

ROBB EVANS
Receiver of
D.W. Heath & Associates, Inc.;
PCM Fixed Income Fund I, LLC;
Private Capital Management, Inc.;
Private Collateral Management, Inc.
and the Schlarmann Interests

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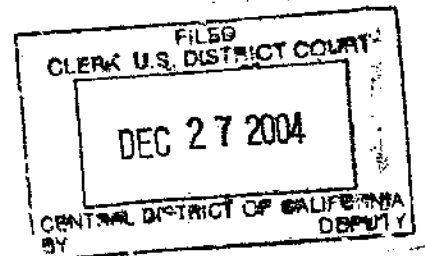
Securities and Exchange Commission v. D. W. Heath & Associates Inc., et al.
CASE No. CV-04-02949 JFW (Ex)

Ex Parte Application for Order Shortening Time for Filing, Service and Hearing on Motion for Approval of Settlement Re: Satisfaction of Loans and Transfer of Stock Interests in Direct PT Inc., Management and Business Associates, Inc. dba Restorative Health Care, National Nursing and Rehabilitation and UHC Inc. and for Modification of Notice Procedures Under Local Rule 66-7 in Connection Therewith; Declarations of Gary Owen Caris and Rebecca E. Delany in Support Thereof

Dated August 27, 2004

1 Gary Owen Caris (State Bar No. 088918)
2 Lesley Anne Hawes (State Bar No. 117101)
3 FRANDZEL ROBINS BLOOM & CSATO, L.C.
4 6500 Wilshire Boulevard
5 Seventeenth Floor
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9 Attorneys for Permanent Receiver,
10 ROBB EVANS



11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

13 **SECURITIES AND EXCHANGE**
14 **COMMISSION,**

15 Plaintiff,

16 v.

17 **D.W. HEATH & ASSOCIATES, INC.,**
18 **etc., et al.,**

19 Defendants.

20 CASE NO. CV 04-02949 JFW (Ex)

21 **EX PARTE APPLICATION FOR**
22 **ORDER SHORTENING TIME FOR**
23 **FILING, SERVICE AND HEARING**
24 **ON MOTION FOR APPROVAL OF**
25 **SETTLEMENT RE**
26 **SATISFACTION OF LOANS AND**
27 **TRANSFER OF STOCK**
28 **INTERESTS IN DIRECT PT, INC.,**
MANAGEMENT AND BUSINESS
ASSOCIATES, INC. DBA
RESTORATIVE HEALTH CARE,
NATIONAL NURSING AND
REHABILITATION AND UHC,
INC. AND FOR MODIFICATION
OF NOTICE PROCEDURES
UNDER LOCAL RULE 66-7 IN
CONNECTION THEREWITH;
DECLARATIONS OF GARY
OWEN CARIS AND REBECCA E.
DELANY IN SUPPORT THEREOF

[No Hearing Set on Ex Parte
Application]

25 Robb Evans as Permanent Receiver ("Receiver") of D.W. Heath &
26 Associates, Inc., Private Capital Management, Inc., Private Collateral Management,
27 Inc. and PCM Fixed Income Fund I, LLC and their subsidiaries and affiliates
28 (collectively, the "Receivership Defendants"), hereby makes this ex parte

1 application for an order shortening time for the filing, service and hearing on his
2 Notice of Motion and Motion for Approval of Settlement Re Satisfaction of Loans
3 and Transfer of Stock Interests in Direct PT, Inc., Management and Business
4 Associates, Inc. dba Restorative Health Care, National Nursing and Rehabilitation
5 and UHC, Inc. and for Modification of Notice Procedures Under Local Rule 66-7 in
6 Connection Therewith; Memorandum of Points and Authorities and Declaration of
7 Earl Lanna in Support Thereof (collectively "Motion").

8 By this ex parte application, the Receiver requests that a hearing be set on the
9 Motion during the week of January 10, 2005 because the proposed settlement
10 transaction described in the Motion is dependent upon financing provided by a third
11 party lender which will expire unless the settlement is fully consummated and all
12 stock transfers and other aspects of the transaction completed on or before January
13 31, 2005 and for other reasons detailed herein. The Receiver requests that the Court
14 grant an order shortening time for the filing, service and hearing on the Motion
15 pursuant to which the hearing is set on not less than 10 days' written notice to parties
16 in interest, with copies of the Motion to be served by the Receiver's counsel by
17 overnight mail delivery service and opposition, if any, to the Motion due three court
18 days prior to the hearing and reply, if any, due one court day prior to the hearing.

19 This ex parte application for order shortening time is made pursuant to Local
20 Rule 6-1, and the Receiver submits that good cause exists for the Court to grant
21 relief as requested in this application based on the following:

22 1. The Motion, a copy of which is attached to the declaration of Gary
23 Owen Caris, seeks approval of the settlement transaction described therein by which
24 the receivership estate will be paid the sum of \$858,612.15 in satisfaction of certain
25 indebtedness owing to PCM and the stock and related ownership rights held in the
26 name of defendant Heath in the four companies, Direct PT, Inc., Management and
27 Business Associates, Inc. dba Restorative Health Care, National Nursing and
28 Rehabilitation and UHC, Inc.

1 2. Final negotiations of the settlement transaction and evidence of
2 available funding was provided in late November 2004. Since then, the Receiver
3 and his counsel have required time to prepare the Motion, including developing and
4 presenting the facts and evidence to support the relief sought.

5 3. The source of funds for the payment of the settlement is a third party
6 lender, Waterside Capital Corporation, whose funds are presently being held in
7 escrow and whose commitment to lend is contingent upon the completion of the
8 Settlement and related stock transfers by no later than January 31, 2005.

9 4. The four non-receivership companies whose stock and debt obligations
10 are involved in the Settlement are located in San Antonio, Texas as are two of the
11 other key shareholders of these closely held companies.

12 5. The Receiver submits that logistical considerations in the completion,
13 closing and funding of the transaction, the entry of the order authorizing the
14 Receiver to enter into the Settlement and the absolute deadline of January 31, 2005
15 imposed by the third party lender warrant the entry of an order shortening time so
16 that the hearing is conducted during the week of January 10, 2005 to ensure that any
17 order approving the settlement can be entered and the settlement transaction
18 concluded before the funding deadline expires. The Receiver submits that the order
19 shortening time is warranted to avoid the risk of not meeting the lender-imposed
20 January 31, 2005 expiration/termination date and the resulting loss of a valuable and
21 beneficial settlement for the receivership estate.

22 Pursuant to Local Rule 7-19, the names, addresses and telephone numbers of
23 counsel for the parties in the above-referenced action are as follows:

24	Counsel	Party Represented
25	David Brown	Plaintiff
26	Molly White	
27	Securities and Exchange Commission	
28	5670 Wilshire Boulevard, 11 th Floor	
	Los Angeles, CA 90036	
	Tel: (323) 965-3841	
	Fax: (323) 965-3908	

1 Barry O. Bernstein
2 3727 W. Magnolia Boulevard, Suite 767
3 Burbank, CA 91505
4 Tel: (818) 558-1717
5 Fax: (818) 526-7672

Advisory Counsel for Defendant
Daniel William Heath

6 Michael Oswald
7 Oswald & Yap
8 16148 Sand Canyon Avenue
9 Irvine, CA 92618
10 Tel: (949) 788-8900
11 Fax: (949) 788-8980

Counsel for Defendant, Denis
Timothy O'Brien

12 The Receiver has provided notice of this ex parte application to the parties
13 referenced above by providing telephonic notice to those persons and by serving
14 copies of this ex parte application on them by overnight mail delivery concurrently
15 with the filing of the ex parte application with the Court. Because defendant Heath
16 is incarcerated and telephone contact is not permitted, counsel for the Receiver did
17 not attempt to contact Heath telephonically except through his advisory counsel
18 noted above. A courtesy copy of the ex parte application has also been served by
19 overnight mail delivery concurrently on counsel for the other parties to the
20 Settlement as reflected in the proof of service. In addition, a copy of the Motion has
21 been concurrently posted on the Receiver's website for this case at www.heath-
22 receiver.com, and the Receiver will post the Notice of Hearing on the Motion on the
23 website when the Court has made a determination regarding this application for an
24 order shortening time. The parties to whom counsel for the Receiver provided
25 telephonic notice as set forth did not express a position on the ex parte application
26 except as otherwise noted in the Delany Declaration in support hereof.

27 The Receiver proposes to serve the Motion on the parties to this action, the
28 known vendor creditors of the receivership estate, the Chapter 7 Trustee of the
bankruptcy estate of Leslee Jane Heath, Daniel Heath's spouse, and counsel for the
settling parties when the Court rules on this ex parte application, at which time the
Receiver will also serve a Notice of Hearing on all the parties to the action, the

1 known vendor creditors, the Chapter 7 Trustee of the Leslee Jane Heath bankruptcy
2 estate, and the parties to the settlement, advising them of the date set for the hearing
3 on the Motion and the applicable opposition and reply deadlines set by the Court if
4 the Court grants this application.

5 WHEREFORE, the Receiver respectfully requests that the Court grant this ex
6 parte application and issue the proposed order shortening time lodged concurrently
7 herewith.

8 DATED: December 27, 2004

FRANDZEL ROBINS BLOOM & CSATO,
L.C.
GARY OWEN CARIS
LESLEY ANNE HAWES

9
10
11
12 By: 

GARY OWEN CARIS
Attorneys for Permanent Receiver,
ROBB EVANS

DECLARATION OF GARY OWEN CARIS

I, Gary Owen Caris, declare:

1. I am an attorney at law duly admitted to practice before the courts of the State of California and before the United States District Court for the Central District of California and am a member of the firm of Frandzel Robins Bloom & Csato, L.C., the attorneys for Robb Evans as the Permanent Receiver of the assets of D.W. Heath & Associates, Inc., PCM Fixed Income Fund, LLC, Private Capital Management, Inc., Private Collateral Management, Inc., and their subsidiaries and affiliates (individually and collectively, the "Receivership Defendants") in this case. I have personal knowledge of the matters set forth in this declaration, and if I were called upon to testify as to these matter, I could and would competently testify based upon my personal knowledge.

2. Attached hereto as Exhibit 1 is a copy of the Receiver's Notice of Motion and Motion for Approval of Settlement Re Satisfaction of Loans and Transfer of Stock Interests in Direct PT, Inc., Management and Business Associates, Inc. dba Restorative Health Care, National Nursing and Rehabilitation and UHC, Inc. and for Modification of Notice Procedures Under Local Rule 66-7 in Connection Therewith; Memorandum of Points and Authorities and Declaration of Earl Lanna in Support Thereof (collectively "Motion"). The Receiver seeks approval of a settlement described in the Motion involving four companies located in San Antonio, Texas (Direct PT, Inc., Management and Business Associates, Inc. dba Restorative Health Care, National Nursing and Rehabilitation and UHC, Inc.) whose principals are settling the debts and stock issues (Stephen Wallace, J. Ron Sanchez and Roberta Sanchez) and whose attorneys are also located in Texas.

3. Final negotiations of the settlement transaction and evidence of available funding was provided in late November 2004. Since then, the Receiver and his counsel have required time to prepare the Motion, including developing and presenting the facts and evidence to support the relief sought.

FRANZEL ROBINS BLOOM & CSATO, L.C.
6500 WILSHIRE BOULEVARD, 17TH FLOOR
LOS ANGELES, CALIFORNIA 90048-4920
(323) 852-1000

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4. The settlement is founded and dependent upon financing for the transaction provided by a third party lender, Waterside Capital Corporation, and provides for a payment to the receivership estate in the total the sum of \$858,612.15. The settlement also involves multiple transfers of stock and mutual releases of claims between the receivership estate, Heath and PCM on one hand and the four companies and their principal settling parties on the other.

5. The financing provided by Waterside Capital Corporation requires that the settlement transaction and related stock transfers be completed and closed no later than January 31, 2005, at which time the funding commitment expires and terminates automatically. Given the location of the parties and the logistical considerations in obtaining an entered order approving the settlement and transferring the stock and taking other steps to complete and close the settlement by January 31, 2005, the Receiver and the other settling parties believe it is necessary for the hearing on the Motion to be set no later than the week of January 10, 2005. For that reason, the Receiver seeks an order shortening time under the terms and conditions set forth in the foregoing application.

Executed this 27 day of December 2004 at Los Angeles, California.

I declare under penalty of perjury that the foregoing is true and correct.


GARY OWEN CARIS

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5. On December 23, 2004 at approximately 10:27 a.m., I spoke with Michael Oswald, counsel for Defendant Tim O'Brien. I notified Mr. Oswald of the Receiver's intent to file this Ex Parte Application on Monday, December 27, 2004. Mr. Oswald told me that he does not intend to oppose the Ex Parte Application.

6. On December 23, 2004 at approximately 10:33 a.m., I spoke with Barry O. Bernstein, advisory counsel for pro per Defendant Daniel Heath. I notified Mr. Bernstein of the Receiver's intent to file this Ex Parte Application on Monday, December 27, 2004. Mr. Bernstein indicated that he would review the Ex Parte Application and would notify this office of any opposition thereto after such review. I asked Mr. Bernstein to direct any such opposition to Gary Caris of this office, to which Mr. Bernstein agreed.

Executed this 21st day of December, 2004 at Los Angeles, California.
I declare under penalty of perjury that the foregoing is true and correct.


REBECCA E. DELANY

FRANZEL ROBINS BLOOM & CSATO, L.C.
6500 WILSHIRE BOULEVARD, 17TH FLOOR
LOS ANGELES, CALIFORNIA 90048-4920
(323) 852-1000

EXHIBIT "1"

1 Gary Owen Caris (State Bar No. 088918)
Lesley Anne Hawes (State Bar No. 117101)
2 FRANDZEL ROBINS BLOOM & CSATO, L.C.
6500 Wilshire Boulevard
3 Seventeenth Floor
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4 Telephone: (323) 852-1000
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5
6 Attorneys for Permanent Receiver,
ROBB EVANS

7
8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

14 D.W. HEATH & ASSOCIATES, INC.,
15 etc., et al.,

16 Defendants.

CASE NO. CV 04-02949 JFW (Ex)

**NOTICE OF MOTION AND
MOTION FOR APPROVAL OF
SETTLEMENT RE
SATISFACTION OF LOANS AND
TRANSFER OF STOCK
INTERESTS IN DIRECT PT, INC.,
MANAGEMENT AND BUSINESS
ASSOCIATES, INC. DBA
RESTORATIVE HEALTH CARE,
NATIONAL NURSING AND
REHABILITATION AND UHC,
INC. AND FOR MODIFICATION
OF NOTICE PROCEDURES
UNDER LOCAL RULE 66-7 IN
CONNECTION THEREWITH;
MEMORANDUM OF POINTS AND
AUTHORITIES AND
DECLARATION OF EARL LANNA
IN SUPPORT THEREOF**

DATE: [To Be Set – Filed with Ex
TIME: Parte Application for Order
PLACE: Shortening Time

FRANZEL ROBINS BLOOM & CSATO, L.C.
6500 WILSHIRE BOULEVARD, 17TH FLOOR
LOS ANGELES, CALIFORNIA 90048-4920
(323) 852-1000

1 PLEASE TAKE NOTICE that at a hearing date and time to be set, in
2 Courtroom 16 of the above-entitled court located at 312 North Spring Street, Los
3 Angeles, California, Robb Evans as Permanent Receiver of D.W. Heath &
4 Associates, Inc., Private Capital Management, Inc., Private Collateral Management,
5 Inc. and PCM Fixed Income Fund I, LLC and their subsidiaries and affiliates
6 (collectively, the "Receivership Defendants"), will and does hereby move the Court
7 for an order:

8 1. Approving a settlement of claims for recovery of investor funds
9 pursuant to which certain debt obligations will be satisfied and stock interests
10 transferred to third parties pertaining to the entities Direct PT, Inc., a Texas
11 corporation ("Direct PT"), Management and Business Associates, Inc. doing
12 business as Restorative Health Care, a Texas corporation ("Restorative"), National
13 Nursing and Rehabilitation ("National Nursing"), and UHC, Inc., a Texas
14 corporation ("UHC"), and claims released, as more fully described hereafter (the
15 "Settlement"); and

16 2. Granting relief from Local Rule 66-7 pertaining to the giving of notice
17 to all creditors of the receivership estate and modifying the notice requirements
18 pursuant to which notice of this motion shall be deemed sufficient by service of the
19 motion on all parties to the action and known vendor creditors of the receivership
20 estate and on the Chapter 7 bankruptcy trustee of the Leslee Jane Heath¹ bankruptcy
21 estate.

22 With respect to the Settlement, the Receiver seeks the following relief:

23 A. An order authorizing the Receiver to accept the sum of \$858,612.15 in
24 cash in full satisfaction of (i) the outstanding balances due under outstanding loans
25

26
27 ¹ Leslee Jane Heath is the spouse of Daniel William Heath who has filed
28 a Chapter 7 petition in bankruptcy.

1 made by Private Capital Management, Inc. ("PCM") to Direct PT (\$486,896.20
2 due), Restorative (\$96,313.66 due), National Nursing (\$249,402.29 due) and UHC
3 (\$26,000.00 due); and (ii) the stock interests held in the name of defendant Daniel
4 William Heath ("Heath") in Direct PT (333.33 shares of 1,000 total shares),
5 Restorative (195.463 shares of 1,000 total shares), National Nursing (266.66 shares
6 of 1,000 total shares) and UHC (500 shares of 1,000 total shares), which shall be
7 redeemed and/or transferred pursuant to the Settlement;

8 B. An order authorizing the Receiver to transfer the stock interests in the
9 name of Heath to the business entity or other third party to whom such stock
10 interests shall be redeemed or sold as applicable;

11 C. An order authorizing the Receiver to release, waive and relinquish all
12 rights, claims and interests of Heath and PCM in and to Direct PT, Restorative,
13 National Nursing and UHC, including but not limited to ownership and shareholder
14 rights and claims, Heath's rights of first refusal to purchase shares of Direct PT,
15 Restorative, National Nursing and UHC, and all rights and claims of PCM under the
16 debt obligations, and authorizing the Receiver to obtain and accept full releases and
17 waivers of rights and claims by Direct PT, Restorative, National Nursing and UHC
18 against Heath, PCM and the receivership estate pertaining to and/or arising out of
19 the debt obligations, the stock ownership and/or any other matters relating to such
20 transactions.

21 D. An order authorizing the Receiver to make, execute and deliver all
22 documents determined by the Receiver to be reasonable, necessary or convenient to
23 reflect, document and implement the terms and provisions of the Settlement and the
24 mutual releases provided for as described in this Motion.


25 PLEASE TAKE FURTHER NOTICE that this Motion is made pursuant to
26 Local Rule 66-7(b) and (d), and 66-8. This Motion is based upon this Notice of
27 Motion and Motion, the accompanying Memorandum of Points and Authorities and
28 Declaration of Earl Lanna attached hereto, on the separate Notice of Hearing to be

1 served, and upon all other further pleadings, and oral and documentary evidence as
2 may be presented at or before the time of the hearing on the motion.

3 PLEASE TAKE FURTHER NOTICE that this Motion and the Notice of
4 Hearing are posted on the Receiver's website where they may be viewed in their
5 entirety. Copies of this motion will be provided to any interested party upon receipt
6 of a written request which may be sent to: Robb Evans & Associates LLC, 11450
7 Sheldon Street, Sun Valley, CA 91352-1121, Attn: Lillian Lee.

8 DATED: December 27, 2004

FRANDZEL ROBINS BLOOM & CSATO,
L.C.
GARY OWEN CARIS
LESLEY ANNE HAWES

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12 By: 
13 GARY OWEN CARIS
14 Attorneys for Permanent Receiver,
15 ROBB EVANS
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1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I

3 INTRODUCTION

4 The Receiver was appointed as the permanent receiver of the assets of D.W.
5 Heath & Associates, Inc., PCM Fixed Income Fund, LLC, Private Capital
6 Management, Inc., Private Collateral Management, Inc., and their subsidiaries and
7 affiliates (individually and collectively, the "Receivership Defendants") by this
8 Court pursuant to the Stipulation and Order Appointing a Permanent Receiver
9 entered on May 19, 2004 (the "Receivership Order"). The duties of the Receiver
10 under the Receivership Order include not only the general powers of an equity
11 receiver, but also the duties to take possession and control of all assets of the
12 Receivership Defendants, with the power to sue, foreclose, marshal, sell and
13 liquidate all assets of the Receivership Defendants.

14 During his investigation of the financial and business transactions of the
15 Receivership Defendants, the Receiver discovered that defendant Private Capital
16 Management, Inc. ("PCM") used investor funds to provide hundreds of thousands of
17 dollars in financing to four health care companies located in Texas. The four
18 companies share overlapping ownership in that an individual, Stephen Wallace
19 ("Wallace"), and Heath are shareholders in each of the four companies. They are
20 the sole shareholders of UHC. Wallace, Heath and another individual, Edward
21 Sullivan ("Sullivan"), are the three equal owners of Direct PT. J. Ron Sanchez and
22 Roberta Sanchez (collectively the "Sanchezes") are additional shareholders of
23 Restorative and hold small shareholder interests in National Nursing. PCM is also a
24 shareholder of National Nursing.

25 The four companies each received substantial funds from PCM, representing
26 investor funds solicited as part of Heath's illegal investment scheme. The funds
27 provided to the companies were characterized as debt obligations on the companies'
28 books, although no promissory notes or other debt instruments exist reflecting the

1 debt obligations. Stock was also issued by the companies in the name of Heath
2 individually for a fractional ownership interest in the companies (out of 1,000 total
3 issued shares in each of the companies) as set forth below:

<u>Entity</u>	<u>No. of Shares</u>
4 Direct PT	333.33
5 Restorative	195.463
6 National Nursing	266.66
7 UHC	500

8
9 In addition, PCM was issued 150 shares of National Nursing which it holds in its
10 name.

11 The Receiver's investigation indicates (a) the provision of a substantial
12 portion of the PCM loan amounts occurred generally at or about the time of the
13 issuance of shares to Heath and/or shortly thereafter, such that the Receiver can
14 conclude Heath's ownership acquisition was made in connection with and in
15 consideration of the funding provided by PCM (in the case of UHC, PCM provided
16 the funds to acquire the company), (b) the businesses' issuance of shares in the name
17 of Heath was as a result of and dependent upon the provision of investor funds to the
18 four businesses by PCM, (c) the consideration for the issuance of shares in these
19 companies to Heath was the investor funds provided by PCM to each of the
20 companies, (d) Heath provided no personal assets or consideration for the shares,
21 and (e) the beneficial ownership interest in the shares in the four companies as a
22 result resides with PCM and ultimately the creditors of this receivership estate
23 notwithstanding Heath's nominal title to the shares.

24 No payments were made by UHC to PCM on its \$26,000 loan/investment in
25 the company. The loan to UHC was made in contemplation of UHC acquiring a
26 specific healthcare company, and the acquisition was never completed. As a result,
27 UHC is not operational, has no assets and has little or no realizable value.

28 Payments have been made on the PCM obligations by the other three

1 companies, and the outstanding balance of the loans, together with the \$26,000
2 owed by UHC, total the sum of \$858,612.15, which is the amount proposed to be
3 paid to the Receiver in the Settlement (the "Settlement Payment"). The outstanding
4 loan balances for each entity are as follows:

<u>Entity</u>	<u>Balance Due</u> ²
5 Direct PT	\$486,896.20
7 Restorative	\$ 96,313.66
8 National Nursing	\$249,402.29
9 UHC	\$ 26,000.00

10
11 The Receiver's investigation indicates that Restorative is an operating
12 company with value. Restorative is a profitable company. Its stock was subject to a
13 tentative valuation in May 2003 of approximately \$939,000 (for 100% of the stock),
14 and its net income is at least three times higher than that of Direct PT and National
15 Nursing as of 2003. The financial condition and value of Direct PT and National
16 Nursing, on the other hand, are questionable. Direct PT and National Nursing have
17 experienced deteriorating operations and have only modest net income. The
18 Receiver believes the publicity associated with Heath's stated ownership interest in
19 the entities and notoriety as a result of this case and the pending criminal action
20 against him may be affecting the operations of these entities.

21 As a result of the foregoing, Wallace and the Sanchezes, the shareholders of
22 these entities who are active in the operation and management of the companies,
23 have sought to divide the ownership of the four entities and to buy out the interests
24

25 ² Within the last week, in contemplation of this agreement a payment of
26 \$40,167.80 was made on the Direct PT loan and a payment of \$10,482.71 was made
27 on the National Nursing loan. The Receiver has agreed to apply those payments to
28 the principal amounts outstanding, leaving the balances reflected herein.

1 of Heath and other shareholders and commenced negotiations with the Receiver
2 toward that end. Those shareholders, Wallace and the Sanchezes, together with the
3 Receiver, have negotiated an arms-length stock repurchase/redemption by which the
4 Sanchezes will acquire sole ownership of Restorative through the purchase of the
5 shares of Heath, Sullivan and Wallace, all indebtedness of the four companies to
6 PCM will be fully satisfied, all claims and interests between Heath, PCM and the
7 receivership estate, on one hand, and the four companies, Wallace and the
8 Sanchezes, on the other, will be released and Wallace will become the sole or
9 majority owner of the three companies Direct PT, National Nursing and UHC.

10 The proposed transaction provides for all shareholders of Restorative, other
11 than the Sanchezes, to have their shares in Restorative purchased for the sum of
12 \$3,070.89 per share with funding to be provided by a loan obtained by the
13 Sanchezes on behalf of Restorative from Waterside Capital Corporation. The
14 Receiver will receive the total sum of \$600,245.97 from Restorative pursuant to this
15 transaction, representing the sum of \$3,070.89 per share for Heath's 195.46 shares in
16 Restorative. In exchange for this sum, the obligations of Restorative to PCM on
17 account of the loan and all shareholder rights and interests of Heath in and to
18 Restorative shall be deemed satisfied, and any other rights, claims or interests of
19 Heath, PCM and the receivership estate, including but not limited to Heath's right of
20 first refusal to purchase stock in Restorative, shall be waived, released and
21 relinquished.

22 The Sanchezes, through the Waterside loan to Restorative, shall also purchase
23 all of the shares held by Wallace and Sullivan in Restorative for the same per share
24 price of \$3,070.89. From the proceeds of the sale of Wallace's shares, Wallace shall
25 pay the Receiver the sum of \$258,366.18. This amount, together with the
26 \$600,245.97 from the sale of the Restorative stock in the name of Heath, is
27 sufficient to fully pay all outstanding indebtedness owed to PCM by Restorative,
28 Direct PT, National Nursing and UHC and shall be tendered to and accepted by the

1 Receiver in full satisfaction of all such indebtedness as well as on account of all
2 shareholder interests of Heath in Direct PT, National Nursing and UHC, which shall
3 be transferred to Wallace as part of the transaction.

4 The Sanchezes and Wallace have provided the Receiver with documentation
5 demonstrating funds are presently held in escrow sufficient to satisfy the
6 \$858,612.15 which the parties propose to pay to the Receiver in exchange for a
7 settlement declaring the debt obligations to PCM fully satisfied, the redemption of
8 all stock ownership held in the names of Heath and PCM in the four companies, and
9 the mutual release of all claims, including claims against Heath and the receivership
10 estate. The Receiver believes this transaction is in the best interests of the
11 receivership estate and provides the benefit of a full and immediate cash repayment
12 of the outstanding indebtedness due from these companies and liquidation of shares
13 in closely held companies for an immediate cash payment that could not otherwise
14 be obtained through enforcement of the debt obligations or marketing or sale of the
15 shares to outside third parties. The debt obligations are not documented or
16 evidenced by notes or other debt instruments. The loans are unsecured. One of the
17 obligors, UHC, is dormant, non-operational and lacks any assets. The ability of
18 Direct PT and National Nursing to satisfy the debts is uncertain and the value of the
19 stock interests speculative given their modest net income. The fractional interests
20 in these closely held businesses are illiquid and have a limited market, with the
21 only likely interested buyers being the other shareholders. The businesses are also
22 subject to the uncertainties and risks of the health care industry, including the
23 payment delays and disputes with Medicare and other governmental agencies and
24 insurance companies which are the source of payment for most of the patient
25 billings. Under the circumstances, the Receiver believes the Settlement Payment
26 represents a fair and beneficial payment in exchange for satisfaction of the PCM

27 ///

28 ///

1 notes and the Heath ownership interests and rights of first refusal in these
2 companies, and for a full and complete mutual release of claims between the
3 companies and Heath and the receivership estate on the other.

4 II

5 THE RECEIVER REQUESTS APPROVAL OF THE
6 SETTLEMENT

7 Local Rule 66-8 directs receivers to administer receivership estates "as nearly
8 as possible in accordance with the practice in the administration of estates in
9 bankruptcy." Pursuant to Federal Rule of Bankruptcy Procedure 9019, a bankruptcy
10 court may approve a proposed compromise of controversies after notice and an
11 opportunity for a hearing. In determining whether to approve a compromise in a
12 bankruptcy, the Ninth Circuit reviews four factors:

13 (a) The probability of success in the litigation; (b) the
14 difficulties, if any to be encountered in the matter of
15 collection; (c) the complexity of the litigation involved,
16 and the expense, inconvenience and delay necessarily
17 attending it; (d) and paramount interest of the creditors and
18 a proper deference to their reasonable views in the
19 premises."

20 In re A&C Properties, 784 F.2d 1377, 1381 (9th Cir. 1986). See also In re
21 Woodson, 839 F.2d 610, 620 (9th Cir. 1988).

22 In light of the factors set forth above, the Receiver submits that the Settlement
23 should be approved. As set forth above, the payment from Restorative represents a
24 price per share negotiated at arms length by the shareholders and is applicable to all
25 shares being redeemed/purchased. The payment from Restorative, combined with
26 the funds to be paid the Receiver by Wallace on account of Direct PT, National
27 Nursing and UHC are sufficient to provide a full recovery of the debt obligation
28 amounts owed to PCM. These debt obligations have uncertain collectibility,

1 especially as to Direct PT, National Nursing and the defunct UHC, and the stock
2 ownership in those entities in particular is of questionable value given the limited
3 net income of the companies and the fact they are closely held shares in the
4 companies in the volatile and uncertain healthcare industry. Further, the Settlement
5 permits the Receiver to liquidate all of these interests and obtain releases of any
6 claims against the receivership estate by the entities or their shareholders for an
7 immediate cash payment. The Receiver therefore recommends the Settlement as
8 beneficial to the estate.

9 III

10 THE RECEIVER REQUESTS RELIEF FROM NOTICE
11 REQUIREMENTS OF LOCAL RULE 66-7

12 The Receiver requests that this motion be granted, and the order thereon
13 entered, without requiring the Receiver to give notice to all creditors under L.R. 66-
14 7(d), which provides that: "The receiver shall give notice by mail to all parties to the
15 action and to all known creditors of the defendant of the time and place for hearing
16 of: . . . (d) Applications for instructions concerning administration of the estate; . . ."
17 In addition, the Receiver requests that the order on this motion be entered without
18 requiring the Receiver to give notice to creditors pursuant to L.R. 66-7(b), which
19 similarly provides that the Receiver shall notify all known creditors of the time and
20 place for hearing of " . . .(b) petitions for the confirmation of sales of real property
21 and personal property;"

22 The Receiver will provide notice of this motion to the vendor creditors of the
23 estate whose identity currently is known to the Receiver. However, the Receiver
24 requests that he be relieved from his duty under L.R. 66-7 to notify all investor-
25 creditors because there are more than 1,000 such potential creditors in the estate.
26 These potential creditors are investors or consumers, in that they invested in, or
27 purchased investment products from, the Receivership Defendants. Further, the
28 Receiver has been unable to verify at this time whether all of these investors will

1 prove to be actual creditors of the receivership estate. If the Receiver is required to
2 give notice to all of these individuals, such a requirement would be extraordinarily
3 burdensome, time consuming and expensive for the receivership estate, including
4 substantial photocopying and postage costs.

5 In light of the fact that the motion is being served on the list of known vendor
6 creditors and is being posted on the Receiver's website, it is reasonable and
7 appropriate to consider this motion based on the modified notice procedure set forth
8 herein. In order to maximize notice in this situation, the Receiver will take the
9 following steps:

10 1. The motion and notice of hearing will be served on all parties named in
11 this action, as well as all known vendor creditors of the receivership estate and on
12 the Chapter 7 bankruptcy trustee of the Leslee Jane Heath bankruptcy estate;

13 2. Notice will be given herein that the Receiver will provide copies of the
14 motion to any interested party upon receipt of a written request. Parties may direct
15 such a request to the Receiver as follows: Robb Evans & Associates LLC, 11450
16 Sheldon Street, Sun Valley, CA 91352-1121, Attn: Lillian Lee; and

17 3. The motion and notice of hearing will be posted on the Receiver's
18 website at the following address: www.heath-receiver.com.

19 The procedure outlined above is designed to permit the Receiver to obtain
20 approval of the settlement described herein in an expeditious and cost-effective
21 manner. The Receiver submits that this notice is reasonable and designed to provide
22 fair notice and an opportunity to be heard to all creditors and interested parties in the
23 receivership estate, while minimizing the expense of photocopying and postage that
24 would otherwise be borne by those creditors if universal notice by mail was
25 required. Accordingly, it is respectfully requested that the Receiver be relieved of
26 giving notice to those investors who are or may be creditors of this receivership
27 estate.

28 //

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IV
CONCLUSION

Based on the foregoing, the Receiver respectfully requests that the Court grant relief as requested herein.

DATED: December 27, 2004

FRANDZEL ROBINS BLOOM & CSATO,
L.C.
GARY OWEN CARIS
LESLEY ANNE HAWES

By: 
GARY OWEN CARIS
Attorneys for Permanent Receiver,
ROBB EVANS

DECLARATION OF EARL LANNA

I, Earl Lanna, declare:

1. I am one of the deputies to Robb Evans as the Permanent Receiver of the assets of D.W. Heath & Associates, Inc., PCM Fixed Income Fund, LLC, Private Capital Management, Inc., Private Collateral Management, Inc., and their subsidiaries and affiliates (individually and collectively, the "Receivership Defendants"). I have personal knowledge of the matters set forth in this declaration and if I were called upon to testify as to these matter, I could and would competently testify based upon my personal knowledge.

2. The Receiver was appointed the permanent receiver in this action by this Court pursuant to the Stipulation and Order Appointing a Permanent Receiver entered on May 19, 2004 (the "Receivership Order"). The Receiver's duties under the Receivership Order include not only the general powers of an equity receiver, but also the duties to take possession and control of all assets of the Receivership Defendants, with the power to sue, foreclose, marshal, sell and liquidate all assets of the Receivership Defendants.

3. Together with the Receiver and others of his deputies, I have conducted an investigation of the finances of the Receivership Defendants as they pertain to monies provided by Receivership Defendant Private Capital Management, Inc. ("PCM") to four health care companies located in Texas; namely, Direct PT, Inc., a Texas corporation ("Direct PT"), Management and Business Associates, Inc. doing business as Restorative Health Care, a Texas corporation ("Restorative"), National Nursing and Rehabilitation ("National Nursing"), and UHC, Inc., a Texas corporation ("UHC"). This investigation has included a review of financial documents and information regarding the companies, profit and loss statements, a tentative draft valuation of the shareholder interests in Restorative prepared in May 2003 and meetings and other exchanges of information with the principals of the companies regarding the companies' operations and financial condition. The

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1 following paragraphs set forth the information the Receiver, the other deputies and
2 I have discovered through such investigation regarding these four companies.

3 4. Defendant Private Capital Management, Inc. ("PCM") used investor
4 funds to provide hundreds of thousands of dollars in financing to Direct PT,
5 Restorative, National Nursing and most recently in 2003, UHC. These four
6 companies share overlapping ownership in that an individual, Stephen Wallace
7 ("Wallace"), and Heath are shareholders in each of the four companies. They are
8 the sole shareholders of UHC. Wallace, Heath and another individual, Edward
9 Sullivan ("Sullivan"), are the three equal owners of Direct PT. J. Ron Sanchez and
10 Roberta Sanchez (collectively the "Sanchezes") are additional shareholders of
11 Restorative and hold small shareholder interests in National Nursing. PCM is also
12 a shareholder of National Nursing.

13 5. The four companies each received substantial funds from PCM,
14 representing investor funds solicited as part of Heath's illegal investment scheme.
15 The funds provided to the companies were characterized as debt obligations on the
16 companies' books, although no promissory notes or other debt instruments exist
17 reflecting the debt obligations. Stock was also issued by the companies in the name
18 of Heath individually for a fractional ownership interest in the companies (out of
19 1,000 total issued shares in each of the companies) as set forth below:

<u>Entity</u>	<u>No. of Shares</u>
Direct PT	333.33
Restorative	195.463
National Nursing	266.66
UHC	500

25 6. In addition, PCM was issued 150 shares of National Nursing which it
26 holds in its name.

27 7. The provision of a substantial portion of the PCM loan amounts
28 occurred generally at or about the time of the issuance of shares to Heath and/or

1 shortly thereafter, such that the Receiver can conclude Heath's ownership
2 acquisition was made in connection with and in consideration of the funding
3 provided by PCM (in the case of UHC, PCM provided the funds to acquire the
4 company). In addition, the businesses' issuance of shares in the name of Heath
5 was as a result of and dependent upon the provision of investor funds to the four
6 businesses by PCM. The consideration for the issuance of shares in these
7 companies to Heath was the investor funds provided by PCM to each of the
8 companies. Moreover, Heath provided no personal assets or consideration for the
9 shares. As a result, the Receiver contends that the beneficial ownership interest in
10 the shares in the four companies as a result resides with PCM and ultimately the
11 creditors of this receivership estate notwithstanding Heath's nominal title to the
12 shares.

13 8. No payments were made by UHC to PCM on its \$26,000
14 loan/investment in the company. The loan to UHC was made in contemplation of
15 UHC acquiring a specific healthcare company, and the acquisition was never
16 completed. As a result, UHC is not operational, has no assets, has no income or
17 cash flow, and has little or no realizable value.

18 9. Payments have been made on the PCM obligations by the other three
19 companies, and the outstanding balance of the loans, together with the \$26,000
20 owed by UHC, total the sum of \$858,612.15, which is the amount proposed to be
21 paid to the Receiver in the Settlement (the "Settlement Payment"). The outstanding
22 loan balances for each entity are as follows:

<u>Entity</u>	<u>Balance Due</u>
Direct PT	\$486,896.20
Restorative	\$ 96,313.66
National Nursing	\$249,402.29
UHC	\$ 26,000.00

1 Within the last week, in contemplation of this agreement, a payment of \$40,167.80
2 was made on the Direct PT loan and a payment of \$10,482.71 was made on the
3 National Nursing loan. The Receiver agreed to apply these payments to the
4 principal amounts outstanding, leaving the balances reflected herein.

5 10. Restorative is an operating company with value. Restorative is a
6 profitable company. Its stock was subject to a tentative valuation in May 2003 of
7 approximately \$939,000 (for 100% of the stock), and its net income is at least three
8 times higher than that of Direct PT and National Nursing as of 2003. The financial
9 condition and value of Direct PT and National Nursing, on the other hand, are
10 questionable. Direct PT and National Nursing have experienced deteriorating
11 operations and have only modest net income based on the financial documents,
12 including profit and loss statements, I have reviewed for those entities and my
13 discussions with the principals. Further, the publicity associated with Heath's stated
14 ownership interest in the entities and notoriety as a result of this case and the
15 pending criminal action against him may be affecting the operations of these
16 entities.

17 11. As a result of the foregoing, Wallace and the Sanchezes, the
18 shareholders of these entities who are active in the operation and management of the
19 companies, have sought to divide the ownership of the four entities and to buy out
20 the interests of Heath and other shareholders and commenced negotiations with the
21 Receiver toward that end. Those shareholders, Wallace and the Sanchezes
22 approached the Receiver to negotiate an arms-length stock repurchase/redemption
23 by which the Sanchezes will acquire sole ownership of Restorative through the
24 purchase of the shares of Heath, Sullivan and Wallace, all indebtedness of the four
25 companies to PCM will be fully satisfied, all claims and interests between Heath,
26 PCM and the receivership estate, on one hand, and the four companies, Wallace and
27 the Sanchezes on the other will be released, and Wallace will become the sole or
28 majority owner of the three companies Direct PT, National Nursing and UHC.

1 12. The proposed transaction provides for all shareholders of Restorative,
2 other than the Sanchezes, to have their shares in Restorative purchased for the sum
3 of \$3,070.89 per share with funding to be provided by a loan obtained by the
4 Sanchezes on behalf of Restorative from Waterside Capital Corporation. The
5 Receiver will receive the total sum of \$600,245.97 from Restorative pursuant to this
6 transaction, representing the sum of \$3,070.89 per share for Heath's 195.46 shares in
7 Restorative. In exchange for this sum, the obligations of Restorative to PCM on
8 account of the loan and all shareholder rights and interests of Heath in and to
9 Restorative shall be deemed satisfied, and any other rights, claims or interests of
10 Heath, PCM and the receivership estate, including but not limited to Heath's right of
11 first refusal to purchase stock in Restorative, shall be waived, released and
12 relinquished.

13 13. The Sanchezes, through the Waterside loan to Restorative, shall also
14 purchase all of the shares held by Wallace and Sullivan in Restorative for the same
15 per share price of \$3,070.89. From the proceeds of the sale of Wallace's shares,
16 Wallace shall pay the Receiver the sum of \$258,366.18. This amount, together with
17 the \$600,245.97 from the sale of the Restorative stock in the name of Heath, is
18 sufficient to fully pay all outstanding indebtedness owed to PCM by Restorative,
19 Direct PT, National Nursing and UHC and shall be tendered to and accepted by the
20 Receiver in full satisfaction of all such indebtedness as well as on account of all
21 shareholder interests of Heath in Direct PT, National Nursing and UHC, which shall
22 be transferred to Wallace as part of the transaction.

23 14. The Sanchezes and Wallace have provided the Receiver with
24 documentation demonstrating funds are presently held in escrow sufficient to satisfy
25 the \$858,612.15 which the parties propose to pay to the Receiver in exchange for
26 a settlement declaring the debt obligations to PCM fully satisfied, the redemption
27 of all stock ownership held in the names of Heath and PCM in the four companies,

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1 and the mutual release of all claims, including claims against Heath and the
2 receivership estate.

3 15. The Receiver believes this transaction is in the best interests of the
4 receivership estate and provides the benefit of a full and immediate cash repayment
5 of the outstanding indebtedness due from these companies and liquidation of shares
6 in closely held companies for an immediate cash payment that could not otherwise
7 be obtained through enforcement of the debt obligations or marketing or sale of the
8 shares to outside third parties. The debt obligations are not documented or
9 evidenced by notes or other debt instruments. The loans are unsecured. One of the
10 obligors, UHC, is dormant, non-operational and lacks any assets. The ability of
11 Direct PT and National Nursing to satisfy the debts is uncertain and the value of the
12 stock interests speculative given their modest net income. The fractional interests in
13 these closely held businesses are illiquid and have a limited market, with the only
14 likely interested buyers being the other shareholders. The businesses are also
15 subject to the uncertainties and risks of the health care industry, including the
16 payment delays and disputes with Medicare and other governmental agencies and
17 insurance companies which are the source of payment for most of the patient
18 billings.

19 16. Under the circumstances, the Receiver believes the Settlement Payment
20 represents a fair and beneficial payment in exchange for satisfaction of the PCM
21 loans and the Heath ownership interests and rights of first refusal in these
22 companies, and for a full and complete mutual release of claims between the
23 companies and Heath and the receivership estate on the other.

24 17. The Receiver through his counsel will provide notice of this motion to
25 the vendor creditors of the estate whose identity currently is known to the Receiver.
26 However, the Receiver requests that he be relieved from his duty under L.R. 66-7
27 to notify all investor-creditors because there are more than 1,000 such potential
28 creditors in the estate. These potential creditors are investors or consumers, in that

1 they invested in, or purchased investment products from, the Receivership
2 Defendants.

3 18. The Receiver has been unable to verify at this time whether all of these
4 investors will prove to be actual creditors of the receivership estate. If the Receiver
5 is required to give notice to all of these individuals, such a requirement would be
6 extraordinarily burdensome, time consuming and expensive for the receivership
7 estate, including substantial photocopying and postage costs.

8 19. In light of the fact that the motion is being served on the list of known
9 vendor creditors and is being posted on the Receiver's website, it is reasonable and
10 appropriate to consider this motion based on the modified notice procedure set forth
11 herein. In order to maximize notice in this situation, the Receiver will take the
12 following steps:

13 A. The motion and notice of hearing will be served on all parties named in
14 this action, as well as all known vendor creditors of the receivership estate and on
15 the Chapter 7 bankruptcy trustee of the Leslee Jane Heath bankruptcy estate;

16 B. Notice will be given in the motion that the Receiver will provide copies
17 of the motion to any interested party upon receipt of a written request. Parties may
18 direct such a request to the Receiver as follows: Robb Evans & Associates LLC,
19 11450 Sheldon Street, Sun Valley, CA 91352-1121, Attn: Lillian Lee; and

20 C. The motion and notice of hearing will be posted on the Receiver's
21 website at the following address: www.heath-receiver.com.

22 Executed this 27 day of December 2004 at Scottsdale, Arizona.

23 I declare under penalty of perjury under the laws of the State of California
24 that the foregoing is true and correct.

25
26 
27 EARL LANNA
28

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PROOF OF SERVICE

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I, the undersigned, declare and certify as follows:

I am over the age of eighteen years, not a party to the within action and employed in the County of Los Angeles, State of California. I am employed in the office of FRANDZEL ROBINS BLOOM & CSATO, L.C., members of the Bar of the above-entitled Court, and I made the service referred to below at their direction. My business address is 6500 Wilshire Boulevard, Seventeenth Floor, Los Angeles, California 90048-4920.

On December 27, 2004, I served true copy(ies) of the **EX PARTE APPLICATION FOR ORDER SHORTENING TIME FOR FILING, SERVICE AND HEARING ON MOTION FOR APPROVAL OF SETTLEMENT RE SATISFACTION OF LOANS AND TRANSFER OF STOCK INTERESTS IN DIRECT PT, INC., MANAGEMENT AND BUSINESS ASSOCIATES, INC. DBA RESTORATIVE HEALTH CARE, NATIONAL NURSING AND REHABILITATION AND UHC, INC. AND FOR MODIFICATION OF NOTICE PROCEDURES UNDER LOCAL RULE 66-7 IN CONNECTION THEREWITH; DECLARATIONS OF GARY OWEN CARIS AND REBECCA E. DELANY IN SUPPORT THEREOF**, the original(s) of which is(are) affixed hereto, to the party(ies) listed on the attached service list.

- BY MAIL:** I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing with the United States Postal Service. Under that practice, it would be deposited with the United States Postal Service that same day in the ordinary course of business. Such document(s) were placed in envelopes addressed to the person(s) served hereunder for collection and mailing with postage thereon fully prepaid at Los Angeles, California, on that same day following ordinary business practices. **(On Defendant Daniel Heath Only)**
- BY FACSIMILE:** At approximately _____, I caused said document(s) to be transmitted by facsimile. The telephone number of the sending facsimile machine was (323) 651-2577. The name(s) and facsimile machine telephone number(s) of the person(s) served are set forth in the service list. The document was transmitted by facsimile transmission, and the sending facsimile machine properly issued a transmission report confirming that the transmission was complete and without error.
- BY OVERNIGHT DELIVERY:** I deposited such document(s) in a box or other facility regularly maintained by the overnight service carrier, or delivered such document(s) to a courier or driver authorized by the overnight service carrier to receive documents, in an envelope or package designated by the overnight service carrier with delivery fees paid or provided for, addressed to the person(s) served hereunder. **(On Everyone But Defendant Daniel Heath)**

I certify under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct.

Executed on December 27, 2004, at Los Angeles, California.


HELEN SCHWARTZ

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SERVICE LIST

Securities and Exchange Commission v. D.W. Heath & Associates, Inc., et al.
U.S.D.C. Case No. CV 04-02949

David S. Brown, Esq. Molly White, Esq. Securities and Exchange Commission 5670 Wilshire Boulevard, 11th Floor Los Angeles, CA 90036-3648 Tel: (323) 965-3841 Fax: (323) 965-3908	Attorneys for Plaintiff Securities and Exchange Commission
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Barry O. Bernstein, Esq. 3727 W. Magnolia Boulevard, Suite 767 Burbank, CA 91505 Tel: (818) 558-1717 Fax: (818) 526-7672	Advisory Counsel for Defendant Daniel William Heath
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Michael A. Oswald, Esq. Oswald & Yap, APC 16148 Sand Canyon Avenue Irvine, CA 92618 Tel: (949) 788-8900 Fax: (949) 788-8980	Attorney for Defendant Denis Timothy O'Brien
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Ross H. Parker, Esq. Munsch Hardt Kopf & Harr PC 4000 Fountain Place 1445 Ross Avenue Dallas, Texas 75202-2790 Tel: (214) 855-7500 Fax: (214) 855-7584	Attorney for Stephen Wallace
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John Bray, Esq. Cox Smith Matthews Incorporated 112 East Pecan Street, Suite 1800 San Antonio, Texas 78205-1521 Tel: (210) 554-5500 Fax: (210) 226-8395	Attorney for J. Ron Sanchez and Roberta Sanchez
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Mr. Daniel Heath Booking No. 200427981 Robert Presley Detention Center P. O. Box 710 Riverside, California 92501	Defendant
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