

**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)**

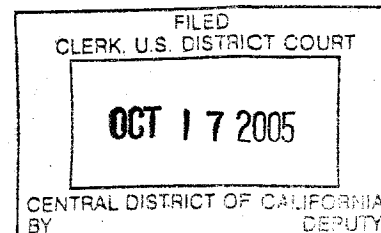
**Order Granting Motion for**  
**Approval of Settlement Between Receiver and Quizno's**

**Filed October 17, 2005**

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

1 Gary Owen Caris (State Bar No. 088918)  
Lesley Anne Hawes (State Bar No. 117101)  
2 Hal D. Goldflam (State Bar No. 179689)  
FRANDZEL ROBINS BLOOM & CSATO, L.C.  
3 6500 Wilshire Boulevard  
Seventeenth Floor  
4 Los Angeles, California 90048-4920  
Telephone: (323) 852-1000  
5 Facsimile: (323) 651-2577  
E-Mail: gcaris@frandzel.com  
6 E-Mail: lhawes@frandzel.com  
E-Mail: hgoldflam@frandzel.com

7 Attorneys for Permanent Receiver  
8 ROBB EVANS



10 UNITED STATES DISTRICT COURT  
11 CENTRAL DISTRICT OF CALIFORNIA

12  
13 SECURITIES AND EXCHANGE  
COMMISSION,

14 Plaintiff,

15 v.

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

18 Defendants.

CASE NO. CV 04-02949 JFW (Ex)

19  
20  
21  
22 **ORDER GRANTING MOTION  
FOR APPROVAL OF  
SETTLEMENT BETWEEN  
RECEIVER AND QUIZNO'S**

DATE: October 17, 2005  
TIME: 1:30 p.m.  
CTRM.: 16

22 The Motion for Approval of Settlement Between Receiver and Quizno's  
23 ("Motion") brought by Robb Evans, as Permanent Receiver of D.W. Heath &  
24 Associates, Inc., Private Capital Management, Inc., Private Collateral Management,  
25 Inc. and PCM Fixed Income Fund I, LLC and their subsidiaries and affiliates  
26 and as Receiver over the Schlarmann Interests ("Receiver") came on regularly for  
27 hearing on October 17, 2005, at 1:30 p.m. in Courtroom 16 of the above-referenced  
28 Court, the Honorable John F. Walter, United States District Judge presiding.

1 Gary Owen Caris of Frandzel Robins Bloom & Csato, L.C. appeared on behalf  
2 of the Receiver, Sara L. Chenetz of DLA Piper Rudnick Gray Cary US, LLP  
3 appeared on behalf of QFA Royalties LLC and Quizno's Franchising II LLC and  
4 other appearances were made as noted in the record. The Court, having read and  
5 considered all papers filed in support of the Motion, having read the final executed  
6 version of the Settlement Agreement entered into by and between C. Cameron  
7 Rooke, Rooke Area Development Group, Inc., and the Receiver, as Receiver for,  
8 among other entities, QIE Development, LLC, QSD Development, LLC, QIE  
9 Management, LLC, QSD Management, LLC, P.S. Restaurant Management, Inc.,  
10 QCS San Diego, LLC and QCal Management, Inc., on the one hand, and QFA  
11 Royalties LLC and Quizno's Franchising II LLC, on the other, no opposition to the  
12 Motion having been filed despite due and proper notice having been given, having  
13 heard and considered the arguments and contentions of counsel, and good cause  
14 appearing therefor, it is

15 ORDERED that:

- 16 1. The Motion shall be and hereby is granted in its entirety;
- 17 2. The Receiver has the authority to compromise the matters set forth in  
18 the Settlement Agreement and to terminate the Area Director Marketing Agreements  
19 as set forth therein; and
- 20 3. The Settlement Agreement is hereby approved in its entirety, and the  
21 Receiver is authorized, empowered and directed to enter into, execute and  
22 consummate the Settlement Agreement pursuant to the terms thereof.

23  
24  
25  
26  
27  
28

DATED: 10/17/05

JOHN F. WALTER

JOHN F. WALTER, United States  
District Judge

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

**PROOF OF SERVICE**

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 FRANZEL 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 October 17, 2005, I served true copy(ies) of the **ORDER GRANTING MOTION AND MOTION FOR APPROVAL OF SETTLEMENT BETWEEN RECEIVER AND QUIZNO'S**, the original(s) of which is(are) affixed hereto, to the party(ies) listed on the attached service list.

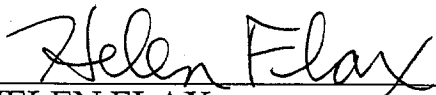
**BY MAIL:** I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing with the United States Postal Service. Under that practice, it would be deposited with the United States Postal Service that same day in the ordinary course of business. Such document(s) 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.

**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.

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 October 17, 2005, at Los Angeles, California.

  
HELEN FLAX

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## SERVICE LIST

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

- 1  
2  
3  
4 David S. Brown, Esq. Attorneys for Plaintiff  
Molly White, Esq. Securities and Exchange Commission  
Securities and Exchange Commission  
5 5670 Wilshire Boulevard, 11th Floor  
Los Angeles, CA 90036-3648  
6 Tel: (323) 965-3841  
Fax: (323) 965-3908  
7  
8 Sara L. Chenetz, Esq. Attorneys for  
DLA Piper Rudnick Gray Cary US LLP QFA Royalties LLC  
1999 Avenue of the Stars, Fourth Floor  
9 Los Angeles, California 90067-6022  
Telephone: (310) 595-3000  
10 Facsimile: (310) 595-3300  
11 Barry O. Bernstein, Esq. Advisory Counsel for Defendant  
3727 W. Magnolia Boulevard, Suite 767 Daniel William Heath  
12 Burbank, CA 91505  
Tel: (818) 558-1717  
13 Fax: (818) 526-7672  
14 Michael A. Oswald, Esq. Attorney for Defendant  
Oswald & Yap, APC Denis Timothy O'Brien  
15 16148 Sand Canyon Avenue  
Irvine, CA 92618  
16 Tel: (949) 788-8900  
Fax: (949) 788-8980  
17  
18 R. L. Goodrich, Chapter 7 Trustee Bankruptcy Trustee  
3600 Lime Street, Suite 416  
Riverside, CA 92501  
19 Tel: (951) 341-9300  
Fax: (951) 341-9309  
20  
21 Jeffrey W. Broker, Esq. Attorney for Debtor  
18191 Von Karman Avenue, Suite 470  
Irvine, CA 92612  
22 Tel: (949) 222-2000  
Fax: (949) 222-2022  
23  
24 Norman Hanover, Esq. Attorney for Chapter 7 Trustee  
Reid & Hellyer  
3880 Lemon Street, 5th Floor  
25 Riverside, CA 92502-1300  
Tel: (951) 682-1771  
26 Fax: (951) 686-2415  
27  
28

- |    |  |  |
|----|--|--|
| 1  | David Osias, Esq.<br>Allen Matkins Leck Gamble & Mallory LLP<br>501 West Broadway, Suite 900<br>San Diego, CA 92101<br>Tel: (619) 233-1155<br>Fax: (619) 233-1158                            | Attorney for Chapter 7 Trustee                         |
| 2  |  |  |
| 3  |  |  |
| 4  | Mr. Daniel Heath<br>Booking No. 200427981<br>Robert Presley Detention Center<br>P. O. Box 710<br>Riverside, California 92501   | Defendant  |
| 5  |  |  |
| 6  |  |  |
| 7  |  |  |
| 8  | Michael Silverman, Esq.<br>Mark Mandio, Esq.<br>District Attorney's Office<br>4075 Main Street<br>Riverside, CA 92501<br>Tel: (951) 955-5400<br>Fax: (951) 955-5682                          | Attorneys for The People of the State<br>of California |
| 9  |  |  |
| 10 |  |  |
| 11 |  |  |
| 12 | Michael Lipman, Esq.<br>Coughlan Semmer & Lipman LLP<br>501 W. Broadway, Suite 400<br>San Diego, CA 92101<br>Tel: (619) 232-0800<br>Fax: (619) 232-0107                                      | Attorney for Defendant Larre Jaye<br>Schlarmann        |
| 13 |  |  |
| 14 |  |  |
| 15 | Steve Harmon, Esq.<br>The Law Offices of Harmon & Harmon<br>3685 Main St., Suite 250<br>Riverside, CA 92501<br>Tel: (951) 787-6800<br>Fax: (951) 787-6700                                    | C-Counsel for Larre Jaye Schlarmann                    |
| 16 |  |  |
| 17 |  |  |
| 18 |  |  |
| 19 | Gina Filippone<br>Attorney at Law<br>Inns of Court<br>3877 12th Street<br>Riverside, CA 92501<br>Tel: (951) 274-0009<br>Fax: (951) 788-9040  | Attorney for Denis Timothy O'Brien                     |
| 20 |  |  |
| 21 |  |  |
| 22 |  |  |
| 23 | Amy Powers, Esq.<br>Andy Isidore, Associate General Counsel<br>The Quizno's Master, LLC<br>1475 Lawrence Street, Suite 400<br>Denver, CO 80202<br>Tel: (720) 931-2224<br>Fax: (720) 932-0317 | Attorney for Quizno's                                  |
| 24 |  |  |
| 25 |  |  |
| 26 |  |  |
| 27 |  |  |
| 28 |  |  |

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

- 1 Charles G. La Bella, Esq.  
La Bella & McNamara, LLP
- 2 401 W. A Street, Suite 1150  
San Diego, CA 92101
- 3 Tel: (619) 696-9200  
Fax: (619) 696-9269
- 4
- 5 Sharre Schlarmann  
604 Via Del Caballo  
San Marcos, CA 92078
- 6 Tel: (760) 471-4738
- 7 Pamela Jandt  
78660 Highway 111, #213
- 8 La Quinta, CA 92253
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

Attorneys for Cameron Rooke