it is.
 20 MR. BRUBACHER: There's a general journal dated
 21 April 6th, 2007. It says, "GJ 406." To record transfer
 22 to CP-14, \$1,705,000.
 23 MR. PETERSON: Shoot. I'm not -- I'm not
 24 tracking with you.
 25 THE WITNESS: I'm not tracking with you either.

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1 MR. PETERSON: Are you on the general ledger;
 2 right?
 3 MR. BRUBACHER: General ledger, December 31,
 4 2007, is the first page.
 5 MR. PETERSON: No, we're not. We're on
 6 different pages.
 7 MR. BRUBACHER: I'm sorry. That's my fault.
 8 I'm on the second page of it.
 9 MR. PETERSON: Thank you. That really threw
 10 me, because I was trying figure out where you were.
 11 THE WITNESS: Okay.
 12 MR. PETERSON: It's where we were talking
 13 about --
 14 MR. ZIPRICK: Note receivable, 1414.
 15 MR. BRUBACHER: Yep. It says, "General journal
 16 April 6th, 2007," the number "GJ 406."
 17 MR. ZIPRICK: Yes, I see that.
 18 MR. BRUBACHER: To record transfer to CP-14.
 19 THE WITNESS: Yes.
 20 MR. BRUBACHER: \$1,750,000.
 21 THE WITNESS: Uh-huh.
 22 MR. BRUBACHER: That's the entry that you're
 23 talking about which accomplished the transfer of the --
 24 THE WITNESS: No. That's what I described
 25 earlier as deficiencies in my bookkeeping staff.

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1 MR. BRUBACHER: Why do you think that's a
 2 deficiency?
 3 THE WITNESS: Because that should be 1 million
 4 795.
 5 MR. BRUBACHER: Why do you think that?
 6 THE WITNESS: Because there was no transfer to
 7 Copeland Properties 14 of 1.705. The full amount of
 8 1.795 was transferred. And so this was a mistake that
 9 gets correct later.
 10 MR. BRUBACHER: Just to maybe clear something
 11 up here a little bit. If you total the investments of
 12 the limited partners who received CP-14 interests, they
 13 total to \$1,705,000, not \$1,795,000.
 14 THE WITNESS: To answer that, then we could
 15 look at the other side of this GJ 406 and we can go to
 16 the capital accounts. And if it was truly the transfer
 17 of equities, it's going to be in GJ 406 in the capital
 18 accounts.
 19 MR. BRUBACHER: Okay.
 20 THE WITNESS: I see a GJ 406 in Ihde's capital
 21 account, and so you may very well be correct. I see a GJ
 22 406 in Sandra Hayes's account. And so it appears that we
 23 transferred 1.705 as an equity transfer to them.
 24 BY MR. PETERSON:
 25 Q Okay. And so that basic --

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1 A Leaving 90,000 to be done.
 2 Q Chuck, if you go back and -- again, and look at
 3 the dating on it. If you look at the date here. It says
 4 check 3/1/2007, okay, that's one day before -- that's one
 5 day before the closing of the North Carolina properties,
 6 which closed on 3/2/2007. And I think check was probably
 7 in actuality a wire transfer.
 8 And it says, "Online transfer 1,795,000." So
 9 what happened here was, it appears that the monies moved
 10 from CP-3 to Copeland Properties 14 on 3/1/2007. And
 11 then moved from there to Greensboro, North Carolina -- is
 12 it Greensboro? -- to close CP-18?
 13 A Correct.
 14 Q Okay. And then we've got the next dating down
 15 here of 4/6, the date of the closing of the second escrow
 16 or the Tri Tool escrow. And we recorded this transfer of
 17 1.705, and if you look back, that would match up to what
 18 we talked about earlier, was the transfer of those. And
 19 so what that's being credited back against is essentially
 20 the loan for 1.795; right?
 21 A It's reducing what CP-14 owed to CP-3.
 22 Q But there's got to be another entry.
 23 A There's another 90,000 left.
 24 Q This program won't allow you to become
 25 unbalanced?

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1 A Correct.
 2 Q You can make mistakes and put it in the wrong
 3 place?
 4 A But there's an offsetting entry to this 1.705.
 5 That's what Marshall was talking about. If you go to all
 6 the capital.
 7 Q The \$90,000?
 8 A Well, the 90,000 is going to come later. It's
 9 not here. 1.705 is what was the addition of all of the
 10 limited partners that had equity coming to them on the
 11 close of the Tri Tool purchase.
 12 Q Okay.
 13 A The remaining 90,000 hasn't been given to
 14 anybody yet. That's going to go to Copeland Realty in
 15 the settlement of all of its debt.
 16 Q The long and short of it was, is that the
 17 \$1,800,000 was -- went to CP-18, so that CP-18 could
 18 close the property in North Carolina?
 19 A Correct.
 20 Q If you go down to -- let's see, Neal Bricker
 21 now on 3860. And we were talking about Neal Bricker a
 22 little bit earlier. And we're showing here the -- to
 23 reclassify draws to capital. What does that mean, a
 24 general journal entry of 1 /1/2007?
 25 A Well, this is a general journal entry, so if

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1 you saw earlier -- and this is general journal entry 102,
 2 is the first one.
 3 Q Sure.
 4 A And that 94,000 -- or I'm sorry, general
 5 journal 406.
 6 Q Isn't that the 50,000 that went into the --
 7 A It's not -- no. The two of them together are
 8 journal entries to increase the Bricker's investment in
 9 Fixed Income 2.
 10 Q Right.
 11 A And then the third one is cash to finish it
 12 off. So we had earlier a --
 13 Q There's a --
 14 A -- note payable.
 15 MR. BRUBACHER: JE 5.
 16 THE WITNESS: Yeah. On journal entry 5,
 17 there's a note payable of Copeland Fixed Income 2 of
 18 \$94,000. And that's getting closed out and getting
 19 credited to Bricker's account as part of its
 20 distribution. And then 50,000 is getting closed out and
 21 getting credited to Bricker's account.
 22 BY MR. PETERSON:
 23 Q It says, "Check." And so there was a check
 24 that was issued to Copeland Fixed Income 2 for 71,000
 25 that's part of the Bricker distribution as a result of

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1 the --
 2 A Almost. It was a check issued to Peggy and
 3 Leonard Newman for \$50,000, because they were investors
 4 in Fixed Income 2. They got that, and Bricker's got
 5 their equity in Fixed Income 2.
 6 Q Okay. Okay.
 7 A Then there was a note paid off for 94,000. And
 8 a check actually sent to Fixed Income 2 for 71,000.
 9 Q Okay.
 10 MR. BRUBACHER: Can I ask a question, Rollie?
 11 MR. PETERSON: Absolutely.
 12 MR. BRUBACHER: This is a little bit confusing.
 13 You said there was a note paid off for \$94,000. If you
 14 look on the page just before that, under "note payable
 15 CFI-2, 2085."
 16 THE WITNESS: Yes.
 17 MR. BRUBACHER: It shows -- and if I'm reading
 18 this correctly, that CP-3 is issuing a note in the amount
 19 of \$94,000 payable to CFI-2, Copeland Fixed Income 2; is
 20 that correct?
 21 THE WITNESS: That's correct.
 22 MR. BRUBACHER: So then when we flip over to
 23 the next page, we got this -- what we were just looking
 24 at, we got a \$94,000 debit entry to Dr. Bricker's capital
 25 account.

EXHIBIT “B”

May 3, 2005

RE: Copeland Properties Three L.P.

To: All Limited Partners

In November IRS gave notice of its intention to leave our building May 3, 2005 and they have done so. This check is the last distribution that will be available for the foreseeable future. In December of 2004 we contracted with CBRE in Sacramento, which is a large commercial leasing firm, to help us in our search for a replacement tenant. They have shown the property several times and are actively marketing it.

As General Partners our pledge to you was for us not to profit unless the Limited Partners received at least 6% return on their investment each year. Exhibit A shows the distributions paid out to each Limited Partner, including this month's check, have provided a 6% return through November 25, 2005. It is our intention to suspend monthly distributions checks until that date. If we do not have a tenant(s) in place by then we will offer to purchase your Limited Partnership interest in accordance with Exhibit B. There will not be any requests for Limited Partners to make a payment until after November 25, 2005.

Copeland Realty will make a subordinated loan to the Partnership to cover all costs until the property covers its costs. This loan will be subordinated to the first mortgage and to all Limited Partners initial contributions.

This letter only lays out the issues and a brief recap of our plan. We have scheduled Wednesday May 25th at 7:00 p.m. at The Copeland Group for a meeting of all interested Limited Partners. This is to go over our planning and your options in more detail.

Sincerely,

875

Donald E. Copeland

110-17

Exhibit "B" - 1

Exhibit A

Total Partner Contributions:	\$2,150,003.88
6% Return of Contributions:	\$129,000.23
divided by 12 months equals:	\$10,750.02 per month
Total Year to date Partner Distributions:	<u>\$179,166.99</u>
divided by \$10,750.02 equals:	16.67 months

At the amount already paid to the Partners, it will take 16.67 months from the date we closed on the property, July 7th, 2004, for the return to get to 6%.

11p-18.

Exhibit B

Purchase Price:	100% of your Investment,
Terms:	6% interest only for one year, then all due and payable. (special terms for New Tax Free Exchange for those wanting one.)
Option:	Can buy back in during this one year period.

116-19.

EXHIBIT “C”

State of California
 Secretary of State
 Kevin Shelley


200609800010

FILED *DBO*
 in the office of the Secretary of State
 of the State of California
 APR - 4 2006

CERTIFICATE OF LIMITED PARTNERSHIP

A \$70.00 filing fee must accompany this form.
 IMPORTANT - Read instructions before completing this form

This Space For Filing Use Only

1. Name of the limited partnership (and the name with the words "Limited Partnership" or the abbreviation "L.P.") COPELAND PROPERTIES <i>14</i> , L.P.		
2. Street address of principal executive office 25809 BUSINESS CENTER DRIVE SUITE #F REDLANDS CA	City and state REDLANDS CA	Zip code 92374
3. Street address of California office where records are kept 25809 BUSINESS CENTER DRIVE SUITE #F REDLANDS	City State REDLANDS CA	Zip code 92374
4. Complete if limited partnership was formed prior to July 1, 1984 and is in existence on the date this certificate is executed. The original limited partnership certificate was recorded on _____ with the recorder of _____ county. File or recordation number _____		
5. Name the agent for service of process and check the appropriate provision below: DONALD E. COPELAND _____, which is <input checked="" type="checkbox"/> an individual residing in California. Proceed to item 8. <input type="checkbox"/> a corporation which has filed a certificate pursuant to section 1505. Proceed to item 7.		
6. If an individual, complete the California address of the agent for service of process: Address: 25809 BUSINESS CENTER DRIVE SUITE #F City: REDLANDS State: CA Zip code: 92374		
7. Names and addresses of all general partners: (Attach additional pages, if necessary) A. Name: COPELAND REALTY, INC Address: 25809 BUSINESS CENTER DRIVE SUITE #F City: REDLANDS State: CA Zip code: 92374 B. Name: Address: City: State: Zip code:		
8. Indicate the number of general partners' signatures required for filing certificates of amendment, restatement, merger, dissolution, continuation and cancellation. <u>1</u>		
9. Other matters to be included in this certificate may be set forth on separate attached pages and are made a part of this certificate. Other matters may include the purpose of business of the limited partnership (e.g., "Gambling Enterprise").		
10. I declare that I am the person who executed this instrument, which execution is my act and deed.		
Signature of Authorized Person <i>[Signature]</i> DONALD E. COPELAND Type or Print Name of Authorized Person	PRESIDENT OF COPELAND REALTY, INC., GP Position or Title of Authorized Person <i>4-3-06</i> Date	
Signature of Authorized Person _____ Type or Print Name of Authorized Person	Position or Title of Authorized Person _____ Date	

LP-1 (REV. 12/2003)

Approved by Secretary of State

Δ π EXHIBIT 29
 Deponent *Dotan*
 Date *12-10-12* *ML*
 Rptr. *ML*
 WWW.DEFOBOOK.COM

ZC-CP14-000370

EXHIBIT “D”

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT (the "Agreement") is made and entered into as of the 25 day of August, 2006, by and between Wendover Greensboro, Ltd., a Texas limited partnership doing business in North Carolina as Wendover Greensboro, Limited Partnership ("Seller"), and Copeland Realty Inc., a California corporation, or its permitted assigns ("Buyer").

RECITALS

WHEREAS, Seller is the owner of the real property located at 6103 Landmark Center Boulevard in Greensboro, North Carolina and being Lot 20, Phase 4 Landmark Station, as recorded in Book 128, Page 018, Register of Deeds, Guilford County, North Carolina (the "Real Property");

WHEREAS, the Real Property and all improvements located thereon are subject to a Lease Agreement dated April 17, 1998 by and between Seller and Garden Ridge, L.P., a Texas limited partnership (the "Tenant") and the first Amendment to the Lease Agreement dated November 12, 2004 (the "Amendment," and the Lease Agreement and the Amendment being herein collectively called the "Lease"); and

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Real Property and all improvements located thereon, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of, and based on, the foregoing Recitals and the mutual promises and agreements set forth below, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. Transferred Property.

A. Sale and Purchase. On the terms and conditions hereinafter set forth, Seller hereby agrees to transfer, sell, convey and assign to Buyer, and Buyer hereby agrees to purchase and assume from Seller, the Real Property, all of Seller's right, title and interest in and to the improvements located thereon (the "Improvements"), and all of Seller's right, title and interest in, to and under the Lease. The Real Property, the Improvements, and the Lease are collectively referred to herein as the "Transferred Property."

B. Earnest Money Deposit; Purchase Price and Payment. The total purchase price for the Transferred Property is Eight Million Eight Hundred Thousand and 00/100 Dollars (\$8,800,000.00), a certain amount of which shall be satisfied by the assumption of the existing loan on the Property in the original principal amount of \$7,100,000.00 (the "Loan"), made by Continental Wingate Capital Corp. ("Lender") to Seller and the remainder by payment in cash or by wire transfer on the closing date (the "Purchase Price"), to be paid by Buyer to Seller as follows:

- i. Within two (2) business days of execution hereof by both parties, Buyer shall deliver the sum of Fifty Thousand and 00/100 Dollars (\$50,000.00) (the "Initial Deposit") to a title company mutually acceptable to Seller and Buyer (the "Escrow Agent"), such sum to be held and disbursed in accordance with the terms and conditions of this Agreement. The Initial Deposit and the Additional Deposit referred to below is jointly referred to herein as the "Earnest Money Deposit". The Earnest Money Deposit shall be held in an interest-bearing account and all interest earned thereon shall be deemed to be part of the Earnest Money Deposit. The Earnest Money Deposit is nonrefundable to Buyer except upon (i) a Permitted Termination (defined in Section 4.A below) or (ii) a default by the Seller.
 - ii. Upon completion of the Due Diligence Period (hereinafter defined), and if Buyer elects to proceed with this transaction, Buyer shall deliver an additional non-refundable Two Hundred Thousand Dollars (\$200,000) (the "Additional Deposit") to the Escrow Agent within two (2) business days after the end of the Due Diligence Period. The Additional Deposit shall be added to the Earnest Money Deposit and shall be held and disbursed upon the terms and conditions set forth in this Agreement.
 - iii. At Closing (as hereinafter defined), Buyer shall assume the payment of the outstanding principal balance of the existing Loan against the Property, and shall pay to Seller in cash or certified and readily available funds an amount equal to Eight Million Eight Hundred Thousand and 00/100 Dollars (\$8,800,000.00) less the outstanding principal balance of the Loan being assumed by the Buyer (the "Remaining Balance"), with the Earnest Money Deposit being disbursed to Seller and credited against the Remaining balance, and further subject to adjustments and prorrations as herein provided, shall be payable by Buyer to Seller at Closing.
 - iv. In addition to the above, Buyer agrees that it shall (a) deposit with Lender a letter of credit ("Buyer's Letter of Credit") as required by the terms of that certain Letter of Credit Agreement dated as of October 3, 2000 between Lender and Seller, Buyer's Letter of Credit to replace the Letter of Credit deposited by Seller with Lender and (b) replace, on a dollar for dollar basis, any escrows or other deposits that Seller may have been required to deposit with Lender pursuant to the terms of the documents evidencing, securing or relating to the Loan and that still are held by Seller.
- C. Title and Possession of Transferred Property. At Closing, title to and possession of the Transferred Property, subject to the rights of the Tenant pursuant to the Lease, shall be conveyed by Seller to Buyer under the terms and conditions set forth herein.

Seller shall be responsible for the documentary stamp tax incurred upon recording the warranty deed for the Transferred Property at Closing.

- D. Closing. The transactions contemplated by this Agreement shall be consummated (the "Closing") on a date mutually agreeable to Seller and Buyer (the "Closing Date"); provided, however, that the Closing Date shall be no later than thirty days after the expiration of the Due Diligence Period (the "Closing Deadline") unless the Closing Date has been previously extended pursuant to the terms of Paragraphs 1.E and 1.F below. The Title Company's fee for acting as closing agent shall be split equally between Buyer and Seller at Closing.
- E. Extensions to Close: Seller hereby grants to Buyer two (2) thirty (30) day extensions to the Closing Date with a deposit of \$200,000 for each extension (each an "Extension Deposit"), such Extension Deposit to be paid directly to Escrow Agent. Each Extension Deposit is applicable to the Purchase Price but immediately becomes non-refundable. Buyer is to give Seller written notice via email, fax or letter of intent to extend along with the Extension Deposit two (2) days prior to the scheduled Closing Date.
- F. Loan Assumption: Buyer is to assume the existing Loan from Seller and Lender, and Buyer covenants with Seller that Buyer shall use best efforts in obtaining Loan assumption approval from Lender. Should the Lender not give its approval to the assumption of the Loan by Buyer on or before the Closing Date, as same may have been extended by Buyer pursuant to Paragraph 1.E above:
- i. Seller shall have the right to terminate this transaction and all deposits to be refunded to Buyer; or
 - ii. If Seller elects not to terminate, Buyer is granted two (2) thirty (30) day extensions as in addition to (and after) those outlined in Section 1-E for the sole purpose of allowing Lender to approve the assumption of the Loan by Buyer (each a "Loan Approval Extension"). For each Loan Approval Extension, Buyer shall deposit with Escrow Agent the sum of \$50,000 (each a "Loan Approval Extension Deposit"), which Loan Approval Extension Deposit is applicable to the Purchase Price but immediately becomes non-refundable. Buyer is to give Seller written notice via email, fax or letter of intent to extend along with the Loan Approval Extension Deposit two (2) days prior to the scheduled Closing Date. If Lender has not approved the assumption of the Loan by Buyer by the end of such Loan Approval Extensions, Seller shall have the right to terminate this transaction by written notice to Buyer and all deposits shall be refunded to Buyer.
2. Buyer's Costs. Buyer shall pay for: half of all usual escrow fees, recording costs, Buyer's attorneys fees, all costs associated with the assumption of the Loan (including but not limited to, the application fee, the assumption fee, and Lender's attorneys' fees), any survey costs, and all title insurance costs (including but not limited to, the cost of any

Owner Policy of Title Insurance obtained by Buyer and any title insurance required by Lender), and Buyer's due diligence expenses.

3. Seller's Costs. Seller shall pay for half of all usual escrow fees, documentary transfer tax, Seller's attorneys' fees, and all commissions due upon sale of the Transferred Property.
4. Due Diligence Investigation; Right to Terminate.
 - A. Due Diligence Investigation. Seller and Buyer acknowledge that Seller has provided Buyer with, and Buyer has received, the following documentation relating to the Transferred Property and the Loan:
 - a. Lease & Amendment
 - b. Existing Survey
 - c. Existing Environmental Report
 - d. 2005 Financial Statement
 - e. Security Agreement
 - f. Promissory Note

Buyer shall have until and including September 15, 2006 (the "Due Diligence Period") to complete a due diligence investigation of the Transferred Property. Buyer shall make no inspections of the Transferred Property without first giving notice to Seller and Tenant of such inspections, and all such inspections must be done in compliance with the terms of the Lease and must not disturb the Tenant in its possession of the Transferred Property. In the event that the Buyer determines, based on its inspections, that the Transferred Property is not acceptable to Buyer, Buyer shall have the right to terminate this Agreement (a "Permitted Termination") by giving written notice to be received by Seller prior to the end of the Due Diligence Period of such termination, and in such event the Earnest Money Deposit shall be returned to Buyer and neither Buyer nor Seller shall have any further rights, duties or obligations under this Agreement except those that expressly survive any termination or expiration of this Agreement. In the event that Buyer elects to proceed with this transaction (which election shall be evidenced by Buyer giving written notice to Seller of Buyer's willingness to proceed), then Buyer shall deposit the Additional Deposit with the Escrow Agent as provided above. Failure to timely deposit the Additional Deposit shall give Seller the right to terminate this Contract, and in such event the Earnest Money Deposit shall be returned to Buyer and neither Buyer nor Seller shall have any further rights, duties or obligations under this Agreement except those that expressly survive any termination or expiration of this Agreement.

Buyer shall indemnify, defend, and hold harmless Seller from any damages, claims, liens, costs and expenses that may be alleged or incurred by Seller as a result of Buyer's inspection of the Transferred Property. In addition, Buyer shall repair any damage to the Transferred Property resulting from any inspections. No invasive tests may be done without first obtaining the consent of Seller. The provisions of this paragraph shall survive any expiration or termination of this Agreement.

B. During the Due Diligence Period Buyer shall obtain a Commitment for an Owner's Policy of Title Insurance (the "Title Commitment") from a title company mutually acceptable to Seller and Buyer (the "Title Company"), pursuant to which the Title Company agrees to issue to Buyer, at Buyer's sole cost and expense, an American Land Title Association Owner's Policy of Title Insurance in the full amount of the Purchase Price, showing Buyer as the proposed insured, describing the Real Property, and insuring Buyer's interest in the Real Property subject only to matters of record on the effective date of the Title Commitment (the "Permitted Exceptions").

5. Closing Documents.

A. Deliveries at Closing by Seller. At the Closing, Seller shall deliver to Buyer and Buyer shall accept from Seller, the following:

- i. An assignment to Buyer effective as of the Closing Date of all of Seller's right, title and interest in and to the Lease, duly executed and acknowledged by Seller in a form reasonably acceptable to Buyer, together with an original of the Lease.
- ii. An estoppel certificate duly executed by the Tenant complying with the provisions of Article 28 of the Lease.
- iii. Notice to the Tenant, executed by Seller, advising the Tenant of the sale of the Transferred Property. In the event that Seller receives any cash flow payment due under the Lease after the Closing Date, and such cash flow payment relates to a period of time which has accrued after the Closing Date, Seller shall restrictively endorse such payment payable to the order of Buyer and immediately forward such payment to Buyer.
- iv. A duly executed and acknowledged Special Warranty Deed in form and substance reasonably acceptable to Buyer and the Title Company, conveying and assigning to Buyer fee simple title to the Transferred Property in its AS-IS, WHERE IS condition, subject only to the Permitted Exceptions.
- v. Possession of the Transferred Property, subject to the rights of the Tenant pursuant to the Lease.
- vi. Such affidavits, statements and other documents as are reasonably required by the Title Company.

- vii. An assignment to Buyer effective as of the Closing Date of all of Seller's right, title and interest in and to all (i) plans and specifications, (ii) building permits, certificates of occupancy, and other governmental certificates, permits, licenses and approvals, and (ii) guaranties and warranties, with respect to the Transferred Property, duly executed and acknowledged by Seller in a form reasonably acceptable to Buyer, together with the original of such plans, permits and/or warranties in the possession of Seller.
- B. Documents to be Delivered by Buyer. At the Closing, Buyer shall deliver to Seller and Seller shall accept from Buyer, the following:
- i. The Remaining Balance, as adjusted for prorations pursuant hereto.
 - ii. An assumption by Buyer effective as of the Closing Date of all of Seller's obligations with respect to the Lease, duly executed and acknowledged by Buyer in a form reasonably acceptable to Seller.
 - iii. Such affidavits, statements and other documents as are reasonably required by the Title Company.
- C. Documents to be Delivered by Buyer and Seller. In addition to the above documents, Seller and Buyer shall execute such documents as may be required by the Lender and acceptable to Buyer and Seller for the assumption of the Loan by Buyer.
6. Seller's Obligations Prior to Closing. From the date hereof through the Closing Date:
- A. Seller shall not amend or otherwise modify the Lease except with the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.
 - B. Seller shall not enter into any material contracts, agreements or any other commitments regarding the Transferred Property without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.
 - C. Seller shall require Tenant to promptly comply with all notices of violations or alleged violations by Seller of any state, county, city or municipal laws, ordinances, regulations, rules, orders or requirements of departments of housing, building, fire, labor or health or other governmental authorities having jurisdiction over or affecting the Transferred Property or the use or operation thereof.
 - D. Seller shall require Tenant to perform and observe, when due, all of its obligations under the Lease and any certificates of occupancy and all other licenses, permits, contracts and agreements relating to the Transferred Property in accordance with all applicable laws, ordinances, rules, regulations or orders affecting the same.

E. Seller shall have delivered timely notice to Lender of its intention to sell the Transferred Property in accordance with the terms of this Agreement.

7. Conditions Precedent to Obligation to Close.

A. Conditions Precedent to Obligation of Buyer to Close. The obligations of Buyer at Closing set forth herein are subject to the satisfaction of the following conditions:

- i. The representations and warranties of Seller set forth herein shall be true and correct in all material respects at and as of the Closing Date; and
- ii. Seller shall have satisfied all of its obligations hereunder required to be satisfied on or prior to Closing to the reasonable satisfaction of Buyer.
- iii. Lender shall have approved the assumption of the Loan by Buyer.

B. Conditions Precedent to Obligation of Seller to Close. The obligations of Seller at Closing set forth herein are subject to the satisfaction of the following conditions:

- i. The representations and warranties of Buyer set forth herein shall be true and correct in all material respects at and as of the Closing Date; and
- ii. Buyer shall have satisfied all of its obligations hereunder required to be satisfied on or prior to Closing to the reasonable satisfaction of Seller.
- iii. Lender shall have approved the assumption of the Loan by Buyer and shall have released Seller from liability under the Loan on terms and conditions acceptable to Seller.

8. Default.

A. Default by Seller. If Seller shall default under this Agreement and such default shall not have been cured by Seller within five (5) days of notice thereof from Buyer, Buyer shall have the right, at Buyer's election, to do one of the following as Buyer's sole and exclusive remedy:

- i. Waive compliance with the breached term(s) or condition(s), without any claim for reduction of the Purchase Price for such breach; or
- ii. Rescind this Agreement upon written notice to Seller, and upon such rescission Buyer shall be entitled to the reimbursement of the Earnest Money Deposit and any Extension Deposit; or
- iii. Sue for specific performance of this Agreement by Seller.

B. Default by Buyer. If Buyer shall default under this Agreement and such default shall not have been cured by Buyer within five (5) days of notice thereof from Seller, this

Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and permitted assigns any right, remedy, obligation, or liability under or by reason of this Agreement.

- B. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.
- C. Further Assurances. At any time and from time to time before the Closing Date, at either party's reasonable request and without further consideration, the other party hereto shall execute and deliver such other instruments and documents, and take such other actions as may be reasonably required in order to more effectively carry out and implement the provisions and purposes of this Agreement.
- D. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.
- E. Notices. All notices, requests, demands or other communications hereunder (including notices of all asserted actions, claims or demands) shall be given in writing and shall be deemed to have been duly delivered upon the earlier to occur of (i) actual receipt or (ii) refusal if same is sent by certified mail (postage prepaid, return receipt requested), personal delivery to the other party, or reputable overnight courier, to the addressee at the address herein designated or at such other address as may be designated in writing by notice given in the manner provided herein:

To Seller: Wendover Greensboro, Ltd.
2810 Revere Street
Houston, Texas 77098
Fax: (713) 963-8079
Attn: B. Douglas Simpkins, Jr.

With a copy to: Campbell & Riggs
1980 Post Oak Boulevard, Suite 2300
Houston, Texas 77056
Fax: (713) 621-5453
Attn: Michael R. Winkler

To Buyer: Copeland Realty, Inc
25809 Business Center Drive
Suite B
Redlands, CA 92374
Fax: _____
Attn: Don Copeland

Agreement shall be terminated, and Seller's sole and exclusive remedy hereunder shall be to retain as liquidated damages the Earnest Money Deposit (including the Extension Deposits and the Loan Approval Extension Deposits, if any), it being agreed between Buyer and Seller that such sum shall be liquidated damages (and not a penalty) for such default of Buyer hereunder because of the difficulty, inconvenience, and uncertainty of ascertaining actual damages for such default. No other damages, rights or remedies shall in any case be collectible, enforceable, or available to Seller, either in an action at law or in equity, other than as provided in this subsection and Seller agrees to accept and take the Earnest Money Deposit (including the Extension Deposits and the Loan Approval Extension Deposits, if any) as its total damages and relief as a result of Buyer's default under this Agreement.

9. Risk of Loss; Casualty Loss or Damage; Condemnation.

- A. All risk of loss or damage to the Transferred Property by fire or other casualty until the consummation of Closing is retained by Seller.
- B. If any material portion of the Transferred Property is damaged or destroyed by fire or other casualty, Buyer may, at its absolute discretion, elect to (i) terminate this Agreement by written notice to Seller given within ten days after Buyer is given written notice of the damage or destruction, in which event the Earnest Money Deposit, the Extension Deposits, and the Loan Approval Extension Deposits shall be returned to Buyer and neither Buyer nor Seller shall have any further liability or obligation under this Agreement except such liabilities or obligations which expressly survive any termination or expiration of this Agreement, or (ii) close on the purchase of the Transferred Property and accept an assignment at Closing from Seller of all its rights with respect to the insurance proceeds resulting from such damage or destruction.
- C. If any portion of the Transferred Property is taken by condemnation or eminent domain prior to Closing, or if any such proceedings are begun, Buyer may, at its absolute discretion, elect to (i) terminate this Agreement by written notice to Seller by no later than ten (10) days following the date of such condemnation or eminent domain, in which event the Earnest Money Deposit, the Extension Deposits, and the Loan Approval Extension Deposits shall be returned by Buyer and neither Buyer nor Seller shall have any further liability or obligation under this Agreement except such liabilities or obligations which expressly survive any termination or expiration of this Agreement, or (ii) close on the purchase of the remaining portion of the Transferred Property without any reduction in the Purchase Price and accept an assignment at Closing from Seller of all Seller's rights with respect to any condemnation awards.

10. Miscellaneous.

- A. Binding Effect; Benefits. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Notwithstanding anything contained in this Agreement to the contrary, nothing in this

With a copy to:

- F. Severability. If for any reason whatsoever, any one or more of the provisions of this Agreement shall be held or deemed to be inoperative, unenforceable, or invalid as applied to any particular case or in all cases, such circumstances shall not have the effect of rendering such provision invalid in any other case or of rendering any of the other provisions of this Agreement inoperative, unenforceable, or invalid.
- G. Time of Essence. The parties agree that time is an essential element to the performance of their respective obligations hereunder; provided, however, if the final date of any period set forth herein (including, but not limited to, the Closing Date) falls on a Saturday, Sunday or legal holiday under the laws of the State of California or the United States of America, the final date of such period shall be extended to the next day that is not a Saturday, Sunday or legal holiday. The term "days" as used herein shall mean calendar days, with the exception of "business days," which term shall mean each day except for any Saturday, Sunday or legal holiday under the laws of the State of California or United States of America.
- H. Waivers. No waiver of any breach of any warranty, representation, covenant or other term or provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other warranty, representation, covenant or other term or provision of this Agreement. No such waiver shall be effective unless in writing and signed by the party affecting the waiver.
- I. Construction. The parties hereto acknowledge and agree that each party has participated in the drafting of this Agreement and that the normal rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not apply to the interpretation of this Agreement. No inference in favor of, or against, any party shall be drawn by the fact that one party has drafted any portion hereof.
- J. Assignability. Either party shall have the right to assign this Agreement, or any rights hereunder; provided, however (1) any assignee of Buyer must be subject to Lender's approval and (2) Buyer shall give Seller written notice of any such assignment by Buyer at least 10 days prior to the Closing Date.
- K. Entire Agreement; Amendment. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby, superseding all prior agreements or understandings, written or oral, and shall not be changed or terminated except by written amendment signed by all the parties hereto.
- L. Headings. Headings of sections of this Agreement are for convenience of reference only and do not form a part hereof and do not in any way modify, interpret or construe the intentions of the parties.

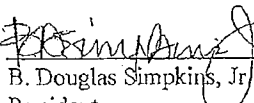
M. Brokerage Commission. The parties hereto acknowledge that Copeland Realty Inc is representing itself in connection with this transaction and is not receiving a commission. Seller is responsible for any commission due to Stan Johnson Company based on their agreement. Seller and Buyer agree to indemnify and hold each other harmless from and against any and all actions, damages, liabilities, losses or expenses, including without limitation attorney's fees, arising out of or resulting from any claim by any broker or agent alleging to have acted on behalf or at the instance of the indemnifier.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

"SELLER"


Wendover Greensboro, Ltd., a Texas Limited Partnership

By: B. Douglas Simpkins, Jr. Inc., its general partner

By: 
B. Douglas Simpkins, Jr.
President

"BUYER"

Copeland Realty Inc,

By: 
Donald E. Copeland
President

Feb 07 07 03:42p

Copeland Rea...

(...) 799-6501

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FIRST AMENDMENT TO REAL ESTATE PURCHASE AGREEMENT

This First Amendment to Purchase and Sale Agreement ("Amendment") is made as of the 15th day of November, 2006, by and between Wendover Greensboro, Ltd., a Texas limited partnership doing business in North Carolina as Wendover Greensboro, Limited Partnership ("Seller"), and Copeland Realty Inc., a California corporation, and/or its permitted assigns ("Buyer"), who agree as follows:

WHEREAS, Seller and Buyer entered into a Purchase and Sale Agreement effective August 25, 2006 for certain real property located at 6103 Landmark Center Blvd, Greensboro, North Carolina; and

WHEREAS, the parties desire to amend the Purchase Agreement as set forth herein.

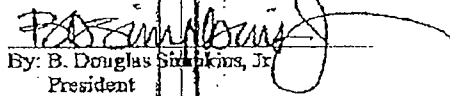
THEREFORE, the parties agree as follows:

Section 1 E. Extensions to Close: is hereby amended to read as follows: Seller hereby grants Buyer three (3) thirty (30) day extensions to the Closing Date with a deposit of \$200,000 for each extension (each an "Extension Deposit"), such Extension Deposit to be paid directly to Escrow Agent. Each Extension Deposit is applicable to the Purchase Price but immediately becomes non-refundable. Buyer is to give Seller written notice via email, fax or letter of intent to extend along with the Extension Deposit two (2) days prior to the scheduled Closing Date.

IN WITNESS WHEREOF, the parties have executed this Amendment effective the date first above written.

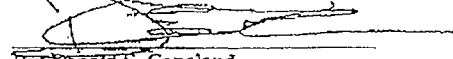
SELLER:
Wendover Greensboro, Ltd., a
Texas Limited Partnership

By: B. Douglas Simpkins, Jr. Inc., its
general partner


By: B. Douglas Simpkins, Jr.
President

PURCHASER:
Copeland Properties 14 L.P. a
California Limited Partnership

Copeland Realty Inc., its general
partner


By: Donald E. Copeland
Its: President

Feb 07 07 03:42p

Copeland Rea.,

(93) 799-6501

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SECOND AMENDMENT TO
REAL ESTATE PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO REAL ESTATE PURCHASE AGREEMENT (this "Amendment") is made and entered into by and between Wendover Greensboro, Ltd., a Texas limited partnership doing business in North Carolina as Wendover Greensboro, Limited Partnership (hereinafter called "Seller") and Copeland Realty, Inc., a California corporation (hereinafter called "Purchaser") effective as of January 15, 2007.

Recitals

1. Seller and Purchaser are parties to that certain Real Estate Purchase Agreement having an effective date of August 25, 2006, as amended by First Amendment thereto dated November 15, 2006 (the "Agreement"), wherein Seller agreed to sell to Purchaser, and Purchaser agreed to purchase from Seller, subject to the terms and provisions of the Agreement, the "Transferred Property," as such term is defined in the Agreement.

2. Seller and Purchaser by this Amendment desire to amend the Agreement in certain respects.

3. Capitalized words and phrases used in this Amendment but not defined herein shall have the meanings ascribed to them in the Agreement.

Agreements

For and in consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser amend the Agreement as follows:

A. Seller and Purchaser agree that the Closing Date shall be extended to January 31, 2007.

B. Seller and Purchaser acknowledge that an aggregate amount of \$850,000.00 [consisting of the Initial Deposit in the amount of \$50,000.00, the Additional Deposit in the amount of \$200,000.00, and three Extension Deposits (each in the amount of \$200,000.00)] has been deposited by Purchaser with the law firm of Hunter, Higgins, Miles, Elam & Benjamin, PLLC (acting as Escrow Agent), as required by the Agreement, and that such \$850,000.00 is non-refundable to Purchaser except in the event of a default by Seller under the Agreement that is not cured after the giving of notice any required notice and the expiration of any applicable cure period, but is applicable to the Purchase Price.

C. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original hereof. Each of Seller and Purchaser agrees that its signature page may be detached from any one such counterpart and attached to an identical counterpart so that there is one counterpart containing the signature pages of all parties to this Amendment.

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Copeland Rea...

(...) 799-6501

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D. This Amendment shall (i) inure to, and be binding upon, Seller and Purchaser and their respective successors and assigns; and (ii) be governed by, and construed in accordance with, the laws of the State of North Carolina.

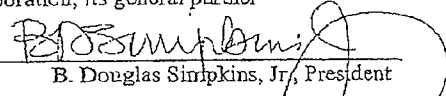
E. Except as amended by this Amendment, the Agreement remains in force and effect as written. Seller and Purchaser hereby ratify and reaffirm the terms and provisions of the Agreement, as amended by this Amendment.

In witness whereof, Seller and Purchaser have executed this Amendment as of the date set forth below such party's signature, but to be effective as of the date set forth above.

SELLER:

WENDOVER GREENSBORO, LTD., a Texas limited partnership doing business in the State of North Carolina as Wendover Greensboro, Limited Partnership

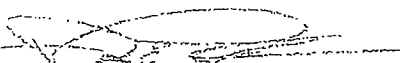
By: B. Douglas Simpkins, Jr. Inc., a Texas corporation, its general partner

By: 
B. Douglas Simpkins, Jr., President

Date executed: January 15, 2007

PURCHASER:

COPELAND REALTY, INC., a California corporation

By: 
Name: J. J. ...
Title: ...

Date executed: January 23, 2007

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Copeland Rea.,

(9) 799-6501

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THIRD AMENDMENT TO
REAL ESTATE PURCHASE AGREEMENT

THIS THIRD AMENDMENT TO REAL ESTATE PURCHASE AGREEMENT (this "Amendment") is made and entered into by and between Wendover Greensboro, Ltd., a Texas limited partnership doing business in North Carolina as Wendover Greensboro, Limited Partnership (hereinafter called "Seller") and Copeland Realty, Inc., a California corporation (hereinafter called "Purchaser") effective as of January 31, 2007.

Recitals

1. Seller and Purchaser are parties to that certain Real Estate Purchase Agreement having an effective date of August 25, 2006, as amended by First Amendment thereto dated November 15, 2006, and as further amended by Second Amendment thereto dated January 15, 2007 (the "Agreement"), wherein Seller agreed to sell to Purchaser, and Purchaser agreed to purchase from Seller, subject to the terms and provisions of the Agreement, the "Transferred Property," as such term is defined in the Agreement.
2. Seller and Purchaser by this Amendment desire to amend the Agreement in certain respects.
3. Capitalized words and phrases used in this Amendment but not defined herein shall have the meanings ascribed to them in the Agreement.

Agreements

For and in consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser amend the Agreement as follows:

- A. Seller and Purchaser agree that the Closing Date shall be extended to February 28, 2007.
- B. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original hereof. Each of Seller and Purchaser agrees that its signature page may be detached from any one such counterpart and attached to an identical counterpart so that there is one counterpart containing the signature pages of all parties to this Amendment.
- C. This Amendment shall (i) inure to, and be binding upon, Seller and Purchaser and their respective successors and assigns; and (ii) be governed by, and construed in accordance with, the laws of the State of North Carolina.
- D. Except as amended by this Amendment, the Agreement remains in force and effect as written. Seller and Purchaser hereby ratify and reaffirm the terms and provisions of the Agreement, as amended by this Amendment.

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Copeland Reali,

(300) 799-6501

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In witness whereof, Seller and Purchaser have executed this Amendment as of the date set forth below such party's signature, but to be effective as of the date set forth above.

SELLER:

WENDOVER GREENSBORO, LTD., a Texas limited partnership doing business in the State of North Carolina as Wendover Greensboro, Limited Partnership

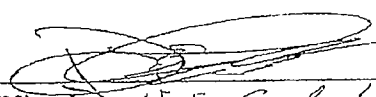
By: B. Douglas Simpkins, Jr. Inc., a Texas corporation, its general partner

By: _____
B. Douglas Simpkins, Jr., President

Date executed: _____, 2007

PURCHASER:

COPELAND REALTY, INC., a California corporation

By: 
Name: Donald E. Copeland
Title: President

Date executed: 1/31/, 2007

EXHIBIT “E”



PACIFIC WESTERN BANK

**DECLARATION CONCERNING BANK RECORDS
PURSUANT TO EVIDENCE CODE SECTION 1561(a)**

The undersigned officer of Pacific Western Bank ("the Bank"), having been duly authorized to make this declaration, declares on behalf of the Bank; she is a duly authorized custodian of the Bank's records, as to which she is qualified to testify and authorized to certify.

She has read the subpoena with which this Declaration is enclosed, and declares that a reasonable inquiry has been made in an effort to locate any and all responsive records for Copeland Properties Three LP, CP 14, Donald E. Copeland, Charles E. Copeland, Copeland Wealth Management, from 02/01/04 to 12/31/07.

Attached to this Declaration, and served with it, are true, correct and complete copies of all the records of the Bank in my possession, custody or control that were requested by the subpoena served on me. These records consist of 3 pages of documents.

The copies of the records enclosed herewith were:

- (a) Made at or near the time of the underlying event memorialized in that document or record;
 - (b) Made by, or from information transmitted by, a person that was an agent or employee of the Bank with firsthand knowledge of the event acquired in the course of a regularly conducted business activity;
 - (c) Made and kept entirely in the course of Pacific Western Bank's regularly conducted business activity;
 - (d) Pursuant to a regular practice of Pacific Western Bank; and
- Any document prepared on the letterhead or printed form bearing the name of "Pacific Western Bank" that bears a signature above any such typewritten or printed name was signed by the person whose typewritten or printed name appears below that signature and any such signature is the authentic signature of the person signing the document or records.

Records are for Loan #181650457, in the name of Copeland Properties Three LP, dated 02/20/07, for \$1,800,000.00, and include copies of the Paid Note Statement and loan payments. The loan was paid off on 04/09/07.

Having made a diligent search and reasonable inquiry, the Bank is unable to produce any remaining loan records which are responsive to the subpoena for reasons, which include:

- The records sought never existed in the records of the Bank;
- The records may have been destroyed in accordance with the Bank's applicable record retention policy; or
- The records are not and have never been in the possession, custody, or control of the Bank.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Executed on December 12, 2012, at 5900 La Place Court, Ste. 200, Carlsbad, CA 92008.


Charlene Keffer
Legal Process Department
AVP/Operations Services Officer
(760)476-5413 phone
(760)918-9646 fax
ckeffer@pacificwesternbank.com

Copeland Properties Three LP 12.12.12 MH
Legal Process Department, 5900 La Place Court, Ste. 200, Carlsbad CA 92008
www.pacificwesternbank.com

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PWB 0002

EXHIBIT “F”

LAST : 013
 EMPDET: 143/2100-056 13 05.1
 SYSTEM: 04/10/2007 08:58

PACIFIC CENTERS BANK
 LOAN ACCOUNTING SYSTEM
 PAID NOTE STATEMENT

PAGE: 10
 RUN DATE: 04/09/2007
 PRINTED THRU: 04/09/2007

NOTE NUM 11650487
 99 FEDERAL PROPERTIES THREE LP
 H:909-799-8580
 25809 BUSINESS CENTER DRIVE #2
 MILPITAS CA 95074
 EIN: 20-0790619

CL REP B3P 3/0
 17 724 301 U

NOTE DATE: 02/12/07
 MATURITY DATE: 06/05/07
 ORIGINAL CREDIT: 1,800,000.00
 ORIGINAL RATE: 5.7500
 LINE NUMBER: 574474
 PURPOSE CODE: 410
 EXERSED INTEREST: 22,400.00

PAYMENT SCHEDULE
 START DATE: 02/12/07
 DATE FREQ PRFTS 1 1,800,000.00
 06/05/07 X 1 1,800,000.00

COLLATERAL
 CODE: 0001
 QUANTITY: 0100
 VALUE:

INFC: 6103 LAKEMARK CENTER BLVD., GREENSBORO, NC 27407

DATE	DESCRIPTION	PRIN PAID	TRAC #	FININTL	INTREST	ESCR300	PRINCIPAL BALANCE
02/12/07	PRINCIPAL ADVANCE	1,800,000.00	144000003	1,800,000.00	00	.00	1,800,000.00
04/06/07	REGULAR PAYMENT	1,450.00	502305421	.00	21,450.00	.00	1,800,000.00
04/09/07	INCREASE GIVE TO PAYOFF LOAN	1,401,950.00	48000014	1,800,000.00	1,950.00	.00	.00

EXHIBIT “G”

FTS Message Print - Message Inquiry Display Dialog Box

Sender: mstone Bank: Pacific Western Date: 12/12/12 13:55:22

Message Status: PNRM
Msg Num: 20070990067500 Related Seq Num:
Pay Method: FED Input Message ID: FTR811
Date Recvd: 04/09/2007 12:57:08 Value Date: 04/09/2007

Sender: 122241255
Amount: \$1,824,450.00
Debit info --

ABA: 122241255
Name: FIRST AMERICAN TRUST, FSB
Addr1:
Addr2:
Addr3:
Addr4:

Credit info --

Account: 1336851816
Name: LAS WIRE CLEARING
Addr1: 601 E TAHQUITZ CANYON WAY
Addr2: PALM SPRINGS, CA 920062
Addr3:
Addr4:

Device: Dept: 1820 Trancode: DOMESTIC
Category: Linesheet: Create Template:

Message Text:

XFT811
Msg Disp {1100}02P N
Acc Time {1110}04091557FT01
OMAD {1120}20070409L1LFB49C00020704091557FT01
Msg Type {1510}1000
IMAD {1520}20070409K3QF390C001360
Amount {2000}000182445000
Sender DI {3100}122241255FST AM TR CO*
Sndr Ref {3320}0082900099IT*
Rcvr DI {3400}122238200PAC WEST NATL PICO*
Bus Func {3600}CTR *
BNF {4200}D1336851816*
PACIFIC WESTERN BANK*
RFB {4320}MSGS OF 07/04/09*
ORG {5000}D2000023264*
FIRST AMERICAN TITLE COMPANY*
SACRAMENTO: PT WEST*
1386 LEAD HILL BLVD, SUITE 100*
ROSEVILLE CA 95661*
OBI {6000}COPELAND PROPERTIES THREE LP --*
LOAN#181650457;ATTN: PAULA ROBERTS*
760 -416-3336*
BNF Info {6400}BEGIN,1867,528,410,841006,2574*
415,END*

EXHIBIT “H”

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Account	Office	Initial
\$1,800,000.00	02-12-2007	06-05-2007	181950457	25809	202	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: Copeland Properties Three, L.P., a California limited partnership
25809 Business Center Drive, Suite F
Redlands, CA 92374

Lender: Pacific Western Bank
Palm Springs Office
601 East Tahquitz Canyon Way
Palm Springs, CA 92262

THIS BUSINESS LOAN AGREEMENT dated February 12, 2007, is made and executed between Copeland Properties Three, L.P., a California limited partnership ("Borrower") and Pacific Western Bank ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement ("Loan"). Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of February 12, 2007, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) guaranties; (3) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

Organization. Borrower is a partnership which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign partnership in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 25809 Business Center Drive, Suite F, Redlands, CA 92374. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's principal office address or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: None.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles or agreements of partnership, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no

B.L.A.

**BUSINESS LOAN AGREEMENT
(Continued)**

Loan No: 181650457

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knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Additional Requirements.

GUARANTOR'S FINANCIAL REQUIREMENTS:

(i) Financial Statements:

PERSONAL FINANCIAL STATEMENTS. Borrower shall cause Guarantor, Werdna Eure, to provide Lender, with current personal financial statements, prior to funding.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Guaranties. Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantors named below, on Lender's forms, and in the amounts and under the conditions set forth in those guaranties.

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<u>Names of Guarantors</u>	<u>Amounts</u>
Copeland Realty, Inc., a California corporation	Unlimited
Donald E. Copeland, Individually	Unlimited
Charles Copeland, Individually	Unlimited
Werdna Eure, Individually	Unlimited
Dorothy M. Zilch, Individually	Unlimited
Dorothy M. Zilch, Trustee of Zilch Family Trust	Unlimited

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other Instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

RECOVERY OF ADDITIONAL COSTS. If the imposition of or any change in any law, rule, regulation or guideline, or the interpretation or application of any thereof by any court or administrative or governmental authority (including any request or policy not having the force of law) shall impose, modify or make applicable any taxes (except federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (A) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (B) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (C) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within five (5) days after Lender's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the

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prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution or termination of Borrower's existence as a going business or the death of any partner, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Events Affecting General Partner of Borrower. Any of the preceding events occurs with respect to any general partner of Borrower or any general partner dies or becomes incompetent.

Change in Ownership. The resignation or expulsion of any general partner with an ownership interest of twenty-five percent (25%) or more in Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default on indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after receiving written notice from Lender demanding cure of such default: (1) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related

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Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Riverside County, State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

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Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means Copeland Properties Three, L.P., a California limited partnership and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Pacific Western Bank, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the promissory note dated February 12, 2007, in the original principal amount of \$1,800,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for the promissory note or agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

EXHIBIT “I”



When Every Word Counts...

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SACRAMENTO

TRI TOOL INC., a Nevada)	
corporation,)	
)	
Plaintiff,)	
)	
vs.)	CASE NO. :
)	34-2009-00054045
COPELAND PROPERTIES THREE,)	
LP, a California limited)	
partnership; CHARLES P.)	
COPELAND, an individual; DONALD)	
E. COPELAND, an individual,)	
et al.,)	
)	
Defendants.)	
)	

DEPOSITION OF : TRACY STOCKMAN
TAKEN BY : ROLLIE PETERSON, ESQUIRE
Commencing : 10:12 A.M.
Location : 707 Brookside Avenue
Redlands, California 92373
Day, Date : Wednesday, January 30, 2013
Reported by : MICHELLE CASTELLANOS, C.S.R. NO. 11699
Pursuant to : Subpoena
Original to : CALIFORNIA DEPOSITION REPORTERS

PAGES 1 - 120
JOB NO. 131072

CERTIFIED COPY

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Page 8

1 the question, please let me know that you have something
 2 else to say; okay?
 3 A Okay.
 4 Q Are you taking any medications today that may
 5 impair your ability to recall events that may have
 6 occurred in the past?
 7 A No.
 8 Q Tell me what your educational level is.
 9 A I have a bachelor's of science in business
 10 administration.
 11 Q When did you get that?
 12 A 2007.
 13 Q Your current occupation?
 14 A Vice president, construction loan officer with
 15 Pacific Western Bank.
 16 Q Now, you said construction loan officer. Is
 17 your activities primarily related then to construction
 18 loans?
 19 A Construction and commercial real estate.
 20 Q While we go through the deposition, if you need
 21 a moment to reflect on an answer, take your time. Don't
 22 guess or speculate. However, I am entitled to your best
 23 answer; okay? And I'm entitled to an estimate if my
 24 question calls for one. If you don't know the precise
 25 date something occurred, precise time, if it's asked in

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1 the question, just please let me know this is an
 2 estimate. Can you do that for me?
 3 A Yes.
 4 Q From time to time your attorney sitting to your
 5 right may make objections. What he's doing is he's
 6 preserving the record if this case goes to trial at some
 7 point in time or one of the other two attorneys may make
 8 objections. Allow them to finish their objection before
 9 you start answering, if you would. Then at some point in
 10 the future, if this case should go to trial, and we have
 11 a judge, then a judge can make a ruling on the objection.
 12 So the process is one of the attorneys objects.
 13 They finish. Then you give me the answer. Sometimes
 14 their objections primarily go to the form of the
 15 question. It gives me the opportunity to restate the
 16 question if it was a bad question, and I will ask a
 17 number of those. But anyhow just proceed on unless your
 18 attorney for some reason instructs you otherwise. In
 19 that event, he and I may or may not have a very short
 20 conversation about the objection, and then we'll move
 21 forward.
 22 I'm also -- every once in a while I get a
 23 witness that I'll get into the deposition and find out
 24 that, gee, they know things but they're not telling me
 25 because they think it's hearsay. And your entire college

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1 education is based on hearsay. Doesn't mean you don't
 2 know anything. So just let me know if I ask a question
 3 and you haven't observed something personally, heard
 4 something personally, let me know that you know the
 5 answer to the question, but that you got your answer from
 6 a different source.
 7 Do you understand?
 8 A Yes.
 9 Q Breaks, this is not a marathon event. We'd like
 10 like to get it over with as soon as possible, but if
 11 you'd like a break, let us know. We'll stop and go off
 12 the record and take a break; okay?
 13 A Okay.
 14 Q Another thing is often you may want to have a --
 15 talk to your attorney. If there is a question pending, I
 16 would like the answer before you speak to your attorney.
 17 If you take a break while there is a question pending, I
 18 have a right to comment on that at the time of trial
 19 that, in fact, you had to confer with your attorney
 20 before the answer was given.
 21 Do you understand?
 22 A Yes.
 23 Q Did you review any documents today -- or prior
 24 to today in preparation of giving your deposition?
 25 A Yes.

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1 Q What did you review?
 2 A I reviewed the communication in a loan file. I
 3 reviewed the bank's loan approval form. I reviewed the
 4 disbursement and payment documentation. Am I allowed to
 5 refer to this? May I refer to my file?
 6 Q Sure. Let me ask you a question. This may
 7 shorten the process a little bit. You have a green file
 8 sitting in front of you that you brought with you today.
 9 And you have a black -- some sort of portfolio that you
 10 have. Did you review documents in the black file?
 11 A No.
 12 Q Okay. The green file then. What's in your
 13 black file?
 14 A My personal calendar.
 15 Q Okay. And the green file, is that the loan file
 16 that you just referred to?
 17 A This file is a copy of the records requested or
 18 the subpoena.
 19 Q So is that a copy of the loan file then?
 20 A No.
 21 MR. LAMBIRTI: Counsel, we served an objection.
 22 I didn't serve it on everybody because I didn't have a
 23 list of all counsel. We objected to the production of
 24 policies and procedures and retention policies and a
 25 couple of other odds and ends, but this is everything

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1 Q So sometimes a guarantor's documentation may be
 2 obtained through a third party such as Charles Copeland.
 3 Would that be right?
 4 A Yes.
 5 Q Was there any verification process that you know
 6 of?
 7 A Can you be more specific?
 8 Q Well, I mean, if you take a guarantee from
 9 Dr. Eure and you're relying in substantial part upon that
 10 collateral or that guarantee as collateral for the loan,
 11 would you verify with Dr. Eure that, in fact, he had
 12 executed the documentation that went into the file?
 13 A We typically request copies of driver's
 14 licenses.
 15 Q Directly from the guarantor?
 16 A Not always.
 17 Q You had -- you were the primary -- prior to this
 18 loan we're looking at as a part of Exhibit No. 77, you
 19 were Charles Copeland's primary business officer at the
 20 bank; right?
 21 A Yes.
 22 Q And what businesses was Charles Copeland
 23 involved in that banked at your bank?
 24 MR. LAMBIRTH: I'm going to object. Beyond the
 25 scope of the deposition subpoena.

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1 Q BY MR. PETERSON: Go ahead. You can answer.
 2 MR. LAMBIRTH: I'll instruct her not to answer.
 3 Q BY MR. PETERSON: What's your relationship to
 4 Charles Copeland?
 5 A He was a customer.
 6 Q How long had he been a customer of yours?
 7 A Six months to a year.
 8 Q How did you come to know him?
 9 A He was referred to us.
 10 Q Do you know who made the referral?
 11 A Yes.
 12 Q Who?
 13 A Jeffrey Jones.
 14 Q Was Jeffrey Jones at that time a customer or
 15 client of the bank?
 16 A Yes.
 17 Q What does Jeffrey Jones do?
 18 A He was a developer, real estate developer.
 19 Q Prior to the loan that's represented by Exhibit
 20 No. 77, had you made other loans to Charles Copeland
 21 and/or any of his entities?
 22 A Yes.
 23 Q Approximately how many loans?
 24 MR. LAMBIRTH: I'm going to object, Counsel.
 25 Again, beyond the scope. We're here talking about a

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1 loan. She is here as a custodian talking about a
 2 specific loan. Since the loan officer is no longer with
 3 the bank, she is the person most knowledgeable about this
 4 loan. Now you want to know about her relationship with
 5 Mr. Copeland and other loans and lending relationships
 6 with Mr. Copeland. It's beyond the scope.
 7 MR. PETERSON: I would respectfully disagree
 8 with you. I think, in fact, the reason that she is here
 9 is because she had a relationship with Charles Copeland
 10 in regards to other matters. I think that her knowledge
 11 about Charles Copeland and the bank's basis in making
 12 this particular loan is -- you know, may lead to relevant
 13 evidence. So I think I'm entitled to go beyond the scope
 14 of what you have narrowly defined as the purpose of the
 15 deposition. I'm not going to go into great detail.
 16 MR. LAMBIRTH: Let's move into other areas and
 17 maybe we can get back to this after a little bit.
 18 MR. PETERSON: You're standing on your
 19 objection?
 20 MR. LAMBIRTH: I am. I'll review the subpoenas
 21 during a break and see if they're broader than I think
 22 they are.
 23 MR. PETERSON: Well, I think -- well, never
 24 mind. We'll do that. If you'll look at -- and you had a
 25 real estate purchase agreement in front of you.

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1 Oh, by the way, I think also after inquiring of
 2 her of the documents that were withheld that she has been
 3 testifying off of, I think there is quite -- there is a
 4 number of things that she does not recall in relation to
 5 that document. I think in that regard then, the
 6 appropriate procedure would be for the bank to redact
 7 their confidential and proprietary information from that
 8 document and allow us to see it.
 9 MR. ZIPRICK: While we're talking about that, if
 10 I could jump in. I have gone through everything here and
 11 sometimes in banks, they'll have a committee or a board,
 12 depending on how big the loan is, that would approve the
 13 loan. And the question that I was not wanting to jump
 14 into but just to find out of the documentation, are there
 15 minutes of the committee or board that approved this
 16 loan. If those could be obtained as part of the -- I
 17 don't know if they're in here. I just haven't taken the
 18 time, but I don't see them really fast. I'm sure you're
 19 going to get there.
 20 MR. BRUBACHER: They're not. I've looked.
 21 MR. ZIPRICK: Okay. Depending on the size of
 22 the loan, usually banks have policies, and above a
 23 certain level, it has to go to --
 24 MR. LAMBIRTH: The loan committee.
 25 MR. ZIPRICK: Loan committee or the board.

Page 24

1 MR. PETERSON: Well, I mean, it seems to me
 2 you're going to step outside and create an
 3 attorney/client privilege where she isn't going to be
 4 able to answer the question that I'm asking her if she
 5 was instructed by counsel not to produce something.
 6 MR. LAMBIRTH: Let's ask her that.
 7 Q BY MR. PETERSON: Were you instructed by counsel
 8 not to produce resolutions?
 9 A No.
 10 Q Okay. Then why didn't you produce the
 11 resolutions for CP Three?
 12 A I wasn't the person who made the copies so I do
 13 not know why it wasn't produced.
 14 Q When the loan file came into your possession, is
 15 that when this copy was made to bring today?
 16 A No.
 17 Q When was it made?
 18 A The copies were made by Michelle Harner.
 19 Q In Carlsbad?
 20 A Yes.
 21 Q My understanding then was the loan file came
 22 into your hands first and then went to Michelle?
 23 A Yes.
 24 Q Why was that?
 25 A Because it is her responsibility to produce

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1 documents for subpoenas.
 2 Q Which now creates a problem.
 3 MR. LAMBIRTH: You want to go off the record?
 4 MR. PETERSON: Yeah, let's go off the record for
 5 a second.
 6 (Off the record.)
 7 Q BY MR. PETERSON: So we didn't get the
 8 resolutions. There would be resolutions in the file, we
 9 know, from CP Three, okay, probably CP Fourteen. Would
 10 that be true? Was it your understanding that CP Fourteen
 11 was the entity that essentially took down the Landmark
 12 Center Boulevard in Greensboro, North Carolina?
 13 A No.
 14 Q CP Eighteen eventually did; correct?
 15 A I don't know.
 16 Q What do you recall as far as resolutions then
 17 and -- other than CP Three's? Any others?
 18 MR. LAMBIRTH: In this loan file?
 19 MR. PETERSON: In this loan file.
 20 THE WITNESS: I don't specifically recall.
 21 Typically we have a resolution from the borrower and any
 22 guarantors that are entities.
 23 MR. PETERSON: I'm going to hand you what we're
 24 going to mark as Exhibit No. 78.
 25 //

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1 (Plaintiff's Exhibit 78 was marked for
 2 identification by the court reporter
 3 and is attached hereto.)
 4 MR. LAMBIRTH: Two sheets of paper with Bates
 5 stamps 005 and 006.
 6 MR. PETERSON: And 007.
 7 MR. LAMBIRTH: Three sheets, 007.
 8 MR. PETERSON: Correct.
 9 Q BY MR. PETERSON: Looking at Exhibit No. 78,
 10 this is a document that was produced by Pacific Western
 11 Bank pursuant to a subpoena that we served on the bank on
 12 November 19, 2012. Were you involved at all in the
 13 production of Exhibit No. 78?
 14 A No.
 15 Q Were you even aware the subpoena had been served
 16 on Pacific Western Bank in November, a subpoena by Tri
 17 Tool?
 18 A No.
 19 Q If you look at the first page, 0005, and you'll
 20 see that there were -- it says signer guarantor, and as
 21 you go down the list, you'll see the last one is Copeland
 22 Realty, Inc.; correct?
 23 A Yes.
 24 Q So there would be resolutions most likely from
 25 Copeland Realty, Inc.; correct?

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1 A Yes.
 2 Q If you look where it says Collateral halfway
 3 down, do you see --
 4 A Yes.
 5 Q It says, "Landmark Center Boulevard, Greensboro,
 6 North Carolina," okay. Was there any resolutions from
 7 CP Fourteen or CP Eighteen in relation to Landmark Center
 8 Boulevard?
 9 A No.
 10 Q But this would indicate that Landmark Center
 11 Boulevard was given as collateral on this loan?
 12 A No.
 13 Q What would it indicate?
 14 A I do not do the computer input. I can -- what I
 15 believe this indicates is that we identify where the
 16 proceeds of loans are benefitting. That's probably why
 17 that address is there.
 18 Q I see. Okay. So the loan -- the purpose of the
 19 loan then was essentially to -- for Copeland Realty to
 20 purchase the Landmark Center Boulevard properties in
 21 Greensboro, North Carolina. Would that be your
 22 understanding from this document?
 23 A No.
 24 Q What would be your understanding?
 25 A That it was for Copeland Properties Three to

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<p>1 purchase that property.</p> <p>2 Q Was that because Copeland Properties Three was</p> <p>3 the borrower?</p> <p>4 A Yes.</p> <p>5 Q Now, other than resolutions, what else was not</p> <p>6 produced as a part of Exhibit No. 77?</p> <p>7 A There should have been signed guarantees. A</p> <p>8 disbursement request and authorization. And I can't</p> <p>9 recall what else. That's probably it.</p> <p>10 Q But possibly some other stuff, you think?</p> <p>11 A Possibly.</p> <p>12 MR. PETERSON: Let's go off the record for a</p> <p>13 second.</p> <p>14 (Off the record.)</p> <p>15 MR. LAMBIRTH: While we were off the record, I</p> <p>16 reviewed the subpoena, Attachment 3. No. 1 asks for copy</p> <p>17 of the promissory note. Gives the Note No. 181650457 in</p> <p>18 approximate sum of \$1,800,000, made on or about</p> <p>19 February 12, 2007, and it goes on, et cetera, et cetera.</p> <p>20 At the bank, apparently somebody hyper-focused on certain</p> <p>21 items in there. I can see now from reading of this you</p> <p>22 might have asked for much more of the loan file.</p> <p>23 I have with me now a copy of a -- I'll recite</p> <p>24 these. Corporate Resolution to Guarantee apparently</p> <p>25 executed by Copeland Realty, Inc. Trust Certificate</p>	<p>1 MR. LAMBIRTH: It should be in 77, Counsel, but</p> <p>2 however you want to do it.</p> <p>3 MR. BRUBACHER: I myself think it easier to do</p> <p>4 it separately.</p> <p>5 MR. ZIPRICK: I have no problem with that.</p> <p>6 MR. LAMBIRTH: Are we going to go off the record</p> <p>7 for a few minutes?</p> <p>8 MR. PETERSON: Sure.</p> <p>9 (Off the record.)</p> <p>10 Q BY MR. PETERSON: In looking at Exhibit No. 77,</p> <p>11 it's broken down into panels, and I think maybe -- I</p> <p>12 assumed something. I want to make sure I did not. That</p> <p>13 you used a paneled folder or divided folder that you</p> <p>14 would normally use for your loan documents; is that</p> <p>15 correct?</p> <p>16 A Yes.</p> <p>17 Q And so Exhibit 77 would represent a loan file as</p> <p>18 it was being built; correct? In other words, you start</p> <p>19 with a file like this and start filing documents in it.</p> <p>20 Is that the bank's normal procedure?</p> <p>21 A Yes.</p> <p>22 Q As far as you're aware, the documents in the</p> <p>23 loan file that you brought that is represented by Exhibit</p> <p>24 No. 77, these documents then would find their way into</p> <p>25 the file at or near the time that they were produced by</p>
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<p>1 executed by Ziilch Family Trust. Commercial guarantees.</p> <p>2 One by Werdna Eure, W-e-r-d-n-a, E-u-r-e. Another</p> <p>3 commercial guarantee by Dorothy M. Ziilch, Z-i-i-l-c-h.</p> <p>4 Commercial guarantee by Dorothy M. Ziilch, trustee of the</p> <p>5 Ziilch Family Trust. Commercial guarantee of Charles</p> <p>6 Copeland. Commercial guarantee of Donald E. Copeland.</p> <p>7 Commercial guarantee of Copeland Realty, Inc., a</p> <p>8 California corporation. Other documents are disbursement</p> <p>9 requests and authorization. Partnership Authorization by</p> <p>10 Copeland Properties Three, LLP, a California limited</p> <p>11 partnership. Resolution of Corporate Partner executed by</p> <p>12 Copeland Realty, Inc., a California corporation.</p> <p>13 Business loan agreement, which you already have in the</p> <p>14 green file, and a promissory note, which you already</p> <p>15 have. So, Counsel --</p> <p>16 MR. PETERSON: You're just taking the last two</p> <p>17 documents out of the stack because we have those in the</p> <p>18 file and gave those back to Tracy, and we're going to</p> <p>19 take the initial documents you read into the record and</p> <p>20 photocopy those.</p> <p>21 MR. LAMBIRTH: Would you like those marked</p> <p>22 collectively or individually?</p> <p>23 MR. PETERSON: We can do one of two things. We</p> <p>24 can add it to the exhibit we have, 77, or we can mark it</p> <p>25 as a separate exhibit.</p>	<p>1 the bank, correct, or received by the bank? Would that</p> <p>2 be true?</p> <p>3 A Yes.</p> <p>4 Q And are you aware of anything or that it would</p> <p>5 be a part of this particular loan file for 1.8 million</p> <p>6 that would not have found its way into the file at or</p> <p>7 about the time that it was generated or received by the</p> <p>8 bank?</p> <p>9 A Can you repeat that.</p> <p>10 Q What I'm looking for is I want to know if there</p> <p>11 is anything within Exhibit No. 77, any documents here,</p> <p>12 that would not have been filed in that loan file at or</p> <p>13 near the time that the bank either generated the document</p> <p>14 or received the document.</p> <p>15 MR. LAMBIRTH: Other than the subpoena notices?</p> <p>16 MR. PETERSON: Other than the subpoena notice,</p> <p>17 yes.</p> <p>18 THE WITNESS: The record of pay-off would have</p> <p>19 been, you know, following the time of the loan</p> <p>20 initiation, but otherwise --</p> <p>21 Q BY MR. PETERSON: But as soon as the loan was</p> <p>22 paid off, that document would go in the file --</p> <p>23 A Yes.</p> <p>24 Q -- at or near that time; right?</p> <p>25 A Yes.</p>

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1 Q The promissory note is supported by a business
 2 loan agreement. The business loan agreement is in the
 3 file on the right-hand side, and it appears that the
 4 borrower on the business loan agreement is Copeland
 5 Properties Three LP, a California limited partnership.
 6 In this document, does it state anywhere within
 7 the business loan agreement what the purpose of the loan
 8 was?
 9 A I don't recall.
 10 Q Can you look real quick?
 11 A Uh-huh. No.
 12 Q Is there anything within the file, Exhibit
 13 No. 77, that would tell you what the purpose of the loan
 14 is?
 15 A Yes.
 16 Q And what would that be?
 17 A The loan approval.
 18 Q And can you point out the loan approval for me.
 19 A No, it's not in here.
 20 MR. LAMBIRTH: We objected to that.
 21 MR. PETERSON: What's that?
 22 THE WITNESS: Sorry.
 23 MR. LAMBIRTH: I believe that was objected to.
 24 MR. PETERSON: On what grounds?
 25 MR. LAMBIRTH: Proprietary business.

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1 MR. PETERSON: The loan approval?
 2 MR. LAMBIRTH: Yeah. There was pricing
 3 information and things in it. I think she's seen it.
 4 I'll let her testify about things other than pricing. I
 5 think she has answers.
 6 Q BY MR. PETERSON: You've seen the loan approval
 7 form?
 8 A Yes.
 9 Q And what did the loan approval form say as far
 10 as the purpose of the loan?
 11 A The purpose was to -- for Copeland Properties
 12 Three to purchase a commercial real estate property.
 13 Q And that commercial real estate property was the
 14 one that was identified in Exhibit No. 78 as being in
 15 North Carolina. Would that be correct?
 16 A Yes.
 17 Q Greensboro?
 18 A Yes.
 19 Q And specifically 6103 Landmark Center Boulevard,
 20 Greensboro, North Carolina?
 21 A Yes.
 22 Q What else was in the document that was withheld
 23 other than the purpose of the loan?
 24 A It would have contained the loan structure and
 25 pricing, sources of repayment, discussion of financials

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1 of the borrower and guarantors.
 2 Q Anything else?
 3 A A summary of strengths and weaknesses and
 4 background information of the parties involved.
 5 Q Now, of that information -- I'll direct this to
 6 your counsel.
 7 MR. PETERSON: Of that, it would be the pricing
 8 information that would be objectionable essentially as
 9 being proprietary; is that correct?
 10 MR. LAMBIRTH: There might be others, but that's
 11 the first one that comes to mind.
 12 MR. PETERSON: It would seem that we could get
 13 the document redacted to that information and produced.
 14 MR. LAMBIRTH: Let me consider that and get back
 15 to you. I have to run it by somebody else. Also I --
 16 have all the guarantors been named as parties in this
 17 case? Have they all received notice and an opportunity
 18 to object? I'm worried about financial privacy. It's
 19 like HIPAA. We have to assert a privilege unless
 20 somebody has an onus and has an opportunity to object.
 21 MR. PETERSON: Well, Copeland, Donald Copeland,
 22 is in bankruptcy. His financial information is --
 23 MR. LAMBIRTH: Is out there.
 24 MR. PETERSON: -- is out there and it is subject
 25 to scrutiny by anybody. Charles Copeland is a party in

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1 this case and received copies of the subpoenas. Eure is
 2 a party in the case as a named defendant. The problem is
 3 Eure is somewhere in the world that nobody seems to know
 4 where he can be found. And Dorothy Ziilch is dead so
 5 guess what, there is no privilege as far as a dead person
 6 goes.
 7 The only one that would be out there that would
 8 be subject to what you're talking about would be
 9 Dr. Eure. The receiver seems to be able to find him. I
 10 can't.
 11 What's that?
 12 MR. ZIPRICK: I don't think -- I don't know if
 13 any of us know where Dr. Eure is.
 14 MR. PETERSON: I have a court order to publish
 15 on him. The problem is we published but spelled the name
 16 wrong. Didn't check it.
 17 MR. ZIPRICK: You got to redo it.
 18 MR. PETERSON: We're going to republish probably
 19 next week.
 20 MR. ZIPRICK: One of the suggestions I might
 21 have, I think the source of repayment is critical.
 22 MR. LAMBIRTH: If you ask, I think if she knows
 23 the answer to that, I'll let her answer.
 24 Q BY MR. PETERSON: Let's run down them real
 25 quick. What was the loan structure? Do you remember?

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1 Well, you're not going to give me the pricing, but what
 2 was the loan structure?
 3 A It was an unsecured note, short-term. From what
 4 I recall, it was a 60-day maturity.
 5 Q Single pay?
 6 A Yes.
 7 Q Anything else about the loan structure that you
 8 can recall?
 9 A If you ask me specific questions, I can respond
 10 to those.
 11 Q Well, without having seen the loan structure,
 12 it's hard for me to ask specific questions. I do assume
 13 that it was single pay from Exhibit No. 78. That it was
 14 unsecured. I think we identified that from Exhibit 78;
 15 correct?
 16 A Yes.
 17 Q And then I think we can also identify that it
 18 was short-term from Exhibit No. 78.
 19 A Yes.
 20 Q So I was wondering if there was anything else
 21 other than the fact it was unsecured, short-term, and
 22 single pay that you can recall as you sit here?
 23 A Not on -- no.
 24 Q What document were you just looking at?
 25 A I was looking at the promissory note.

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1 Q Would that tell you essentially what the
 2 structure was?
 3 A Yes.
 4 Q You talked about the source of repayment. Can
 5 you tell me the source of repayment?
 6 A Yes.
 7 Q What was it?
 8 A It was proceeds from the sale of the building
 9 that Copeland Properties Three owned in Sacramento.
 10 Q Was there any documentation in the file in
 11 relation to the sale of the property? It's actually in
 12 Rancho Cordova, which is a part of Sacramento. It's a
 13 separate city up there, but it's a suburb.
 14 Was there any documentation in the file
 15 concerning the sale of that property? "That property"
 16 being the Rancho Cordova?
 17 A I believe so.
 18 Q So that was provided to the bank. Was it a
 19 purchase -- real estate purchase and sales contract?
 20 A I don't recall.
 21 Q I think what you're looking at on the left side
 22 of that folder is you're probably looking at an agreement
 23 for the purchase of the North Carolina property by
 24 Copeland Realty; correct?
 25 A Yes.

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1 Q So that isn't the same purchase agreement we're
 2 talking about in relation to the sale and purchase of the
 3 Rancho Cordova property, the IRS building?
 4 A No.
 5 Q Now, looking at -- do you recall the summary of
 6 strengths and weaknesses? What do the summary of
 7 strengths and weaknesses provide other than the title?
 8 What were the strengths? Do you remember the strengths
 9 of this loan?
 10 A Not all of them.
 11 Q What do you recall?
 12 A The guarantors had substantial liquidity.
 13 Q What else?
 14 A There was an identified source of repayment.
 15 Q What else?
 16 A That's what I can recall.
 17 Q Other than the guarantors' substantial liquidity
 18 and you said identified source of repayment, okay, was
 19 there any discussion about taking the Greensboro, North
 20 Carolina, property as collateral?
 21 A Not that I can recall.
 22 Q What about the weaknesses?
 23 A I don't specifically recollect any weaknesses.
 24 Q You said there was background information. What
 25 background information did you --

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1 A There was discussion of the businesses.
 2 Specifically I can't recall. We also had some other
 3 related accounts with some of the principals that
 4 generally is included.
 5 Q Now, who were the principals?
 6 A May I refer to the --
 7 Q Uh-huh, sure.
 8 A Where is our set of documents?
 9 MR. LAMBIRTH: They're being photocopied.
 10 Q BY MR. PETERSON: Can you refer to Exhibit 78
 11 and tell me who the principals were?
 12 A Donald E. Copeland. Charles Copeland. Werdna
 13 Eure. Dorothy M. Ziilch. And there were two entities,
 14 Ziilch Family Trust and Copeland Realty, Inc.
 15 Q Had you met -- is it Werdna Eure? Did you meet
 16 him ever?
 17 A No.
 18 Q Dorothy Ziilch, did you ever meet her?
 19 A No.
 20 Q Did they come into the bank as part of this loan
 21 process? Do they show up at the bank to execute
 22 documents?
 23 A I don't know.
 24 Q Would that be a normal practice and procedure?
 25 A It depends.

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1 to be saying.
 2 A I believe it is stating that this particular
 3 loan was not a traditional unsecured loan, and that it is
 4 a hybrid between an unsecured loan and a swing loan.
 5 Q Outside your normal pricing policies and
 6 practices. Would that be true?
 7 A Can you break that question down?
 8 Q It appears that -- and I guess what I'm asking
 9 for is clarification on what you just testified to, that
 10 this particular loan, Exhibit No. 77, is outside the
 11 bank's normal parameters. That is why it's called a
 12 hybrid; correct? That is why he's referring to it as a
 13 hybrid?
 14 A Yes.
 15 MR. LAMBIRTH: I'm going to object. Misstates
 16 her testimony.
 17 Q BY MR. PETERSON: In that regard there wouldn't
 18 be a particular pricing policy. Would that be right?
 19 A Yes.
 20 Q Going down to where it says, "Good morning. I
 21 received your Copeland Properties deal on Friday. I took
 22 Monday off. I did review it over the weekend. There are
 23 a couple of questions I have," okay, and it's talking
 24 about the pricing; right?
 25 A Yes.

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1 Q Did you ever have any conversations with Stacy
 2 about pricing on this loan?
 3 A No.
 4 Q If you look at the next correspondence, it's
 5 from Robert, D-y-c-k, Dyck. Is that how you pronounce
 6 it?
 7 A Yes.
 8 Q He's an EDP and chief credit officer in Santa
 9 Monica. And then Michael Schirm, S-c-h-i-r-m, what was
 10 his position with the bank?
 11 A Senior credit administrator.
 12 Q And where was his offices?
 13 A Brea.
 14 Q So the loan file then was put together in Indian
 15 Wells?
 16 A No.
 17 Q Where would it have been put together?
 18 A In Palm Springs.
 19 Q Okay. And then it went from Palm Springs to
 20 Brea and then from Brea to Santa Monica?
 21 A Can you be more specific.
 22 Q In the approval process for the loan, okay,
 23 approval process is a process where the file is kicked
 24 upstream until somebody has the authority to make the
 25 loan; right?

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1 A Yes.
 2 Q And I'm just saying it appears it went from Palm
 3 Springs to Brea to Santa Monica.
 4 MR. LAMBIRTH: Are you saying physical file or
 5 electronic portion?
 6 MR. PETERSON: Either. Whether it's electronic
 7 or physical, either way.
 8 THE WITNESS: No. Can you specify whether you
 9 mean the loan file or --
 10 Q BY MR. PETERSON: I'm assuming the loan file
 11 probably includes the physical paper that you have in
 12 hand and electronic information that you have in the
 13 computers would encompass a loan file. Would that be
 14 true?
 15 A Yes.
 16 Q And all I'm saying is that the approval process
 17 in this particular case appears to have gone from Palm
 18 Springs to Brea and then from Brea to Robert Dyck in
 19 Santa Monica?
 20 A Yes.
 21 Q Do you have credit analysts that spread the
 22 file? Do they still do that anymore?
 23 A It depends.
 24 Q That would depend upon the kind of loan?
 25 A No.

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1 Q What would it depend upon?
 2 A Workload.
 3 Q So in spreading the file, I'm talking about
 4 somebody goes through and does the ratios; right? Are we
 5 talking about the same thing?
 6 A Yes.
 7 Q As you come down here, we've got some
 8 handwriting. Can you tell me whose handwriting it is?
 9 S-O-R is R/E. It looks like an exclamation point. Does
 10 that mean source of repayment is real estate?
 11 A Yes.
 12 Q And that's the close of escrow on the commercial
 13 property located in Sacramento. So that is how you knew
 14 from reading this particular document that it was the
 15 Sacramento property that was the source of repayment?
 16 A Yes.
 17 Q "Yes"?
 18 A Yes.
 19 Q Here we've got, "I am recommending approval of
 20 the subject credit," and that would be Michael Schirm
 21 recommending approval on it; correct?
 22 A Yes.
 23 Q As far as what you understand then, Bob Dyck
 24 then was the one that ultimately approved this loan?
 25 A Yes.

<p style="text-align: right;">Page 76</p> <p>1 2007.</p> <p>2 Q BY MR. PETERSON: Now, the top portion appears</p> <p>3 to be a -- if you look at the document, it says page 1 of</p> <p>4 3, 2 of 3, but I don't have a 3 of 3.</p> <p>5 MR. LAMBIRTH: I don't see where -- at the top?</p> <p>6 MR. PETERSON: Yeah.</p> <p>7 MR. LAMBIRTH: Oh, this thing. Yeah. Nor do</p> <p>8 we.</p> <p>9 Q BY MR. PETERSON: Is that a photocopy issue, you</p> <p>10 think? In other words, if we went back and looked at the</p> <p>11 original loan file, are we going to find --</p> <p>12 MR. LAMBIRTH: Wasn't that just a duplicate</p> <p>13 after that? What's the date of this one?</p> <p>14 THE WITNESS: January 31st. I don't think so.</p> <p>15 I think -- I don't think there is any wording that</p> <p>16 carried over to page 3. That's probably why it's not</p> <p>17 here. You know, sometimes when you e-mail and another</p> <p>18 page will be put on it, but there is nothing on it. I</p> <p>19 think that is what it was.</p> <p>20 MR. PETERSON: I understand.</p> <p>21 Q BY MR. PETERSON: Go back actually one document</p> <p>22 before that. That's the Robert Dyck -- it's from Schirm</p> <p>23 to Robert Dyck. At the bottom it talks about Copeland</p> <p>24 Three v Garden Ridge.</p> <p>25 Do you know what the "v" stands for? As a</p>	<p style="text-align: right;">Page 78</p> <p>1 Q Yes.</p> <p>2 A No.</p> <p>3 Q It appears that both -- from the last sentence,</p> <p>4 it says, "Therefore, David and I continue to support this</p> <p>5 loan request. We see it as a good loan for the bank."</p> <p>6 Then that went on to Mr. Dyck. What else would</p> <p>7 have gone to Mr. Dyck together with this particular</p> <p>8 e-mail? Do you know concerning this loan?</p> <p>9 A It would have just been the loan approval</p> <p>10 report.</p> <p>11 Q Going now to the next --</p> <p>12 A I'm sorry. Can I?</p> <p>13 Q Sure. Anything you want to add?</p> <p>14 A Okay. My response is okay.</p> <p>15 Q Looking at the next e-mail, it's a string of</p> <p>16 e-mails, I guess. One that started on -- if you go to</p> <p>17 the last page or the second page, and you look down at</p> <p>18 the bottom, it started at 9:03 a.m. on the 31st of</p> <p>19 January, 2007. It's from Jay at Copeland Realty.</p> <p>20 Did you know Jay?</p> <p>21 A Yes.</p> <p>22 Q You worked with Jay Whan on other loans and</p> <p>23 other matters?</p> <p>24 A Yes.</p> <p>25 Q What position was he at Copeland Realty, Inc.?</p>
<p style="text-align: right;">Page 77</p> <p>1 lawyer we always look at that as versus, but -- it's in</p> <p>2 the subject.</p> <p>3 A I see it. No.</p> <p>4 Q Go down to the second page, second full</p> <p>5 paragraph from the bottom. It says, "With this</p> <p>6 information, David and I" -- that would be David</p> <p>7 Dangwillo?</p> <p>8 A Yes.</p> <p>9 Q And he was with the bank?</p> <p>10 A Ycs.</p> <p>11 Q And what position did he have at the bank?</p> <p>12 A Senior vice president.</p> <p>13 Q He would have been over you at that time?</p> <p>14 A Yes.</p> <p>15 Q It says, "Called and spoke to Don Copeland to</p> <p>16 advise him of our findings." I guess this was about the</p> <p>17 Garden Ridge properties. It says, the second or actually</p> <p>18 the last full paragraph, We reiterate that we in no way</p> <p>19 are -- I guess are intending to rely on performance of</p> <p>20 Garden Ridge's repayment for our loan. We emphasize our</p> <p>21 reliance on proceeds from the sale of the IRS building.</p> <p>22 And did you have any conversations with anybody</p> <p>23 at any time concerning the subject of this, essentially</p> <p>24 the last paragraph that I just read?</p> <p>25 A Me personally?</p>	<p style="text-align: right;">Page 79</p> <p>1 A I don't recall his title.</p> <p>2 Q What did you understand him to do for them?</p> <p>3 A Assist with managing real estate assets, putting</p> <p>4 together financing.</p> <p>5 Q It says, "Were you able to reach a decision on</p> <p>6 the swing loan yet?"</p> <p>7 Do you have any understanding what he meant by</p> <p>8 "swing loan"?</p> <p>9 A He was referring to the subject loan.</p> <p>10 Q Do you have any idea why he referred to it as a</p> <p>11 swing loan?</p> <p>12 A Short-term loans where -- in this case they</p> <p>13 wanted to purchase a piece of property and were selling a</p> <p>14 piece of property. They needed financing to fill that</p> <p>15 gap. It's commonly referred to as a swing loan.</p> <p>16 Q And you understood it was CP Three selling its</p> <p>17 Rancho Cordova or Sacramento property and buying property</p> <p>18 in North Carolina, right?</p> <p>19 A Yes.</p> <p>20 Q Then you move up a little bit. It talks about</p> <p>21 the purchase price of the North Carolina property, I</p> <p>22 presume, at 8.8 million. And it says less the assumable</p> <p>23 loan leaves a minimum needed of 1.7. My notes indicated</p> <p>24 a loan request of 1.5.</p> <p>25 Whose notes are being referred to here? Is that</p>

Page 88	Page 90
1 on conversations you had with somebody at Pacific Western	1 Bank?
2 Bank? Mr. Dyck, for example, or Mr. Dangwillo?	2 A Yes.
3 A No, it was from reading the loan approval.	3 Q Did you speak with him about this transaction in
4 Q What in the loan approval did you read that led	4 preparation for your deposition today?
5 you to your conclusion?	5 A No.
6 A It stated the purpose of the loan was to	6 Q Is there any specific reason why you didn't
7 purchase the property in North Carolina.	7 speak with Mr. Schirm or Mr. Dyck?
8 Q Was there anything else that you read that led	8 A No.
9 you to your conclusion?	9 Q To your knowledge, did Donald Copeland ever tell
10 A I believe there was in the correspondence. Let	10 anyone at Pacific Western Bank that some entity other
11 me check, please. It was communication that led me to	11 than Copeland Property Three, a limited partnership, was
12 believe that.	12 actually buying the North Carolina property?
13 Q Could you identify that communication?	13 A No.
14 A The e-mail from Michael Schirm to Robert Dyck	14 Q To your knowledge, did Charles Copeland ever
15 dated February 7, 2007. The specific correspondence I'm	15 tell anybody at Pacific Western Bank that some entity
16 talking about was a little more down the page from Stacy	16 other than Copeland Properties Three, a limited
17 Wessman to Michael Schirm. That coupled with the loan	17 partnership, was actually buying the North Carolina
18 approval led me to believe that.	18 property?
19 Q That is an e-mail from Ms. Wessman to Michael	19 A No.
20 Schirm, you said?	20 Q Based on your experience as a loan officer, if
21 A Yes.	21 either of the Copelands that I mentioned or anyone else
22 MR. PETERSON: If you look at top left-hand	22 had made such a statement to Pacific Western Bank, would
23 corner, it says Robert Dyck with a line underneath it and	23 that be reflected in the loan file that you've given to
24 from Michael Schirm, Wednesday, February 7th.	24 us?
25 Q BY MR. BRUBACHER: Okay. Anything else other	25 A I don't know.
Page 89	Page 91
1 than the e-mail that you just identified that led to your	1 Q When you worked as a loan officer at Pacific
2 conclusion?	2 Western Bank, it was your practice to put communications
3 A We had a real estate purchase agreement on file	3 that reflected that a borrower was going to be using
4 for the North Carolina property.	4 another entity to purchase real property into the loan
5 Q That's the only reason that a real estate	5 file?
6 purchase agreement would be in the agreement for the	6 A Yes.
7 North Carolina property based on your understanding?	7 Q If you'll look at the first amendment to the
8 A Yes.	8 real estate purchase agreement, please, just let me know
9 Q In preparation for today's deposition, did you	9 when you've reached that.
10 speak with Mr. Dyck about this transaction?	10 A I have.
11 A No.	11 Q If you'll notice on the bottom right-hand
12 Q In preparation for today's deposition, did you	12 corner, it identifies the purchaser. It identifies the
13 speak with Mr. Dangwillo about this transaction?	13 purchaser as Copeland Properties Fourteen LP.
14 A No.	14 Did you ever have any discussions with anyone
15 Q Is Mr. Dangwillo still employed by Pacific	15 about why Copeland Properties Fourteen LP was listed as
16 Western Bank?	16 the purchaser for the property in this document?
17 A No.	17 A Can you repeat the question, please.
18 Q Do you know where he's currently employed?	18 MR. BRUBACHER: Can you read it back to her,
19 A He is retired.	19 please.
20 Q What about Mr. Dyck? Is it Dyck or Dyck?	20 (Whereupon the question was read back
21 A Dyck.	21 by the reporter.)
22 Q Dyck. I'm sorry. What about Mr. Dyck? Is he	22 THE WITNESS: No. I wasn't there.
23 still employed by Pacific Western Bank?	23 Q BY MR. BRUBACHER: What about since then?
24 A Yes.	24 A No.
25 Q Is Mr. Schirm still employed by Pacific Western	25 MR. LAMBIRTH: Would you give us a minute,

EXHIBIT “J”

Robert Dyck

From: Michael Schirm
Sent: Wednesday, February 07, 2007 6:48 PM
To: Robert Dyck
Subject: FW: Copeland Three v. Garden Ridge

Bob,

Please review the e-mail below as prepared by Stacey.

I discussed this Garden Ridge, L.P. issue at length with both Stacey and David this afternoon and this is their follow-up. I feel comfortable that she has done all she could and they in turn discussed the issues with Copeland.

Given her findings, I recommend that we go forward with the request.

Mike

-----Original Message-----

From: Stacey Wessman
Sent: Wednesday, February 07, 2007 5:46 PM
To: Michael Schirm
Cc: David Dangwilli
Subject: Copeland Three v. Garden Ridge

In connection with Copeland Three, LP's purchase of a building in North Carolina which houses a store location of Garden Ridge, we have run several D&B's on the tenant and its related entities (Parents). Our search provided the following results:

Garden Ridge, LP, and its 99% limited partner, Garden Ridge Investments, filed Chapter 11 Bankruptcy in 2004. Both plans were confirmed 4/28/05. Other than the BK's the D&B's are fairly clear (some slow pay, but nothing significant).

Garden Ridge, LP

Headquartered in Houston Texas. Started in 1979; Management control since 1998. Employs 3,500. Credit Score Class of 2 (probability of severely delinquent payment is lower than average). Financial Stress Class of 1 (low risk of severe financial stress, such as Bankruptcy, over next 12 months). Pays approximately 9 days beyond terms (where industry median is 5 days beyond terms). 77% of payments are within terms; 199 payment experiences are in D&B's file. No record of open liens or judgments. One suit, filed 2/28/06; defendant is Garden Ridge Pottery, Inc. (which merged with another company, Garden Ridge Pottery & Imports, Inc to form Garden Ridge, LP in 1998). Several UCC filings are in existence, with Allied Capital Corporation and Bank of America. Retailers:
20% hobby supplies, toys, games, craft supplies
20% artificial flowers, candles, picture frames
20% home furnishings specializing in kitchenware glassware, beddings, linens, wall pictures
20% gifts, novelties, party favors
20% operates as a florist specializing in fresh flowers.

Sells for cash 99%; balance within 30 days, to general public. Stores are located in Texas, Kentucky, Oklahoma, North and South Carolina, Georgia, Florida, Tennessee, Virginia, and Missouri.

With this information, David & I called and spoke to Don Copeland to advise him of our findings. He assured us their company was well aware of the Garden Ridge's history, business plan, and work-out history; they had performed significant due diligence on the company, had thoroughly analyzed their financial statements, and continued to see this purchase as an excellent opportunity for them. He indicated a healthy cap rate of 11% on this building was a result of the company's history. As you know, Copeland is a full service CPA and financial analyst with major experience in commercial real estate investing and property management who we think is qualified to make this analysis.

We reiterated that we were in no way intending to rely on performance of Garden Ridge as repayment for our loan. We emphasized our reliance on proceeds from the sale of the IRS building in Sacramento County to repay our loan. He acknowledged that he completely understood.

Therefore, David and I continue to support this loan request, and see it as a prudent loan for the Bank.

EXHIBIT “K”

GENERAL LEDGER CREDIT PACIFIC WESTERN BANK

Account No: 1336801888 Date: 2/19/07

Amount: \$4,500.00

Description: LAD Cheque
 Pmt to: Woodland Properties Trust LP
 Loan # 181050457

City: Vancouver Post: PO 112

Account Number: 1336801888 OF 6 0
 Amount: \$4,500.00 Trans: 72
 Post Date: 20070220 Routing Number: 122238200
 Sequence: 700394532 Serial: 0

GENERAL LEDGER CREDIT PACIFIC WESTERN BANK

Account No: 4421151816 Date: 2/19/07

Amount: \$500.00

Description: Processing Fee: Woodland Properties Trust LP
 Loan # 181050457

City: Vancouver Post: PO 112

Account Number: 4421151816 OF 6 0
 Amount: \$500.00 Trans: 72
 Post Date: 20070220 Routing Number: 122238200
 Sequence: 700394533 Serial: 0

Account Number 1336801888 OF 6 0
 Amount \$4,500.00 Trans 72
 Post Date 20070220 Routing Number 122238200
 Sequence 700394532 Serial 0

Account Number 4421151816 OF 6 0
 Amount \$500.00 Trans 72
 Post Date 20070220 Routing Number 122238200
 Sequence 700394533 Serial 0

02/20/07
 122238200
 000004500000

02/20/07
 122238200
 000005000000

BANK COPY

PACIFIC WESTERN BANK 296888

02/20/07

Pay to the order of: WOODLAND PROPERTIES TRUST, L.P. \$1,795,000.00

1795.00 Dollars NOT NEGOTIABLE

Cashier's Check

Account Number: 91999013 OF 6 0
 Amount: \$1,795,000.00 Trans: 9
 Post Date: 20070220 Routing Number: 122238200
 Sequence: 700394534 Serial: 296888

GENERAL LEDGER DEBIT PACIFIC WESTERN BANK

Account No: 1336801888 Date: 2/19/07

Amount: \$1,800,000.00

Description: LAD Cheque
 Woodland Properties Trust LP
 Loan # 181050457

City: Vancouver Post: PO 112

Account Number: 1336801888 OF 6 0
 Amount: \$1,800,000.00 Trans: 71
 Post Date: 20070220 Routing Number: 122238200
 Sequence: 700394535 Serial: 0

Account Number 91999013 OF 6 0
 Amount \$1,795,000.00 Trans 9
 Post Date 20070220 Routing Number 122238200
 Sequence 700394534 Serial 296888

Account Number 1336801888 OF 6 0
 Amount \$1,800,000.00 Trans 71
 Post Date 20070220 Routing Number 122238200
 Sequence 700394535 Serial 0

02/20/07
 122238200
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02/20/07
 122238200
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EXHIBIT “L”

022 00001 00 PAGE: 1
 ACCOUNT: 114722603 02/28/2007

COPELAND PROPERTIES THREE, LP 30
 25809 BUSINESS CNTR DR STE B 2
 REDLANDS CA 92374 11

=====

REDLANDS OFFICE TELEPHONE: 909-798-3611
 218 E STATE STREET
 REDLANDS CA 92373

=====

TO OUR VALUED CUSTOMERS:
 YOUR CONFIDENCE AND FULL SATISFACTION ARE IMPORTANT TO US,
 PLEASE REVIEW YOUR STATEMENT, SHOULD YOU HAVE ANY QUESTIONS
 PLEASE CONTACT YOUR BANKING OFFICE.

=====

BUSINESS CHECKING ACCOUNT 114722603

=====

MINIMUM BALANCE	482.86	LAST STATEMENT 01/31/07	42,265.79
AVERAGE BALANCE	601,134.61	4 CREDITS	2,102,579.95
		14 DEBITS	2,046,755.59
		THIS STATEMENT 02/28/07	98,090.15

DEPOSITS

REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
	02/20	1795,000.00		02/23	879.95			

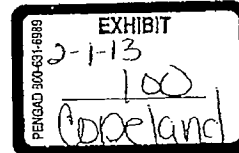
OTHER CREDITS

DESCRIPTION	DATE	AMOUNT
609743 INTERNET TRANSFER FR BUSINESS CHECKING 114720001 ON	02/05	6,700.00
2/02/07 AT 17:15		
WIRE FROM FIRST AMERICAN TITLE CO.	02/07	300,000.00

CHECKS

CHECK #	DATE	AMOUNT	CHECK #	DATE	AMOUNT	CHECK #	DATE	AMOUNT
3413	02/12	155.31	3417	02/08	3,828.92	3421	02/16	2,988.62
3414	02/09	41.56	3418	02/08	194,728.95	3422	02/28	97.50
3415	02/12	947.00	3419	02/15	1,200.00	3423	02/26	17.51
3416	02/07	1,690.08	3420	02/23	4,260.11			

* * * C O N T I N U E D * * *



FCB(a) 0108

022 00001 00 PAGE: 2
 ACCOUNT: 114722603 02/28/2007

COPELAND PROPERTIES THREE, LP

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BUSINESS CHECKING ACCOUNT 114722603

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----- OTHER DEBITS -----

DESCRIPTION	DATE	AMOUNT
BPLLC RE PAYMENT 5960619082	02/01	41,782.93
SERVICE CHARGE	02/28	17.00
588266 INTERNET TRANSFER TO BUSINESS CHECKING 114858301 ON 2/28/07 AT 10:32	02/28	1,795,000.00

- - - ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD - - -

TOTAL CHARGE FOR MAINTENANCE FEE: 17.00

- - - ITEMIZATION OF NSF PAID AND RETURNED ITEM FEES - - -

	THIS PERIOD	YEAR TO DATE
NSF PAID ITEM FEE:	.00	.00
NSF RETURNED ITEM FEE:	.00	.00
OVERDRAFT FEES:	.00	.00

----- DAILY BALANCE -----

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
02/01	482.86	02/09	106,893.35	02/20	1,896,602.42
02/05	7,182.86	02/12	105,791.04	02/23	1,893,222.26
02/07	305,492.78	02/15	104,591.04	02/26	1,893,204.65
02/08	106,934.91	02/16	101,602.42	02/28	98,090.15

EXHIBIT
 106-1

FCB(a) 0109

1st Centennial Bank

Page 1 of 1

Transfer Confirmation

Completed: 02/28/2007 10:32:00 AM

Transfer From			
Number	Account	Transfer Amount	New Balance
114722603	CP3	1,795,000.00	98,107.15

Transfer To Deposits				
Number	Account	Transfer Amount	New Balance	Confirmation Number
114858301	CP14	1,795,000.00	1,968,969.45	485588266



EXHIBIT
111-7

<https://fiservla4.com/Pbi1961.Asp?WCI=ExpressXfr&WCE=PFConfirm&Data=&Numbe...> 2/28/2007

EXHIBIT “M”

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT SETTLEMENT STATEMENT		B. TYPE OF LOAN: 1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> FmHA 3. <input type="checkbox"/> C/ UNINS. 4. <input type="checkbox"/> VA 5. <input type="checkbox"/> CONV. INS. 6. FILE NUMBER: 8LAWYERS-061184 7. LOAN NUMBER: 8. MORTGAGE INS CASE NUMBER:		
C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.				
D. NAME AND ADDRESS OF BORROWER: COPELAND PROPERTIES 18, LP 25809 BUSINESS CENTER DRIVE REDLANDS, CA 92374		E. NAME AND ADDRESS OF SELLER: WENDOVER GREENSBORO, LTD 2810 REVERE HOUSTON, TX 77098		F. NAME AND ADDRESS OF LENDER: CW CAPITAL, LLC 63 KENDRICK STREET NEEDHAM, MASSACHUSETTS 02494
G. PROPERTY LOCATION: 6103 LANDMARK CENTER BLVD GREENSBORO, NC 27409 GUILFORD County, North Carolina 11.14AC Lot 20 PB 128-18		H. SETTLEMENT AGENT: 01-0725684 HUNTER HIGGINS MILES ELAM & BENJAMIN, PLLC PLACE OF SETTLEMENT 101 W.Friendly Avenue, Ste. 500 Greensboro, NC 27401		I. SETTLEMENT DATE: March 2, 2007
J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION		
100. GROSS AMOUNT DUE FROM BORROWER:		400. GROSS AMOUNT DUE TO SELLER:		
101. Contract Sales Price	8,800,000.00	401. Contract Sales Price	8,800,000.00	
102. Personal Property		402. Personal Property		
103. Settlement Charges to Borrower (Line 1400)	826,467.39	403.		
104.		404.		
105.		405.		
<i>Adjustments For Items Paid By Seller in advance</i>		<i>Adjustments For Items Paid By Seller in advance</i>		
106. City/Town Taxes to		406. City/Town Taxes to		
107. County Taxes to		407. County Taxes to		
108. Assessments to		408. Assessments to		
109. INSURANCE ESCROW RESERVE	7,901.22	409. INSURANCE ESCROW RESERVE	7,901.22	
110. SELLER'S PRORATA MARCH RENT	4,619.35	410. SELLER'S PRORATA MARCH RENT	4,619.35	
111.		411.		
112.		412.		
120. GROSS AMOUNT DUE FROM BORROWER	9,638,987.96	420. GROSS AMOUNT DUE TO SELLER	8,812,520.57	
130. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		500. REDUCTIONS IN AMOUNT DUE TO SELLER:		
1. Deposit or earnest money	850,000.00	501. Excess Deposit (See Instructions)		
2. Principal Amount of New Loan(s)		502. Settlement Charges to Seller (Line 1400)	151,210.41	
203. Existing loan(s) taken subject to	6,730,225.03	503. Existing loan(s) taken subject to	6,730,225.03	
204.		504. Payoff First Mortgage		
205.		505. Payoff Second Mortgage		
206.		506.		
207.		507. (Deposit disb. as proceeds)		
208.		508.		
209.		509.		
<i>Adjustments For Items Unpaid By Seller</i>		<i>Adjustments For Items Unpaid By Seller</i>		
210. City/Town Taxes to		510. City/Town Taxes to		
211. County Taxes to		511. County Taxes to		
212. Assessments to		512. Assessments to		
213. SELLERS PRORATA MARCH INTEREST	3,151.98	513. SELLERS PRORATA MARCH INTEREST	3,151.98	
214. DEFERRED PAYMENT TO SELLER *	330,000.00	514. DEFERRED PAYMENT TO SELLER	330,000.00	
215. *(Evidenced by a Promissory Note to Seller signed by Donald P. Copeland and Charles P. Copeland as their individual and joint obligation.)		515.		
216.		516.		
217.		517.		
218.		518.		
219.		519.		
220. TOTAL PAID BY/FOR BORROWER	7,913,377.01	520. TOTAL REDUCTION AMOUNT DUE SELLER	7,214,587.42	
300. CASH AT SETTLEMENT FROM/TO BORROWER:		600. CASH AT SETTLEMENT TO/FROM SELLER:		
301. Gross Amount Due From Borrower (Line 120)	9,638,987.96	601. Gross Amount Due To Seller (Line 420)	8,812,520.57	
302. Less Amount Paid By/For Borrower (Line 220)	(7,913,377.01)	602. Less Reductions Due Seller (Line 520)	(7,214,587.42)	
303. CASH (X FROM) (TO) BORROWER	1,725,610.95	603. CASH (X TO) (FROM) SELLER	1,597,933.15	

HUD-1 (3-06) RESPA, HB4305.2

EXHIBIT
 105-17

L. SETTLEMENT CHARGES				PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLERS FUNDS AT SETTLEMENT
700. TOTAL COMMISSION Based on Price	\$	@	% 132,000.00		
<i>Division of Commission (line 700) as Follow</i>					
701. \$ 132,000.00	to	STAN JOHNSON COMPANY			
702. \$	to				
703. Commission Paid at Settlement					
704.	to				132,000.00
800. ITEMS PAYABLE IN CONNECTION WITH LOAN					
801. Loan Origination Fee	%	to			
802. Loan Discount	%	to			
803. Appraisal Fee		to			
804. Credit Report/background check		to CW CAPITAL, LLC	POC:B1219.16		
805. Lender's Inspection Fee		to			
806. Mortgage Ins. App. Fee		to			
807. Assumption Fee		to CW CAPITAL, LLC		67,302.25	
808. PROPERTY RESERVE ESCROW		to CW CAPITAL, LLC		730,000.00	
809. CREDIT REPORTS		to CW CAPITAL, LLC	POC:B1006.73		
810.					
811.					
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE					
901. Interest From	to	@ \$	/day (days %)		
902. MIP Totals. for LifeOfLoan	for	months to			
903. Hazard Insurance Premium for	1.0 years	to			
904.					
905.					
1000. RESERVES DEPOSITED WITH LENDER					
1001. Hazard Insurance	months @ \$		per month		
1002. Mortgage Insurance	months @ \$		per month		
1003. City/Town Taxes	months @ \$		per month		
1004. County Taxes	months @ \$		per month		
1005. Assessments	months @ \$		per month		
1006.	months @ \$		per month		
1007.	months @ \$		per month		
1008.	months @ \$		per month		
1100. TITLE CHARGES					
1101. Settlement or Closing Fee	to	HUNTER HIGGINS MILES ELAM & BENJAMIN, PLLC		10,500.00	
1102. Abstract or Title Search	to				
1103. LENDER'S COUNSEL FEES	to	ANDERSON KILL & OLICK, PC		11,750.89	
1104. Title Insurance Binder	to				
1105. Document Preparation	to	HUNTER HIGGINS MILES ELAM & BENJAMIN, PLLC			100.00
1106. Notary Fees	to				
1107. Attorneys Fees	to				
<i>(includes above item numbers:)</i>					
1108. Title Insurance	to	LAWYERS TITLE INSURANCE CORPORATION		6,340.25	
<i>(includes above item numbers:)</i>					
1109. Lender's Coverage	\$				
1110. Owner's Coverage	\$				
1111. WIRE/COPIES/FEDERAL EXPRESS	to	HUNTER HIGGINS MILES ELAM & BENJAMIN, PLLC		210.00	
1112. REIMBURSE ZONING/UCC SEARCHES	to	HUNTER HIGGINS MILES ELAM & BENJAMIN, PLLC		112.00	
1113. BALANCE LENDER'S ATT FEES	to	ANDERSON KILL & OLICK, PC	POC:8780.84LENDER		
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES					
1201. Recording Fees: Deed \$ 20.00; Mortgage \$ 77.00; Releases \$				97.00	
1202. City/County Tax/Stamps: Deed ; Mortgage					17,600.00
1203. State Tax/Stamps: Revenue Stamps 17,600.00; Mortgage					
1204. RECORD UCC	to	GUILFORD County Register of Deeds		45.00	
1205. EXTRA RECORDING FEES	to	GUILFORD County Register of Deeds		100.00	
1300. ADDITIONAL SETTLEMENT CHARGES					
1301. Survey	to				
1302. Pest Inspection	to				
1303. ESCROW FOR PENDING WATER BILL	to	CITY OF GREENSBORO			1,510.41
1304. REIMBURSE FILE CA UCC	to	JOHN T. HIGGINS, JR.		10.00	
1305.					
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)				826,467.39	151,210.41

Certified to be a true copy.

{ 8LAWYERS-061184 / 8LAWYERS-061184 / 57 }

EXHIBIT
105-12

EXHIBIT “N”



First American Title Company
 1610 Arden Way, Suite 190 • Sacramento, CA 95815
Seller's Final Settlement Statement

Don
we should have
SOME WITHHOLDINGS
AT PARTNERS. CAN
you check on it
AND HAVE IT
FORWARDED

Property: 3041 Sunrise Blvd., Sacramento, CA
 File No: 3404-2574415
 Officer: Arah Tresler/vrs
 New Loan No:
 Settlement Date: 04/06/2007
 Disbursement Date:
 Print Date: 4/9/2007, 10:42 AM

Buyer: NBFRE 10 LLC
 Address: Comerica Bank 1031 Exchange Service, 500 Woodland Ave., MC3256, Detroit, MI 48226
 Seller: Copeland Properties Three LP, Copeland Realty, Inc.
 Address: 25809 Business Center Dr. #B, Redlands, CA 92374

Charge Description	Seller Charge	Seller Credit
Consideration:		
Total Consideration		9,900,000.00
Adjustments:		
Repairs to roof	SCH E 3,375.00	Repairs
Repairs to Air Conditioner	SCH E 40,360.00	
Prorations:		
County Tax 072-0340-100-0000 04/06/07 to 07/01/07 @ \$45138.02/semi	SCH E	21,270.52
County Tax 072-0340-101-0000 04/06/07 to 07/01/07 @ \$7067.94/semi	SCH E	3,330.65
Commissions:		
Commission Paid at Settlement to Coldwell Banker Richard Ellis	(1) 220,000.00	Cost of sale
Commission Paid at Settlement to Cornish and Carey	(1) 220,000.00	
Payoff Loan(s):		
Lender: DeAnn Angerson, as to an undivided 32.82 % interest, Maids Anderson, as to an		
Principal Balance - DeAnn Angerson, as to an undivided 32.82 % interest, Maids Anderson, as to an	SCH E 572,416.66	NP
Interest on Payoff Loan 03/01/07 to 04/06/07 @ 7.000000% - DeAnn Angerson, as to an undivided	SCH E 4,061.83	Interest
Lender: Business Partners, LLC		
Principal Balance - Business Partners, LLC	SCH E 5,762,372.52	Loan
Interest on Payoff Loan 04/03/07 to 04/10/07 @ \$927.510000/day - Business Partners, LLC	SCH E 7,420.08	Business Partners
Interest to 4/3/07 @ \$0.000000/day - Business Partners, LLC	SCH E 30,066.63	
Statement/Forwarding Fee - Business Partners, LLC	(1) 30.00	Cost of sale
Reconveyance Fee - Business Partners, LLC	(1) 45.00	
Recording Fee - Business Partners, LLC	(1) 14.10	
UCC Termination Fee - Business Partners, LLC	(1) 10.00	
Lender: Pacific Western Bank		
Principal Balance - Pacific Western Bank	SCH E 1,800,000.00	Loan
Interest on Payoff Loan 04/04/07 to 04/10/07 @ \$487.500000/day - Pacific Western Bank	SCH E 3,412.50	Interest
Interest to 4/4/07 @ \$0.000000/day - Pacific Western Bank	SCH E 20,962.50	
Statement/Forwarding Fee - Pacific Western Bank	(1) 30.00	Cost of sale
Reconveyance Fee - Pacific Western Bank	(1) 45.00	
Lender: Wells Fargo Financial Leasing attn: Leasing Remittance F4031-050		
Principal Balance - Wells Fargo Financial Leasing attn: Leasing Remittance F4031-050	SCH E 85,087.82	Loan
Title/Escrow Charges to:		
ALTA Extended Owners 1992 BINDER - First American Title Company	(1) 9,405.00	
Escrow Fee - One Half - First American Title Company	(1) 1,650.00	Cost of sale
Miscellaneous Recording (Edit) - First American Title Company	(1) 36.00	
County Documentary Transfer Tax - First American Title Company	(1) 10,670.00	
Disbursements Paid:		
PCOE Release of Additional Deposit to Copeland Props Three L.P.	200,000.00	Proceeds
PCOE Release of Extension Deposit to Copeland Props Three L.P.	100,000.00	
PCOE Release of Extension Deposit to Copeland Props Three L.P.	100,000.00	
072-0340-100-0000 2nd Installment to Sacramento County Tax	SCH E 45,138.02	Prop (2)
072-0340-101-0000 2nd Installment to Sacramento County Tax	SCH E 5,384.29	Taxes
072-0340-101-0000 Supplemental to Sacramento County Tax	SCH E 1,683.65	
Cash (X To) (From) Seller	680,924.59	Proceeds
Totals	9,924,601.17	9,924,601.17

Prop Taxes

Business Partners

EXHIBIT 44
 Deponent: *Dotan*
 Date: *12-10-07*
 Rpt. *ML*
 WWW.DEPOBOOK.COM

Initials: _____
 (2) 27, 104, 79
 73
 50 44, 935
 TP
 Page 1 of 2

PL-1/1 MR 0003

EXHIBIT “O”

022 00001 00 PAGE: 1
 ACCOUNT: 114722603 04/30/2007

COPELAND PROPERTIES THREE, LP 30
 25809 BUSINESS CNTR DR STE B 4
 REDLANDS CA 92374 12

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REDLANDS OFFICE TELEPHONE: 909-798-3611
 218 E STATE STREET
 REDLANDS CA 92373

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TO OUR VALUED CUSTOMERS:
 YOUR CONFIDENCE AND FULL SATISFACTION ARE IMPORTANT TO US,
 PLEASE REVIEW YOUR STATEMENT, SHOULD YOU HAVE ANY QUESTIONS
 PLEASE CONTACT YOUR BANKING OFFICE.

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BUSINESS CHECKING ACCOUNT 114722603

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		LAST STATEMENT 03/30/07	143,645.21
MINIMUM BALANCE	66,820.10	6 CREDITS	836,905.99
AVERAGE BALANCE	457,412.88	17 DEBITS	776,715.97
		THIS STATEMENT 04/30/07	203,835.23

----- DEPOSITS -----

REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
	04/16	103,542.24		04/19	975.00			
	04/19	491.06		04/25	17,428.99			

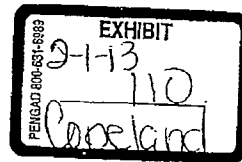
----- OTHER CREDITS -----

DESCRIPTION	DATE	AMOUNT
WIRE FROM FIRST AMERICAN TITLE CO.	04/09	680,924.59
TO REV ENTRY	04/27	33,544.11

----- CHECKS -----

CHECK #	DATE	AMOUNT	CHECK #	DATE	AMOUNT	CHECK #	DATE	AMOUNT
3435	04/02	42.18	3440	04/19	29,486.00	3444	04/17	50,000.00
3436	04/10	3,083.81	3441	04/19	17.58	3445*	04/23	230,000.00
3437*	04/09	998.75	3442	04/25	624.00	3447	04/30	47.85
3439	04/13	18.79	3443	04/19	2,482.47	3448	04/30	43.39

(*) INDICATES A GAP IN CHECK NUMBER SEQUENCE
 * * * C O N T I N U E D * * *



FCB(a) 0112

022 00001 00 PAGE: 2
 ACCOUNT: 114722603 04/30/2007

COPELAND PROPERTIES THREE, LP

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BUSINESS CHECKING ACCOUNT 114722603

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----- OTHER DEBITS -----

DESCRIPTION	DATE	AMOUNT
767570 INTERNET TRANSFER TO BUSINESS CHECKING 114720001 ON 4/02/07 AT 14:30	04/02	35,000.00
BPLLC RE PAYMENT 5960619082	04/02	41,782.93
872935 INTERNET TRANSFER TO BUSINESS CHECKING 114720001 ON 4/09/07 AT 10:23	04/09	16,000.00
WIRE TO WENDOVER GREENSBORO LTD	04/27	33,544.11
WIRE TO WENDOVER GREENSBORO LTD	04/27	333,544.11

- - - ITEMIZATION OF NSF PAID AND RETURNED ITEM FEES - - -

	THIS PERIOD	YEAR TO DATE
NSF PAID ITEM FEE:	.00	.00
NSF RETURNED ITEM FEE:	.00	.00
OVERDRAFT FEES:	.00	.00

----- DAILY BALANCE -----

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
04/02	66,820.10	04/16	831,185.58	04/25	537,470.58
04/09	730,745.94	04/17	781,185.58	04/27	203,926.47
04/10	727,662.13	04/19	750,665.59	04/30	203,835.23
04/13	727,643.34	04/23	520,665.59		

EXHIBIT
 110-1

FCB(a) 0113

COPELAND PROPERTIES THREE, LP
25809 BUSINESS CENTER DR. STE B
REDLANDS CA 92374

1st CENTENNIAL BANK
A nice place to raise your business™
218 E. State Street
Redlands, CA 92373
909-796-1242

3445
90-4195/1222

DATE 4/17/2007

TO THE ORDER OF Lillian Franklin \$ **230,000.00

Two Hundred Thirty Thousand and 00/100***** DOLLARS

Lillian Franklin



APPROXIMATED SIGNATURE

⑈003445⑈ ⑆122241954⑆0114722603⑈

~~THIS DOCUMENT CONTAINS SENSITIVE INFORMATION. TOUCH OF PRESS AND RED IMAGE DISAPPEARS WITH THE PRESS.~~

COPELAND PROPERTIES THREE, LP
Lillian Franklin

4/17/2007

3445

230,000.00

Redlands Centennial Bank

230,000.00

COPELAND PROPERTIES THREE, LP
Lillian Franklin

4/17/2007

3445

230,000.00

Redlands Centennial Bank

230,000.00

EXHIBIT
111-4

EXHIBIT “P”

1:03 PM
02/02/08
Cash Basis

Copeland Properties Three
Trial Balance
As of December 31, 2007

	Dec 31, 07	
	Debit	Credit
1100 · Travis CU- Checking	0.00	
1110 · Redlands Centennial Bank	0.00	
1200 · BP Holdback	0.00	
1250 · Pooled Investment	0.00	
1400 · Note Receivable- Ziilch	0.00	
1401 · Note Receivable-CP9	25,000.00	
1414 · Note Receivable - CP14	423,544.11	
1420 · Receivable -CRI	0.00	
1425 · Note Receivable - CRI Trust	0.00	
1499 · TCG Trust	0.00	
1790 · Land	1,615,210.37	
1800 · Building	6,474,613.90	
1820 · Equipment - Leased	141,544.43	
1820 · Equipment - Leased:1825 · Accum Depreciation - Equipment		71,041.00
1850 · Accum Depreciation -Building		386,605.00
1890 · Loan Fees	60,600.00	
1890 · Loan Fees:1895 · Accum Amortization -Loan Fees		30,300.00
2001 · Accounts Payable	0.00	
2010 · Note Payable-Wells Fargo Lease		68,110.32
2020 · Note Payable- CRI		57,744.36
2030 · Note Payable-Ziilch	0.00	
2040 · Note Payable-TCG Trust		138,273.77
2050 · Note Payable- CP6	0.00	
2055 · N/P-Copeland Fixed Income One		34,971.04
2060 · N/P - TCG Financial Advisors	0.00	
2070 · Note Payable-TCG Pension Trust	0.00	
2080 · Note Payable-CP9	0.00	
2085 · Note Payable - CFI#2		94,000.00
2090 · Note Payable - CP4	0.00	
2000 · Note Payable-Business Partners		5,752,064.48
2002 · N/P - Pacific Western Bank		1,795,000.00
3800 · Capital-Dorothy Ziilch		329,470.31
3800 · Capital-Dorothy Ziilch:3801 · Draws	430,000.00	
3800 · Capital-Dorothy Ziilch:3802 · Contributions	0.00	
3810 · Capital- W.W.Eure		308,602.12
3810 · Capital- W.W.Eure:3811 · Draws	430,000.00	
3810 · Capital- W.W.Eure:3812 · Contributions	0.00	
3820 · Capital- Lillian Franklin		165,064.85
3820 · Capital- Lillian Franklin:3821 · Draws	230,000.00	
3820 · Capital- Lillian Franklin:3822 · Contributions	0.00	
3830 · Capital- Melvyn Ross		154,302.50
3830 · Capital- Melvyn Ross:3831 · Draws	215,000.00	
3830 · Capital- Melvyn Ross:3832 · Contributions	0.00	
3840 · Capital- Joseph Dotan		154,301.56
3840 · Capital- Joseph Dotan:3841 · Draws	215,000.00	
3840 · Capital- Joseph Dotan:3842 · Contributions	0.00	
3850 · Capital-CharlesSchwabFBOJanet I	60,698.94	
3850 · Capital-CharlesSchwabFBOJanet I:3851 · Draws	0.00	
3850 · Capital-CharlesSchwabFBOJanet I:3852 · Contributions	0.00	
3860 · Capital- Neal Bricker		154,300.06
3860 · Capital- Neal Bricker:3861 · Draws	215,000.00	
3860 · Capital- Neal Bricker:3862 · Contributions	0.00	
3870 · Capital- Sandra Hayes		143,538.66
3870 · Capital- Sandra Hayes:3871 · Draws	200,000.00	
3870 · Capital- Sandra Hayes:3872 · Contributions	0.00	
3900 · Retained Earnings		670.19
4600 · Interest Income		458.69
4700 · Sale Proceeds		1,082,390.65
7200 · Utilities:7201 · Electricity		3,654.16
7200 · Utilities:7202 · Water/Sewer	8,973.49	
7200 · Utilities:7203 · Trash	270.00	
7300 · Operating Expenses:7301 · Security	366.31	
7300 · Operating Expenses:7303 · Telephone	212.12	
7300 · Operating Expenses:7304 · Fire Sprinkler Inspection	195.00	

372,709.9

187 66-06

EXHIBIT
112-7

1:03 PM
 02/02/08
 Cash Basis

Copeland Properties Three
 Trial Balance
 As of December 31, 2007

	Dec 31, 07	
	Debit	Credit
7400 · Repairs/Maintenance:7401 · Air Conditioning Maintenance	33,325.75	
7400 · Repairs/Maintenance:7402 · Grounds Maintenance	875.00	
7400 · Repairs/Maintenance:7403 · Miscellaneous repairs/maint	82.47	
7500 · Insurance-GL:7510 · Insurance-Umbrella	3,413.56	
7500 · Insurance-GL:7510.1 · Service Fee	0.00	
8100 · Bank Charges	85.00	
8200 · Interest Expense	113,199.17	
8200 · Interest Expense:8200.1 · Interest Exp - Pacific Western	0.00	
8200 · Interest Expense:8200.2 · Interest Expense - CFI#2	5,499.00	
8200 · Interest Expense:8200.3 · Interest - Pension & FA	14,147.24	
8300 · Legal/Professional	709.50	
8400 · Office	109.51	
8555 · Property Management	5,125.00	
8600 · Taxes -Property	1,273.85	
9600 · State Tax Provision	800.00	
TOTAL	<u>10,924,873.72</u>	<u>10,924,873.72</u>

EXHIBIT
 113-8

EXHIBIT “Q”

022 00001 00 PAGE: 1
 ACCOUNT: 114722603 07/23/2007

COPELAND PROPERTIES THREE, LP <C> 30
 25809 BUSINESS CNTR DR STE B 1
 REDLANDS CA 92374 1

*** FINAL STATEMENT ***

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REDLANDS OFFICE	TELEPHONE: 909-798-3611
18 E STATE STREET	
REDLANDS CA 92373	

=====

TO OUR VALUED CUSTOMERS:
 YOUR CONFIDENCE AND FULL SATISFACTION ARE IMPORTANT TO US,
 PLEASE REVIEW YOUR STATEMENT, SHOULD YOU HAVE ANY QUESTIONS
 PLEASE CONTACT YOUR BANKING OFFICE.

=====

BUSINESS CHECKING ACCOUNT 114722603

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LAST STATEMENT 06/29/07	214.74
1 CREDITS	3,346.76
2 DEBITS	3,561.50
THIS STATEMENT 07/23/07	.00

----- DEPOSITS -----

REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
	07/02	3,346.76						

----- OTHER DEBITS -----

DESCRIPTION	DATE	AMOUNT
94728 INTERNET TRANSFER TO BUSINESS CHECKING 114735801 ON 7/11/07 AT 14:22	07/11	3,544.50
	07/20	17.00

----- ITEMIZATION OF NSF PAID AND RETURNED ITEM FEES -----

	THIS PERIOD	YEAR TO DATE
NSF PAID ITEM FEE:	.00	.00
NSF RETURNED ITEM FEE:	.00	.00
OVERDRAFT FEES:	.00	.00

*** CONTINUED ***

FCB(a) 0117

022 00001 00 PAGE: 2
ACCOUNT: 114722603 07/23/2007

COPELAND PROPERTIES THREE, LP

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BUSINESS CHECKING ACCOUNT 114722603

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DAILY BALANCE

DATE.....	BALANCE	DATE.....	BALANCE	DATE.....	BALANCE
07/02	3,561.50	07/11	17.00	07/20	.00

FCB(a) 0118


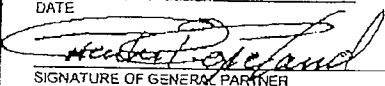
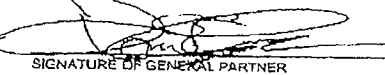
Exhibit "Q" - 2

EXHIBIT “R”

05/28/2008 09:04 6518289

DENT

PAGE 02

 State of California Secretary of State		LP-3
LIMITED PARTNERSHIP CERTIFICATE OF DISSOLUTION		
<small>NOTE: This certificate is required only if the domestic (California) limited partnership was formed prior to January 1, 2008 and has not elected to be governed by the Uniform Limited Partnership Act of 2008. To complete the cancellation process, the California limited partnership must also file a Certificate of Cancellation (Form LP-477).</small>		
There is no fee for filing a Certificate of Dissolution.		
IMPORTANT - Read instructions before completing this form.		This Space For Filing Use Only
FILE NUMBER 1. SECRETARY OF STATE FILE NUMBER 200609800010	ENTITY NAME (Enter the exact name of the California limited partnership.) 2. NAME OF LIMITED PARTNERSHIP COPELAND PROPERTIES 14, L.P.	
STATEMENT OF DISSOLUTION (Check the appropriate box in item 3 to indicate the event causing the dissolution of the limited partnership and enter the date of the dissolution in item 4. Only one box may be selected.)		
3. THE EVENT CAUSING THE DISSOLUTION OF THIS LIMITED PARTNERSHIP IS:		
A. <input type="checkbox"/> IT IS THE TIME SPECIFIED IN THE PARTNERSHIP AGREEMENT FOR DISSOLUTION. B. <input checked="" type="checkbox"/> THE EVENTS FOR DISSOLUTION THAT ARE SPECIFIED IN THE PARTNERSHIP AGREEMENT HAVE OCCURRED. C. <input type="checkbox"/> THE WRITTEN CONSENT OF ALL GENERAL PARTNERS AND A MAJORITY IN INTEREST OF THE LIMITED PARTNER(S) WAS OBTAINED. D. <input type="checkbox"/> THERE ARE NO GENERAL PARTNERS TO CONTINUE THE BUSINESS OF THE LIMITED PARTNERSHIP. E. <input type="checkbox"/> THE ENTRY OF A DECREE OF JUDICIAL DISSOLUTION UNDER CALIFORNIA CORPORATIONS CODE SECTION 15602 OCCURRED.		
4. THE DATE OF THE DISSOLUTION, AS CAUSED BY THE EVENT IDENTIFIED IN ITEM 3, WAS <u>12</u> - <u>31</u> - <u>07</u> <small>(Month) (Day) (Year)</small>		
ADDITIONAL INFORMATION (Enter any other information the partners filing the Certificate of Dissolution determine to include. Attach additional pages, if necessary. Additional information set forth on attached pages, if any, is incorporated herein by this reference and made part of this certificate. If no other information is to be included, leave item 5 blank and proceed to item 6.)		
5		
EXECUTION (This certificate must be signed by all of the general partners unless otherwise provided by law. If additional signature space is necessary, the signatures may be made on an attachment to this certificate.)		
6. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.		
DATE <u>3/12/08</u>		
SIGNATURE OF GENERAL PARTNER 	CHARLES P. COPELAND TYPE OR PRINT NAME OF GENERAL PARTNER	
SIGNATURE OF GENERAL PARTNER 	DONALD COPELAND TYPE OR PRINT NAME OF GENERAL PARTNER PRESIDENT	
SIGNATURE OF GENERAL PARTNER	TYPE OR PRINT NAME OF GENERAL PARTNER	
LP-3 (REV 01/2008)		APPROVED BY SECRETARY OF STATE

Δ π EXHIBIT 50
 Deponent Dotan
 Date 12-10-12 MC
WWW.DEPOBOOK.COM

ZC-CP14-000460

EXHIBIT “S”

Copeland Properties Eighteen, LP
General Ledger
All Transactions

6:52 AM
03/03/12
Accrual Basis

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
General Journal	02/06/2007	GJ201		TO RECLASSIFY ADVANCE AS CP9 ADVANCE		92,175.00		92,175.00
General Journal	02/12/2007	GJ202		TO RECLASSIFY PAYMENT AS CP9 FUNDS			76,650.00	12,525.00
Deposit	06/04/2007		Copeland Properties Nire, LP	Loan Payment			12,525.00	0.00
Total 1409 - Note Receivable - CP9								
1416 - N/R - CP16						92,175.00	92,175.00	0.00
Check	04/24/2007		Metro Land Title	Re-allocate ex CRI				
General Journal	04/24/2007	GJ402		TO RECLASSIFY AS CRI CREDIT TO PAYABLE		50,000.00	50,000.00	50,000.00
Check	10/04/2007	OL1004	Copeland Properties Sixteen, LP	Online loan		6,850.00		6,850.00
Deposit	12/03/2007	OL1203	Copeland Properties Sixteen, LP	Online loan pmt			8,850.00	0.00
Total 1415 - N/R - CP16								
1416 - Note Receivable - CP14						56,850.00	56,850.00	0.00
Check	02/23/2007	1008	Secretary of State	Filing Fees - Copeland Properties 18, LP		250.00		250.00
Check	10/04/2007	1026	Copeland Properties Eighteen, LP	Open Bank Acct		100.00		350.00
Check	11/03/2007		Copeland Properties Fourteen	Left in CP14 for bank charges		17.00		367.00
Check	12/09/2007	OL1209	Copeland Properties Eighteen, LP	VOID: Deposit		0.00		367.00
Deposit	12/03/2007	OL1203	Copeland Properties Fourteen	VOID: Deposit		0.00		367.00
Deposit	12/20/2007		Copeland Properties Fourteen	Transferred from CP14--close our acct			17.00	384.00
Deposit	12/31/2007	GJ1201	Deposit	Deposit made to open bank acct in October before CP18 set up			100.00	284.00
General Journal	12/31/2007	GJ1201		Reclassify advance as Filing Fees (CP14 & CP18 continues)		367.00	250.00	0.00
Total 1418 - Note Receivable - CP14								
1419 - Note Receivable-CP17						3,172.09	3,172.09	-3,172.09
Deposit	03/14/2011		Deposit	Deposit				0.00
Check	03/14/2011		Copeland Properties 17	Ck acctentry ran from CP18 for CP17		3,172.09		0.00
Total 1419 - Note Receivable-CP17								
1412 - N/P - CP18						6,500.00	6,500.00	6,500.00
Check	08/21/2008		Copeland Properties Twelve, LP	Deposit				6,500.00
Deposit	08/22/2008		Copeland Properties Twelve, LP	Deposit				6,500.00
Total 1412 - N/P - CP18								
2001 - Loan - Due Seller						333,151.88	333,151.88	0.00
General Journal	03/02/2007	GJ301		TO RECORD CLOSING OF GREENBORO PURCHASE			330,000.00	-330,000.00
General Journal	03/02/2007	GJ301		TO RECORD CLOSING OF GREENBORO PURCHASE			3,151.88	-333,151.88
General Journal	04/30/2007	GJ401		TO RECORD BUYOUT OF CP14 PAID BY CP3		333,151.88		0.00
Total 2001 - Loan - Due Seller								
2002 - Due to EuroLynch						93,000.00	93,000.00	-93,000.00
General Journal	06/27/2007	GJ302		To record transfer to Weiss				0.00
General Journal	06/27/2007	GJ302		To reclassify payable to CWVARE which paid Lynch \$53,000				0.00
General Journal	06/27/2007	GJ306				93,000.00		-93,000.00
Total 2002 - Due to EuroLynch								
2003 - Note Payable - CP3						63,000.00	63,000.00	0.00
Deposit	02/28/2007		Deposit	Online transfer				1,795,000.00
General Journal	04/09/2007	GJ406		TO RECORD TRANSFERS FROM CP3		430,000.00		-1,565,000.00
General Journal	04/09/2007	GJ406		TO RECORD TRANSFERS FROM CP3		215,000.00		-1,150,000.00
General Journal	04/09/2007	GJ408		TO RECORD TRANSFERS FROM CP3		215,000.00		-935,000.00
Total 2003 - Note Payable - CP3								

Copeland Properties Eighteen, LP
General Ledger
All Transactions

6:59 AM
03/07/12
Accrual Basis

Type	Date	Num	Memo	Split	Debit	Credit	Balance
General Journal	04/06/2007	GJ406	TO RECORD TRANSFERS FROM CP3	2003 - Note Payable - CP3	215,000.00		-720,000.00
General Journal	04/06/2007	GJ406	TO RECORD TRANSFERS FROM CP3	2003 - Note Payable - CP3	430,000.00		-950,000.00
General Journal	04/09/2007	GJ408	TO RECORD TRANSFERS FROM CP3	2003 - Note Payable - CP3	200,000.00		-90,000.00
General Journal	04/30/2007	GJ401	TO RECORD BUYOUT OF CP14 PAID BY CP3	2001 - Loan - Due Seller		333,544.11	-423,544.11
General Journal	06/30/2007	GJ1204	To transfer liability from CP3 to CRI	2030 - Note Payable - CRI	423,544.11		0.00
Total 2003 - Note Payable - CP3					2,128,544.11	2,128,544.11	0.00
2004 - Note Payable - CFI#3							
2004.1 - Accrued Int - CFI#3							
General Journal	06/30/2008	GJ604	To accrue June interest	2006.1 - NIP - Accrued Int CFI#2		18.75	-18.75
General Journal	07/31/2008	GJ703	To accrue interest	2006.1 - NIP - Accrued Int CFI#2		18.75	-37.50
General Journal	08/31/2008	GJ805	To accrue interest	2006.1 - NIP - Accrued Int CFI#2		18.75	-56.26
Check	08/19/2008		Online transfer/pm	1000 - 1st California Checking	56.25		0.00
Total 2004.1 - Accrued Int - CFI#3					56.25	56.25	0.00
2004 - Note Payable - CFI#2 - Other							
Deposit	05/20/2008		Deposit	1000 - 1st California Checking		2,500.00	-2,500.00
Check	08/08/2008		VOID: Online transfer/pm	1000 - 1st California Checking	0.00		-2,500.00
Check	09/19/2008		Online transfer/pm	1000 - 1st California Checking	2,500.00		0.00
Total 2004 - Note Payable - CFI#2 - Other					2,500.00	2,500.00	0.00
Total 2004 - Note Payable - CFI#3					2,556.25	2,556.25	0.00
2005 - Note Payable - CP5							
Deposit	12/08/2010		Loan	1001 - Pacific Western Bank		21,000.00	-21,000.00
Deposit	02/07/2011		Deposit	1001 - Pacific Western Bank		20,000.00	-41,000.00
Deposit	02/16/2011		To be reclassified	1001 - Pacific Western Bank		4,500.00	-45,500.00
Total 2005 - Note Payable - CP5					0.00	45,500.00	-45,500.00
2006 - Note Payable - CFI#2							
2006.1 - NIP - Accrued Int CFI#2							
General Journal	05/31/2008	GJ504	To accrue May interest	6618.4 - Interest Exp - CFI#2		55.50	-55.50
General Journal	06/30/2008	GJ604	To accrue June interest	-SPLUT		55.50	-111.00
General Journal	07/31/2008	GJ703	To accrue interest	-SPLUT		74.25	-185.25
General Journal	08/31/2008	GJ805	To accrue interest	-SPLUT		52.50	-237.75
Check	09/19/2008		Online transfer/pm	1000 - 1st California Checking	237.75		0.00
Total 2006.1 - NIP - Accrued Int CFI#2					237.75	237.75	0.00
2006 - Note Payable - CFI#2 - Other							
Deposit	05/01/2008		Deposit	1000 - 1st California Checking		7,400.00	-7,400.00
Deposit	07/03/2008	OL703	Deposit	1000 - 1st California Checking		2,500.00	-9,900.00
Check	08/08/2008		Online transfer/pm	1000 - 1st California Checking	2,900.00		-7,000.00
Check	08/19/2008		Online transfer/pm	1000 - 1st California Checking	7,000.00		0.00
Total 2006 - Note Payable - CFI#2 - Other					9,900.00	9,900.00	0.00
Total 2006 - Note Payable - CFI#2					10,137.75	10,137.75	0.00
2008 - Note Payable - CP8							
Deposit	01/31/2008		Loan - Pay back when rent posts	1000 - 1st California Checking		15,000.00	-15,000.00

EXHIBIT “T”



First American Title Company
1610 Arden Way, Suite 190, Sacramento, CA 95815
Phone - (916)920-3100 Fax - (888)299-0262

Tri Tools, Inc.
Attn: Frank Wernette
3806 Security Park Drive
Rancho Cordova, CA 95742

April 09, 2007
File No.: 3404-2574415 (AT)

Re: **3041 Sunrise Blvd., Sacramento, CA**

Dear Valued Customer:

The above referenced transaction was recorded on **April 06, 2007**. Enclosed please find the following for your records:

(Keep these instruments in a safe place as some of them cannot be replaced.)

- Our Check in the amount of **\$1,650.00** representing your refund was sent to NBFRE 10 LLC
- Closing Statement
- Original Note from Copeland Properties Three etal
-

LEASE TAKE THE TIME TO READ THE FOLLOWING INFORMATION REGARDING PROPERTY TAXES.

The fiscal year begins July 1 and ends June 30 of the following year. The first installment of taxes is due November 1, and is delinquent December 10. The second installment of taxes is due February 1, and is delinquent April 10. If you do not receive a TAX BILL one (1) month prior to the delinquency date, a written request for same should be made to the County Tax Collector. Be sure to include the Property Address and/or Assessors Parcel Number with your request. Where lenders impound funds for payment of taxes, they usually secure the Tax Bill.

Should you have any questions or need further assistance, please contact the undersigned. ***If checks are included in this package, please negotiate as soon as possible.***

Sincerely,

Arah Tresler
Escrow Officer
atresler@firstam.com

AT/vrs

EXHIBIT

T-1



#7373
First American Title Company

1610 Arden Way, Suite 190 • Sacramento, CA 95815

Buyer's Final Settlement Statement
 TRUE AND CORRECT COPY
 FIRST AMERICAN TITLE COMPANY

ha

Property: 3041 Sunrise Blvd., Sacramento, CA

File No: 3404-2574415

Officer: Arah Tresler/vrs

New Loan No:

Settlement Date: 04/06/2007

Disbursement Date:

Print Date: 4/9/2007, 9:23 AM

Buyer: NBFRE 10 LLC

Address: Comerica Bank 1031 Exchange Service, 500 Woodland Ave., MC3256, Detroit, MI 48226

Seller: Copeland Properties Three LP; Copeland Realty, Inc.

Address: 25809 Business Center Dr. #B, Redlands, CA 92374

Charge Description	Buyer Charge	Buyer Credit
Consideration:		
Total Consideration	9,900,000.00	
Deposits in Escrow:		
Receipt No. 34042807 on 04/05/2007 by NBFRE 10 LLC		1,749,940.00
Receipt No. 34042524 on 11/02/2006 by Tri Tool, Inc		100,000.00
Receipt No. 34042665 on 01/04/2007 by Tri Tool, Inc		100,000.00
Receipt No. 34042735 on 02/06/2007 by Tri Tool, Inc		100,000.00
Receipt No. 34042769 on 03/07/2007 by Tri Tool, Inc		100,000.00
Adjustments:		
Repairs to roof		3,375.00
Repairs to Air Conditioner		40,360.00
Transfer loan proceeds escrow 281201		582,310.43
Prorations:		
County Tax 072-0340-100-0000 04/06/07 to 07/01/07 @\$45138.02/semi	21,270.52	
County Tax 072-0340-101-0000 04/06/07 to 07/01/07 @\$7067.94/semi	3,330.65	
New Loan(s):		
Lender: Comerica Bank		
New Loan to File - Comerica Bank		8,284,060.00
Processing Fee - Comerica Bank	6,109.50	
Legal Fees Sheppard Mullins Richter & Hampton - Comerica Bank	9,201.50	
Holdback for Tenant improvements - Comerica Bank	709,060.00	
Holdback for Future Disbursement - Comerica Bank	400,000.00	
Title/Escrow Charges to:		
Exchange Tie In Fee - First American Title Company	250.00	
Loan Tie In Fee - First American Title Company	250.00	
Escrow Fee - One Half - First American Title Company	1,650.00	
CLTA 104.6 Assignment of Rents/Leases - First American Title Company	50.00	
CLTA 103.7 Land Abuts Street - First American Title Company	25.00	
CLTA 103.4 Easement, Access to Public Street - First American Title Company	250.00	
CLTA 103.3 Easement - existing encroachment - First American Title Company	25.00	
CLTA 100.19 CC&R's, Violations - First American Title Company	25.00	
ALTA Extended Owners 1992 BINDER - First American Title Company	2,475.00	
Miscellaneous Recording (Edit) - First American Title Company	109.00	
Disbursements Paid:		
Title & Escrow fees/Property Taxes to First American Title Company Escrow #281201-ST	4,314.26	
Cash (From) (X To) Borrower	1,650.00	
Totals	11,060,045.43	11,060,045.43

EXHIBIT

T-2

1 **Rollie A. Peterson, Esq., (SBN #113042)**
2 **Rpeterson@peterson-kell.com**
3 **PETERSON & KELL, A LAW CORPORATION**
4 **2377 Gold Meadow Way, Suite 280**
5 **Gold River, California 95670**
6 **Telephone: (916) 635-9300**
7 **Fax: (916) 635-9303**

8 **Attorneys for Tri Tool Inc.**

9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **WESTERN DIVISION**

12 **SECURITIES AND EXCHANGE)**
13 **COMMISSION,)**

14 **Plaintiff,)**

15 **vs.)**

16 **CHARLES P. COPELAND,)**
17 **COPELAND WEALTH)**
18 **MANAGEMENT, A FINANCIAL)**
19 **ADVISORY CORPORATION;)**
20 **and COPELAND WEALTH)**
21 **MANAGEMENT, A REAL)**
22 **ESTATE CORPORATION,)**

23 **Defendants.)**

CASE NO. 11-cv-08607-R-DTB

DECLARATION OF FRANK WERNETTE IN SUPPORT OF TRI TOOL INC.'S MEMORANDUM OF POINTS AND AUTHORITIES RE: STATUTE OF LIMITATIONS

Date: December 16, 2013
Time: 10:00 a.m.
Ctrm: 8, 2nd Floor
Judge: Hon. Manuel L. Real

24 I, Frank Wernette, do hereby solemnly swear:

25 1. I am employed by Tri Tool Inc., a Nevada corporation (hereafter "Tri Tool") as a
26 Special Projects Manager. If called to testify, I could testify to the following facts as a matter of
27 my personal knowledge, unless I state the testimony is based on my information or belief.

28 2. One special project of mine for Tri Tool was its purchase of certain real property
found at 3041 Sunrise Boulevard, in Rancho Cordova, Sacramento County, California.

3. On October 20, 2006, Tri Tool offered to buy the IRS building from CP3 (two

1 parcels). Donald Copeland (hereafter "D. Copeland") counter-offered, carving out a building pad
2 in the northwest corner, subject to a lot line adjustment. Tri Tool signed the contract on November
3 1, 2006. Tri Tool contracted with CP3, on November 1, 2006, to buy the Rancho Cordova
4 Property, depositing \$100,000.00 in escrow. D. Copeland signed the contract as CP3's general
5 partner. CB Commercial Real Estate brokered the sale. They placed the escrow for Tri Tool's
6 purchase of the Rancho Cordova Property at First American Title Insurance Company, in
7 Sacramento, California. First American Title, in its report on title to the real property, reflects the
8 owner of the real property Tri Tool was purchasing as CP3, but did not show who its general
9 partner was. Since Pacific Western Bank (hereafter "PWB") did not take back a trust deed against
10 the CP3 property, it was not an exception within the preliminary title report. The original closing
11 date was December 15, 2006, with two 30-day extensions, at a cost to Tri Tool of \$100,000.00
12 each. During due diligence, Tri Tool discovered an unrecorded purported easement (hereafter
13 "Purported Easement"). It became the subject of an addendum reached on January 4, 2007, with
14 Tri Tool depositing another \$100,000.00 in escrow. On February 5, 2007, CP3 and Tri Tool further
15 modified their contract. At that time, Tri Tool deposited another \$100,000.00 in escrow. The
16 escrow officer, on February 7, 2007, then released to CP3 the entire amount of \$300,000.00. D.
17 Copeland signed at least two addendums to the IRS building purchase contract, as the general
18 partner of CP3. One of the addendums added back in the building pad and CP3 abandoned its lot
19 line adjustment.

20 4. By February 7, 2007, Tri Tool's purchase of the Rancho Cordova Property from
21 CP3 was a relative certainty. By this time, Tri Tool had released to CP3 \$300,000.00, and had a
22 firm loan commitment to close. Escrow was to close March 7, 2007.

23 5. On March 7, 2007, Tri Tool and CP3 again extended the escrow 30 days to April
24 6, 2007.

25 6. CP3, from time-to-time, does defense contracting work. Security of its facilities
26 is a very important issue to Tri Tool. This includes limiting access over its properties.
27 Notwithstanding, Tri Tool agreed to close escrow, subject to the Purported Easement, giving CP3
28 two years to obtain its release.

1 **Rollie A. Peterson, Esq., (SBN #113042)**
2 **Rpeterson@peterson-kell.com**
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6 **Telephone: (916) 635-9300**
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8 **Attorneys for Tri Tool Inc.**

9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **WESTERN DIVISION**

12 **SECURITIES AND EXCHANGE**
13 **COMMISSION,**

14 **Plaintiff,**

15 **vs.**

16 **CHARLES P. COPELAND,**
17 **COPELAND WEALTH**
18 **MANAGEMENT, A FINANCIAL**
19 **ADVISORY CORPORATION;**
20 **and COPELAND WEALTH**
21 **MANAGEMENT, A REAL**
22 **ESTATE CORPORATION,**

23 **Defendants.**

CASE NO. 11-cv-08607-R-DTB

CERTIFICATE OF SERVICE
OF TRI TOOL INC.'S
MEMORANDUM OF POINTS
AND AUTHORITIES RE:
STATUTE OF LIMITATIONS;
AND SUPPORTING
DECLARATIONS

Date: December 16, 2013
Time: 10:00 a.m.
Ctrm: 8, 2nd Floor
Judge: Hon. Manuel L. Real

24 I, Sheleen Haddad, declare I am a citizen of the United States and a resident of the County
25 of Sacramento; I am over the age of eighteen (18) years, and not a party to or interested in this action.
26 I am an employee of Peterson & Kell, A Law Corporation, and my business address is 2377 Gold
27 Meadow Way, Suite 280, Gold River, California 95670.

28 On November 18, 2013, I caused to be served the following document(s):

- 1 (1) Tri Tool Inc.'s Memorandum of Points and Authorities Re: Statute of Limitations;
- 2 (2) Declaration of Rollie A. Peterson, Esq., in Support of Tri Tool Inc.'s Memorandum of
- 3 Points and Authorities Re: Statute of Limitations;
- 4 (3) Declaration of Frank Wernette, in Support of Tri Tool Inc.'s Memorandum of Points
- 5 and Authorities Re: Statute of Limitations;
- 6 (4) Certificate of Service of Tri Tool Inc.'s Memorandum of Points and Authorities Re:
- 7 Statute of Limitations; and Supporting Declarations

8 **BY FEDERAL ELECTRONIC FILING:** By causing the document to be electronically filed
 9 via the Court's CM/ECF System, which effects electronic service on counsel who are registered
 10 with the CM/ECF System on the following parties:

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David M. Rosen
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5670 Wilshire Blvd., 11th Floor
18 Los Angels, CA 90036
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19 Rosend@sec.gov

20 Robert M. Shaughnessy
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21 3043 4th Ave.
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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on November 18, 2013, at Gold River, California.

Sheleen K Haddad
SHELEEN K. HADDAD