

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

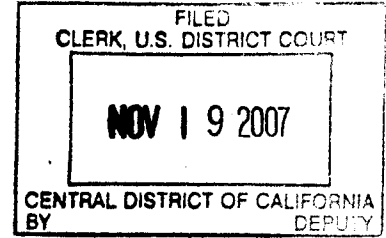
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Securities and Exchange Commission v. D. W. Heath & Associates Inc., et al.
CASE No. CV-04-02949 JFW (Ex)

**Order Approving Third Distribution Including Distribution
to Holders of Allowed Non-Investor Claims and Approving Proposed
Settlement of Claim of Anna Walker**

Filed November 19, 2007

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ROBB EVANS

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

10 SECURITIES AND EXCHANGE
11 COMMISSION,

12 Plaintiff,

13 v.

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

15 Defendants.

CASE NO. CV 04-02949 JFW (Ex)

**ORDER APPROVING THIRD
DISTRIBUTION INCLUDING
DISTRIBUTION TO HOLDERS OF
ALLOWED NON-INVESTOR
CLAIMS AND APPROVING
PROPOSED SETTLEMENT OF
CLAIM OF ANNA WALKER**

Date: November 19, 2007

Time: 1:30 p.m.

Place: Courtroom 16
312 N. Spring Street
Los Angeles, CA

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20 The matter of the Motion for Order Approving Third Distribution Including
21 Distribution to Holders of Allowed Non-Investor Claims and for Approval of
22 Proposed Settlement ("Motion") filed by Robb Evans, as permanent receiver of D.
23 W. Heath & Associates, Inc., Private Capital Management, Inc. ("PCM"), Private
24 Collateral Management, Inc. and PCM Fixed Income Fund I, LLC and their
25 subsidiaries and affiliates (collectively, the "Heath Receivership Defendants") and
26 as Receiver over the Schlarmann Interests ("Receiver") came on regularly for
27 hearing at the date, time and place set forth above before the Honorable John F.

1 Walter, United States District Judge presiding. Gary Owen Caris of McKenna
2 Long & Aldridge LLP appeared on behalf of the Receiver, and other appearances,
3 if any, were noted in the record of the hearing. The Court having heard and
4 considered the Motion and the pleadings and papers filed in support of the
5 Motion, the Motion having been duly served in accordance with the Court's prior
6 Limited Notice Order entered March 4, 2005, no opposition having been timely
7 filed or served, and the Court having heard the arguments of counsel, and good
8 cause appearing therefor,

9 IT IS ORDERED that:

10 1. The Motion and the relief sought therein is granted in its entirety;

11 2. Without limiting the generality of the foregoing:

12 A. The Receiver's proposed third distribution on Allowed Investor
13 Claims against the receivership estate of the Heath Receivership Defendants and
14 the Schlarmann Interests in the sum of not less than \$3.5 million representing
15 2.97% of the Allowed Investor Claims against the receivership estate ("Third
16 Distribution") is hereby approved;

17 B. The Receiver is hereby authorized to pay all Allowed Non-Investor
18 Claims pro rata with all Allowed Investor Claims for distributions made from the
19 receivership estate, including paying 2.97% of such Allowed Non-Investor Claims
20 representing the pro rata share of the Third Distribution;

21 C. The Receiver is further authorized to distribute the pro rata share
22 payment to the holders of the Allowed Non-Investor Claims from all funds
23 reserved by the Receiver from the First and Second Distribution for payment of
24 Non-Investor Claims,

25 D. The Receiver is hereby authorized to compromise the claim of non-
26 investor creditor Anna Walker ("Walker") by granting Walker an Allowed Non-
27 Investor Claim in the amount of \$10,000.00;

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1 E. The Receiver is authorized to reserve and hold undistributed from the
2 Third Distribution receivership funds equal to not less than \$52,160.33,
3 representing 2.97% of the Disputed Non-Investor Claims asserted by Elliott
4 Goldman (“Goldman”), Travelers Casualty and Surety Company as successor to
5 Gulf Insurance Company (“Travelers”), and Jeff St. Thomas (“St. Thomas”) if
6 those Disputed Non-Investor Claims were paid pro rata with all Allowed Investor
7 Claims and Allowed Non-Investor Claims;

8 F. The Receiver is further authorized to continue to reserve the sum of
9 \$328,241.26 representing the pro rata amount of receivership funds previously
10 reserved on account of such Disputed Non-Investor Claims from the First
11 Distribution and Second Distribution, pending further hearing and determination
12 of the Receiver’s objection to such Disputed Non-Investor Claims; and

13 G. The Receiver is authorized to make a Third Distribution in an amount
14 higher than \$3.5 million, in the Receiver’s sole discretion and judgment, provided
15 that the Receiver reserves funds on account of Disputed Non-Investor Claims in
16 an amount equal to the percentage distribution paid on Allowed Investor Claims
17 and Allowed Non-Investor Claims under the Third Distribution.

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19 DATED: 11/19/07

20 **JOHN F. WALTER**

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22 JOHN F. WALTER
23 United States District Judge