

**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**

11450 Sheldon Street  
Sun Valley, California 91352-1121  
Telephone No.: (818) 768-8100  
Facsimile No.: (818) 768-8802

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

**Notice of Hearing on Motion for Approval of Settlement of Claim**  
**Against Chapter 7 Estate of Coast Energy Management, Inc.**

**Filed July 31, 2008**

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**ROBB EVANS**

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

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11 SECURITIES AND EXCHANGE  
COMMISSION,

12 Plaintiff,

13 v.

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

16 Defendants.  
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CASE NO. CV 04-02949 JFW (Ex)

**NOTICE OF HEARING AND MOTION  
FOR APPROVAL OF SETTLEMENT  
OF CLAIM AGAINST CHAPTER 7  
ESTATE OF COAST ENERGY  
MANAGEMENT, INC.**

Date: August 25, 2008  
Time: 1:30 p.m.  
Place: Courtroom 16  
312 N. Spring Street  
Los Angeles, CA

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20 PLEASE TAKE NOTICE that on August 25, 2008, at 1:30 p.m., or as soon  
21 thereafter as counsel may be heard in Courtroom 16 of the above-entitled Court  
22 located at 312 North Spring Street, Los Angeles, California 90012, Robb Evans, as  
23 Permanent Receiver of D.W. Heath & Associates, Inc., Private Capital  
24 Management, Inc., Private Collateral Management, Inc. and PCM Fixed Income  
25 Fund I, LLC, and their subsidiaries and affiliates and as Receiver over the  
26 Schlarmann Interests ("Receiver"), will and does hereby move the Court for an  
27 Order approving the Settlement Agreement dated as of July 8, 2008 among the  
28 Receiver, Diane Mann ("Trustee") in her capacity as Chapter 7 Trustee of the

1 bankruptcy estate of Coast Energy Management, Inc. (“Coast Energy”) and B1-17,  
2 L.L.C., an Arizona limited liability company (“B1”), a true and correct copy of  
3 which is attached as Exhibit 1 to the Declaration of Brick Kane filed concurrently  
4 herewith. As more fully set forth in the Settlement Agreement, the Receiver  
5 claimed that D.W. Heath & Associates, Inc. held a first priority security interest in  
6 the personal property assets of Coast Energy, a lien which it acquired from B1-17  
7 by assignment and the validity and priority of which lien was disputed by the  
8 Trustee. Under the Settlement Agreement the Receiver on behalf of the  
9 receivership estate is granted an allowed claim of \$540,000 against the Coast  
10 Energy bankruptcy estate. The Receiver on behalf of the receivership estate is to be  
11 paid the sum of \$67,073.27 from the proceeds of sale of the personal property, and  
12 the balance of the allowed claim will be treated as an allowed unsecured claim  
13 against the Coast Energy estate.

14 The Receiver seeks approval of the Settlement Agreement and an order  
15 authorizing the Receiver (a) to sign and enter into the Settlement Agreement; (b) to  
16 sign and enter into all other documents, instruments and papers described in the  
17 Settlement Agreement or necessary or convenient to make and implement the  
18 Settlement Agreement; (c) to make the releases provided for in the Settlement  
19 Agreement; and (d) to perform such other acts necessary or convenient for the  
20 Receiver to obtain the benefits and perform all obligations under the Settlement  
21 Agreement. The Motion is further made on the grounds that the Settlement  
22 Agreement is reasonable, fair and equitable, and in the best interests of the  
23 receivership estate.

24 This Motion is made pursuant to Local Civil Rules 66-7 and is made and  
25 based on the Notice of Motion and Motion, the Memorandum of Points and  
26 Authorities attached thereto and the Declaration of Brick Kane filed concurrently  
27 therewith in support hereof, on this separate Notice of Hearing and Motion, and on  
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1 such further oral and documentary evidence as may be presented at or before the  
2 time of the hearing on the Motion.

3 Notice of the hearing on the Motion is provided pursuant to this Court's  
4 Order: (1) Approving Receiver's Report for the Period July 12, 2004 Through  
5 December 31, 2004; (2) Approving Receiver's Proposed Claims Filing and  
6 Allowance Procedure; and (3) Granting an Order Limiting Notice Under Local Rule  
7 66-7 in Connection With Administrative and Similar Motions Under Local Rule  
8 66-7 entered March 4, 2005.

9 PLEASE TAKE FURTHER NOTICE that the Motion is posted on the  
10 Receiver's website at [www.heath-receiver.com](http://www.heath-receiver.com), where it may be viewed in its  
11 entirety. Copies of the Motion will be provided to any interested party upon  
12 receipt of a written request which may be sent to: Robb Evans & Associates LLC,  
13 11450 Sheldon Street, Sun Valley, CA 91352-1121, facsimile no. (818) 768-8802,  
14 attention: Cherrie Eustaquio.

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16 Dated: July 31, 2008

MCKENNA LONG & ALDRIDGE LLP  
Gary Owen Caris  
Lesley Anne Hawes

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19 By: /s/ Gary Owen Caris  
20 Gary Owen Caris

21 Attorneys for Robb Evans, Permanent  
22 Receiver  
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