

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 Receiver's Omnibus Motion and:

- (1) Approving Settlement of Disputed Claim;**
- (2) Disallowing or Alternatively Subordinating Disputed Claims;**
- (3) Terminating Reserve for Disputed Claims and**
- (4) Approving Sale of Interest in Design Solutions, Inc.**

Filed March 6, 2008

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UNITED STATES DISTRICT COURT

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CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

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SECURITIES AND EXCHANGE
COMMISSION,

CASE NO. CV 04-02949 JFW (Ex)

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Plaintiff,

**ORDER GRANTING RECEIVER'S
OMNIBUS MOTION AND (1)
APPROVING SETTLEMENT OF
DISPUTED CLAIM; (2)
DISALLOWING OR**

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v.

**ALTERNATIVELY
SUBORDINATING DISPUTED
CLAIMS; (3) TERMINATING
RESERVE FOR DISPUTED CLAIMS
AND (4) APPROVING SALE OF
INTEREST IN DESIGN
SOLUTIONS, INC.**

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

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Defendants.

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Date: March 3, 2008
Time: 1:30 p.m.
Place: Courtroom 16
312 N. Spring Street
Los Angeles, CA

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The Omnibus Motion for an Order Approving (1) Settlement of Disputed

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Claim; (2) Disallowing or Alternatively Subordinating Disputed Claims; (3)

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Terminating Reserve for Disputed Claims and (4) Approving the Sale of Interest in

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Design Solutions, Inc. (the "Motion") filed by Robb Evans, as permanent receiver

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of D. W. Heath & Associates, Inc., Private Capital Management, Inc. ("PCM"),

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1 Private Collateral Management, Inc. and PCM Fixed Income Fund I, LLC and
2 their subsidiaries and affiliates and as Receiver over the Schlarmann Interests
3 (“Receiver”), came on regularly for hearing at the above-referenced date, time and
4 place before the Honorable John F. Walter, United States District Court Judge
5 presiding. Gary Owen Caris of McKenna Long & Aldridge LLP appeared on
6 behalf of the Receiver, and Molly M. White appeared on behalf of plaintiff
7 Securities and Exchange Commission. There were no other appearances despite
8 due and proper notice having been given. The Court having read and considered
9 the Motion and all pleadings and papers filed in support thereof, and plaintiff
10 Securities and Exchange Commission having filed a Statement of Non-Opposition,
11 and the Court having continued the hearing on the portion of the Motion concerning
12 the disputed non-investor claim of F. Elliot Goldman pursuant to the Receiver’s
13 stipulation with F. Elliot Goldman and the Court’s order filed February 25, 2008
14 (Dkt. No. 412), and no opposition having been timely filed to the balance of the
15 Motion, and good cause appearing therefor,

16 IT IS ORDERED that:

- 17 1. The Motion is granted in its entirety; and
- 18 2. Without limiting the generality of the foregoing:

19 A. The Receiver’s settlement of the disputed non-investor claim of
20 Travelers Casualty and Surety Company of America as successor to Gulf Insurance
21 Company (“Travelers Claim”) is hereby approved pursuant to which the Travelers
22 Claim shall be allowed in the amount of \$37,500 and payment of pro rata
23 distributions shall be made to Travelers based on such allowed non-investor claim
24 from the reserved receivership funds held by the Receiver for distributions on the
25 Travelers Claim pursuant to prior orders of the Court;

26 B. The disputed non-investor claim of Jeff St. Thomas (“St.
27 Thomas Claim”) is hereby disallowed;

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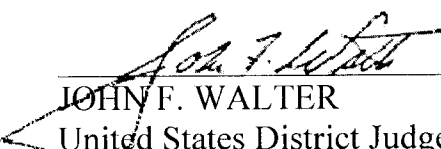
C. The disputed equity claim of Pamela Jandt (“Jandt Claim”) is hereby disallowed;

D. The disputed claim of Sharre Schlarmann (“S. Schlarmann Claim”) is hereby disallowed;

E. All reserves for distributions on all disputed claims against the estate other than the reserve held on account of the disputed non-investor claim of F. Elliot Goldman, including without limitation the St. Thomas Claim, the Travelers’ Claim, the Jandt Claim, and the S. Schlarmann Claim, are terminated; and

F. The Receiver is hereby authorized to sell by Quitclaim Bill of Sale the receivership estate’s interest in the entity Design Solutions, Inc., a Chapter 11 debtor, for the sum of \$4,500.00.

DATED: 3/6/08



JOHN F. WALTER
United States District Judge