

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)

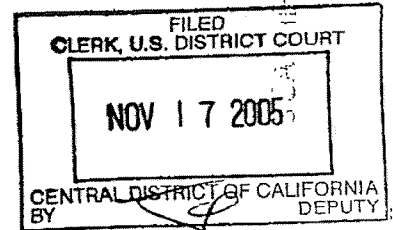
Order Granting Motion for Order:

- (1) Approving Receiver's Plan for Initial Distribution on Allowed Investor Claims;**
- (2) Disallowing Claim of Clarence Morris as Priority Claim;**
- (3) Determining Amount of Allowed Claim of Peter and Heike Stadler; and**
- (4) Authorizing Reserve of Funds Without Distribution on Account of Non-Investor Creditor Claims**

Filed November 17, 2005

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CLERK OF DISTRICT COURT
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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

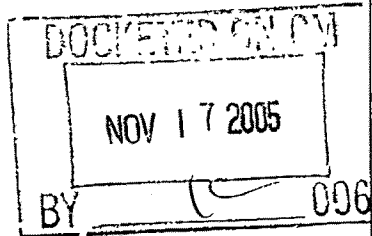
Plaintiff,

v.
D.W. HEATH & ASSOCIATES,
INC., etc., et al.,

Defendants.

CASE NO. CV 04-02949 JFW (Ex)

**ORDER GRANTING MOTION FOR
ORDER: (1) APPROVING
RECEIVER'S PLAN FOR INITIAL
DISTRIBUTION ON ALLOWED
INVESTOR CLAIMS; (2)
DISALLOWING CLAIM OF
CLARENCE MORRIS AS
PRIORITY CLAIM; (3)
DETERMINING AMOUNT OF
ALLOWED CLAIM OF PETER
AND HEIKE STADLER; AND (4)
AUTHORIZING RESERVE OF
FUNDS WITHOUT DISTRIBUTION
ON ACCOUNT OF NON-
INVESTOR CREDITOR CLAIMS**



DATE: November 14, 2005
TIME: 1:30 p.m.
DEPT.: Courtroom 16

The matter of the Motion for Order: (1) Approving Plan for Receiver's Initial Distribution on Allowed Investor Claims; (2) Disallowing Claim of Clarence Morris as Priority Claim; (3) Determining Allowed Amount of Investor Claim of Peter and Heike Stadler; and (4) Authorizing Reserve of Funds Without Distribution on Account of Non-Investor Creditor Claims ("Motion") filed by Robb Evans, as permanent receiver of D.W. Heath & Associates, Inc., Private Capital Management,

(284)

1 Inc., Private Collateral Management, Inc. and PCM Fixed Income Fund I, LLC, and
2 their subsidiaries and affiliates (collectively, the "Heath Receivership Defendants")
3 and as Receiver over the Schlarmann Interests ("Receiver"), came on regularly for
4 hearing at the above-referenced date, time and place before the Honorable John F.
5 Walter, United States District Judge presiding. Gary Owen Caris of Frandzel
6 Robins Bloom & Csato, L.C. appeared on behalf of the Receiver, and Clarence
7 Morris ("Morris") appeared in pro per. The Court, having reviewed and considered
8 the Motion and the pleadings and papers filed in support thereof, no opposition
9 to the Motion having been properly filed, having been advised by the Receiver's
10 counsel of the letter received and returned by the Court from Peter and Heike
11 Stadler objecting to the Receiver's position in the Motion regarding the allowed
12 amount of their claim, having heard and considered the arguments of counsel and
13 Morris, and good cause appearing therefor,

14
15 IT IS ORDERED that:

16
17 1. The Receiver's proposed initial distribution on Allowed Investor
18 Claims against the receivership estate of the Heath Receivership Defendants and
19 the Schlarmann Interests in the sum of not less than \$13 million is hereby approved
20 ("Initial Distribution");

21
22 2. The proposed priority and/or constructive trust claim in the sum of
23 \$254,300 asserted by Morris is hereby disallowed, Morris' objection to his treatment
24 as a pro rata claimant is overruled, and Morris shall be entitled to an Allowed Claim
25 of \$432,300 to be paid pro rata with all other Allowed Investor Claims;

26
27 3. The amount of the Allowed Investor Claim of Peter and Heike Stadler,
28 Trustees under the Peter H. and Heike Stadler Family Trust is determined to be in

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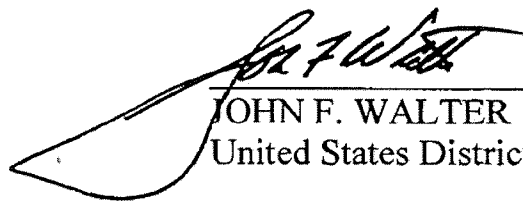
1 the sum of \$378,926.15, and the objections by Peter and Heike Stadler to the
2 Receiver's calculation of the amount of the Allowed Claim are hereby overruled;

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3
4 4. The Receiver is authorized to reserve and hold undistributed
5 receivership funds equal to not less than \$329,406.85 representing 11.07% of
6 potential non-investor claims, including those claims that remain unresolved
7 ("Non-Investor Claims"), pending further hearing and determination of the amount
8 and allowability of such Non-Investor Claims against the receivership estate and
9 whether such Non-Investor Claims should be subordinated to Allowed Investor
10 Claims; and

11
12 5. The Receiver is authorized to make an Initial Distribution in an amount
13 higher than \$13 million, in the Receiver's sole discretion and judgment, provided
14 that the Receiver reserves funds on account of potential Non-Investor Claims in an
15 amount equal to the percentage distribution paid on Allowed Investor Claims under
16 the Initial Distribution.

17
18 Dated: 11/17/05


JOHN F. WALTER
United States District Judge

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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 November 15, 2005, I served true copies of the **ORDER GRANTING MOTION FOR ORDER: (1) APPROVING RECEIVER'S PLAN FOR INITIAL DISTRIBUTION ON ALLOWED INVESTOR CLAIMS; (2) DISALLOWING CLAIM OF CLARENCE MORRIS AS PRIORITY CLAIM; (3) DETERMINING AMOUNT OF ALLOWED CLAIM OF PETER AND HEIKE STADLER; AND (4) AUTHORIZING RESERVE OF FUNDS WITHOUT DISTRIBUTION ON ACCOUNT OF NON-INVESTOR CREDITOR CLAIMS**, 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 November 15, 2005, at Los Angeles, California.


HELEN FLAX

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SERVICE LIST

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