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and its general partner William Andrew

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Case No. 24-10545 (CN) (Lead Case) Chapter 11 (Jointly Administered) NOTICE OF MOTION APPLICATION FOR APPELLATE STAY Date: January 21, 2026 Time: 11:00AM Judge: Hon. Charles Novack Court: 1300 Clay Street Courtroom 215 Oakland, California 94612 Via teleconference Date filed: September 12, 2024

1 The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

NOTICE OF MOTION

TO THE COURT, THE UNITED STATES TRUSTEE, AND ALL INTERESTED PARTIES TAKE NOTICE that William Andrew as the general partner of the Debtor-in-possession Live Oak Investments LP (hereinafter "Debtor") will and hereby does move this Court for an appellate stay.

The application is based upon the pending appeal before the BAP, the pending motion to consolidate Debtor Live Oak Investments (hereinafter "Live Oak") with all of the other debtor entities affiliated with LeFever Mattson Inc. ("hereinafter LFM") having the effect of dissolving Live Oak, and that Live Oak has several million dollars in its bank account which LFM is seeking to distribute to third parties, and that LFM already transferred $2,366,418.00 to itself only four days prior to the filing of its petition. This application is further based on the lack of any legal precedent to support the holding of the Stay Order, the direct contravention of California statutory law, and stands in direct opposition to prior precedents of both the District Courts and Bankruptcy Courts of the Northern District of California.

The grounds for this motion are more fully stated in the concurrently filed and served Memorandum of Points and Authorities, supporting declaration of Mr. Andrew, supporting request for judicial notice, and the supporting declaration of Thomas P. Kelly III.

NOTICE IS FURTHER GIVEN that a hearing will be held on **January 21, 2026 at 11:00AM** or as soon thereafter as the matter can be heard at 1300 Clay Street, Courtroom 215, Oakland, California, 94612 on the application of William Andrew as the general partner of the Debtor-in-possession Live Oak Investments LP (hereinafter "Debtor") for an appellate stay.

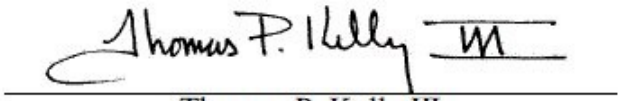
YOUR RIGHTS MAY BE AFFECTED AND YOU SHOULD CONSULT AN ATTORNEY. Pursuant to Bankruptcy Local Rule 9014-1 of the United States Bankruptcy Court for the Northern District of California, any opposition must be filed and served not later than **January 7, 2026**. Any reply to such opposition shall be filed and served on **January 14, 2026**.

NOTICE IS FURTHER GIVEN that the hearing on this Motion will not be conducted in the presiding judge's courtroom, but instead will be conducted by telephone or video only. All interested parties should consult the Bankruptcy Court's website at www.canb.uscourts.gov for

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information about court operations via teleconference. The Bankruptcy Court's website provides information regarding how to arrange a telephonic or video appearance. If you have questions regarding how to appear at a court hearing, you may contact the Bankruptcy Court by calling 888-821-7606 or by using the Live Chat feature on the Bankruptcy Court's Website.

Dated: December 20, 2025



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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Case No. 24-10545 (CN) (Lead Case) Chapter 11 (Jointly Administered) APPLICATION FOR APPELLATE STAY FRBP §8005 Judge: Hon. Charles Novack Court: 1300 Clay Street Courtroom 215 Oakland, California 94612 Via teleconference Date filed: September 12, 2024

1 The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the LFM's claims and noticing agent at https://veritaglobal.net/LM. The address for service on LFM is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

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I. INTRODUCTION

William Andrew as the general partner of the Debtor-in-possession Live Oak Investments LP (hereinafter "Andrew") presents this application for an appellate stay pursuant to FRBP §8005 in regard to that pending appeal before the Bankruptcy Appellate Panel (hereinafter "BAP") bearing case number 25-1238 and case name *Andrew vs. OCUC*. (hereinafter "Appellate Case") as arising from the automatic stay order of this Court entered on November 20, 2025 bearing docket entry number 49 in the record of this case. (Hereinafter "Stay Order"; see RJN Ex. I).

The application is based upon the pending appeal before the BAP, the pending motion to consolidate Debtor Live Oak Investments (hereinafter "Live Oak") with all of the other debtor entities affiliated with LeFever Mattson Inc. ("hereinafter LFM") having the effect of dissolving Live Oak, and that Live Oak has several million dollars in its bank account which LFM is seeking to distribute to third parties, and that LFM already transferred $2,366,418.00 to itself only four days prior to the filing of its petition. This application is further based on the lack of any legal precedent to support the holding of the Stay Order, the direct contravention of California statutory law, and stands in direct opposition to prior precedents of both the District Courts and Bankruptcy Courts of the Northern District of California.

II. RELEVANT FACTS AND PROCEDURAL HISTORY

Debtor Live Oak Investments was formed on March 24, 2015 bearing California Secretary of State entity number 2015-08600007. Prior to the formation of Live Oak, in 2004 LeFever Mattson Inc. ("hereinafter LFM") purchased an apartment complex named Southwood Place Apartments located at 410 Buck Avenue, Vacaville, California, 95688-6811 along with several investors. (Hereinafter "Southwood Apartments"). This was confirmed in a letter from LFM to the investors a copy of which is attached to the concurrently filed Declaration of William Andrew and marked as Exhibit A.

In 2015 LFM notified the investors that in order to complete a refinance of Southwood Apartments the proposed lender required the formation of a business entity. A copy of the letter stating this from LFM to the investors is attached to the concurrently filed Declaration of

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William Andrew and marked as Exhibit B.

To that end, LFM and Kenneth Mattson (hereinafter "Mattson") formed Live Oak, and then prepared a proposed partnership agreement. In exchange for a percentage interest in the Live Oak, the investors transferred their individual interests in Southwood Apartments to the Live Oak. The partnership agreement was executed effective March 25, 2015 and a copy of this agreement is attached to the concurrently filed Declaration of William Andrew and marked as Exhibit C. (Hereinafter "Partnership Agreement").

Pursuant to the terms of the Partnership Agreement, LFM was designated as the General Partner for Live Oak. (Andrew Dec., Ex. C, pg. 7 & 32). The Partnership Agreement also provided for the office of President. (Andrew Dec., Ex. C, pg. 17, §5.2). Pursuant to the terms of the Partnership Agreement, the President was nominated by the General Partner, and the Partnership Agreement directly nominated Mattson as the President. (Andrew Dec., Ex. C, pg. 17, §5.2.3).

Under the terms of the Partnership Agreement, the partners of Live Oak are equity security holders in Live Oak. These interests are confirmed in the Omnibus List of Equity Security Holders filed by LFM on November 15, 2024 bearing docket entry number 353 in the parallel bankruptcy case of *LeFever Mattson Inc*. bearing case number 24-10545 currently pending before this Court. (Hereinafter "LFM Bankruptcy Case"). A copy of the Omnibus List of Equity Security Holders is attached to the concurrently filed Request for Judicial Notice (hereinafter "RJN") and marked as Exhibit A.

On June 28, 2024 LFM solicited the agreement of the limited partners to sell Southwood Apartments. A copy of the proposed written consent of the partners is attached to the concurrently filed Declaration of William Andrew and marked as Exhibit D. A sufficient number of partners agreed to sell the property, and on August 29, 2024 it was sold for $10,800,000.00, which resulted in a net amount paid to Live Oak of $3,971,116.96. A copy of the sellers statement for Live Oak is attached to the concurrently filed Declaration of William Andrew and marked as Exhibit E.

On September 4, 2024, these funds were deposited into Live Oak's account at Citizens

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Business Bank bearing account number XXXXX0673. This deposit is disclosed in the October 28, 2024 operating report for Live Oak, a copy of which is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit B. The specific transaction is reflected in that operating report which includes the bank account statement as follows:

Deposits

Date	Description	Amount
09/04/2024	DEPOSIT	$3,971,116.96
		1 item(s) totaling $3,971,116.96

(RJN, Ex. B, pg. 19).

Without any notice to the other partners of Live Oak, and without any partnership meeting, the same day as the funds were deposited, September 4, 2024, LFM acting as the general partner transferred substantial sums from Live Oak to itself. These consisted of three transactions in the amount of $1,200,000.00, $324,000, and $842,418 for a total of $2,366,418.00. The first transaction was from Live Oak's money market account at Citizens Bank which is reflected in the same operating report as follows:

Other Debits

Date	Description	Amount
09/04/2024	OTC Transfer	$1,200,000.00
		1 item(s) totaling $1,200,000.00

(RJN, Ex. B, pg. 19).

The second and third transactions were paid from Live Oak's property trust account also at Citizens Bank which is reflected in the same operating report as follows:

Other Debits

Date	Description	Amount
09/04/2024	399740 OLB TRANSFER SPCLTY AA XXXXX6251	$324,000.00
09/04/2024	400467 OLB TRANSFER SPCLTY AA XXXXX6251	$842,418.00
		2 item(s) totaling $1,166,418.00

(RJN, Ex. B, pg. 20).

LFM maintains this represents the 21.214% ownership interest in Live Oak as well as a sale commission provided in the Partnership Agreement of 3.00%. (Andrew Dec., Ex. C, pg. 30-31, §11.14).

LFM never distributed the remaining balance of the funds to the other partners. These

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transactions were performed by LFM without any notice to the other partners, and without any authorization in the form of a partnership vote or any document indicating ratification or approval by the other partners.

The Partnership Agreement provides in section 3.8 entitled "Priority Over Other Partners" that no partner is to receive preference over any other:

> "No Partner shall have priority over any other partner, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits or items thereof." (Andrew Dec., Ex. A, pg. 14).

The Partnership Agreement also provides in section 4.7 entitled "Liquidating Proceeds" which specifies the manner in which funds are to be distributed to the partners:

> "Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Partnership, or when any Partner's interest is liquidated, all items of income and loss first shall be allocated to the Partners' Capital Accounts under this Article Four, and other credits and deductions to the Partners' Capital Accounts shall be made before the final distribution is made. The final distribution to the Partners shall be made to the Partners to the extent of and in proportion to their positive Capital Account balances." (Andrew Dec., Ex. C, pg. 16).

Eight days after making these transfers, on September 12, 2024 LFM filed the present case for Live Oak, the LFM Bankruptcy Case, and cases for 57 other entities. There is no dispute that LFM never obtained any authorization to transfer $2,366,418.00 from Live Oak's accounts to itself.

LFM was fully aware it would be filing a bankruptcy petition for Live Oak immediately after transferring the funds to itself. For that reason, the bankruptcy filings were part of a common plan or scheme carried out by LFM to benefit itself and Mattson by first acquiring the funds and then preventing any challenge to these transfers by the other partners due to the bankruptcy filings.

The transfers and subsequent bankruptcy filing carried out by LFM were also clearly improper as Live Oak was solvent at all times. This is demonstrated by the list of 20 largest creditors filed on behalf of Live Oak by LFM on September 25, 2024 a copy of which is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit C. The list is entirely blank as there were no creditors for Live Oak at the time of the bankruptcy case filing.

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This is further demonstrated by the schedules filed on behalf of Live Oak by LFM on November 15, 2024 a copy of which is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit D. The schedules list a total of three claims totaling $23,615.62 of which LFM claims for itself the sum of $18,798.64 as an "unpaid distribution." These claims are set forth in Schedule F as follows:

Line	Nonpriority Creditor's Name	Address 1	Address 2	City	State	Zip	Basis for claim	Subject to offset (Y/N)	Contingent	Unliquidated	Disputed	Amount of claim
3.1	A & G Cleaning|	Address on file						Trade					$70.00
3.2	Home Tax Service of America, Inc., dba LeFever Mattson Property Management	6359 Auburn Blvd.		Citrus Heights	CA	95621	Payroll, maintenance and other expense reimbursements					$4,748.98
3.3	LeFever Mattson, a California Corporation	6359 Auburn Blvd.		Citrus Heights	CA	95621	Unpaid Distribution					$18,796.64
											TOTAL:	$23,615.62

(RJN, Ex. D, pg. 24).

On October 7, 2025, the creditors William N. Andrew and Sally G. Andrew Revocable Trust dated June 21, 2001 and the Burgess Trust dated October 9, 2006 filed a Notice of Partnership Meeting bearing docket entry number 2530 in the record of the LFM Bankruptcy Case. A copy of this notice is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit E. The stated purpose of the meeting as reflected in the notice was as follows:

> The basis of the action to remove the current General Partner is that LeFever Mattson Inc. took actions that are in direct violation of the Partnership Agreement which constitutes cause for removal. Specifically, that on September 4, 2024 LeFever Mattson Inc. distributed $842,418 to itself from the accounts of Live Oak Investments L.P. representing a 21.6% share of the proceeds of the sale of Southwood Apartments, which was the sole real estate asset of Live Oak Investments L.P.. At the time of this distribution, LeFever Mattson Inc. did not distribute any sale proceeds to any of the other partners.
>
> This was a direct violation of the Partnership Agreement §3.8 entitled "Priority Over Other Partners" which states as follows: "No Partner shall have priority over any other partner, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits or items thereof."
>
> This was also a direct violation of the Partnership Agreement §4.7 entitled "Liquidating Proceeds" which states as follows: "Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Partnership, or when any Partner's interest is liquidated, all items of income and loss first shall be allocated to the Partners' Capital Accounts under this Article Four, and other credits and deductions to the Partners' Capital Accounts shall be made before the final distribution is made. The final distribution to the Partners shall be made to the Partners to the extent of and in proportion to their positive Capital Account balances."
>
> On the basis of the foregoing actions, cause exists to remove LeFever Mattson Inc. as General Partner. At this partnership meeting a vote will be held on this removal as well as the other matters set forth above. (RJN, Ex. E, pgs. 1-2).

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On October 9, 2025 LFM appeared at the meeting through its attorney at the time David Taylor and through the chief restructuring officer Bradley Sharp. LFM also cast votes during the partnership meeting. As a result of the partnership vote, LFM was removed as the general partner of Live Oak, Mattson was removed as president of Live Oak, William Andrew was appointed as the new general partner of Live Oak and the president, and Keller Benvenutti Kim LLP was removed as the legal representative of Live Oak and replaced with the Law Offices of Thomas P. Kelly III P.C..

On October 15, 2025 the special investigation counsel Donald S. Davidson filed the joint investigation report in the affairs of LFM bearing docket entry 2568 in the record of this case. (Hereinafter "Investigation Report"). A copy of the Investigation Report is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit F.

Of particular relevance to the present matter, "Attachment I" to the Investigation Report specifically addresses the fraud of LFM through transactions whereby LFM moved funds through Live Oak.

The first of these transactions is detailed in Attachment I-1 and reflects an October 5, 2018 payment from LFM to Live Oak of $481,000 followed by a subsequent payment from Live Oak to Sienna Pointe Apartments of $481,000, meaning that Live Oak did not incur any liability to any third party, nor did Live Oak retain any LFM funds. There are no claims here at all as the entire amount was transferred into and out of Live Oak. (RJN, Ex. F, pg. 222).

The second of these transactions is detailed in Attachment I-2 and reflects an August 7, 2019 payment from multiple entities to Live Oak totally $445,000 followed by a subsequent payment from Live Oak to LFM $445,000, meaning that again Live Oak did not incur any liability to any third party, nor did Live Oak retain any LFM funds. There are no claims here at all as the entire amount was transferred into and out of Live Oak. (RJN, Ex. F, pg. 223).

The third of these transactions is detailed in Attachment I-3 and reflects a December 10, 2019 payment by Live Oak to Sterling Pointe Apartments in the amount of $2,300,000.00. Once again, Live Oak did not incur any liability to any third party, nor did Live Oak retain any LFM funds. In this instance, Live Oak has a claim against Sterling Pointe Apartments in the amount of

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$2,300,000.00 which LFM and the OCUC have never pursued nor have they filed any proof of claim against Sterling Pointe Apartments. (RJN, Ex. F, pg. 224).

The fourth of these transactions is detailed in Attachment I-4 and reflects two December 31, 2019 payments by Live Oak to Carmichael Apartments in the amount of $940,000.00 and to Vaca Villa Apartments in the amount of $1,040,000.00. Once again, Live Oak did not incur any liability to any third party, nor did Live Oak retain any LFM funds. In this instance, Live Oak has claims against Carmichael Apartments and Vaca Villa Apartments in the total amount of $1,980,000.00 which LFM and the OCUC have never pursued nor have they filed any proof of claim against Carmichael Apartments or Vaca Villa Apartments. (RJN, Ex. F, pg. 225).

The fifth of these transactions is detailed in Attachment I-5 and reflects a May 18, 2020 payment by Live Oak to Walnut Crest Apartments in the amount of $295,000.00. Once again, Live Oak did not incur any liability to any third party, nor did Live Oak retain any LFM funds. In this instance, Live Oak has a claim against Walnut Crest Apartments in the total amount of $295,000.00 which LFM and the OCUC have never pursued nor have they filed any proof of claim against Walnut Crest Apartments. (RJN, Ex. F, pg. 226).

The sixth and last of these transactions is detailed in Attachment I-6 and reflects an October 18, 2022 payment by Live Oak to Sienna Pointe Apartments in the amount of $560,000.00. Once again, Live Oak did not incur any liability to any third party, nor did Live Oak retain any LFM funds. In this instance, Live Oak has claims against Sienna Pointe Apartments in the total amount of $560,000.00 which LFM and the OCUC have never pursued nor have they filed any proof of claim against Sienna Pointe Apartments. (RJN, Ex. F, pg. 227).

On October 24, 2025 the Official Committee of Unsecured Creditors for the LFM case (Hereinafter "OCUC") filed a motion with this Court to have the October 9, 2025 partnership vote for Live Oak declared void as violating the automatic stay pursuant to 11 U.S.C. §362. A copy of the OCUC motion is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit G.

On October 31, 2025 this Court held a hearing on the OCUC's stay violation motion. Following that hearing, on November 4, 2025 this Court entered an order granting standing to

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the OCUC to pursue a stay violation on behalf of LFM, and set a further hearing for the stay violation motion on November 13, 2025. A copy of this order is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit H.

On November 13, 2025 this Court held a second hearing on the stay violation motion. Following that hearing, on November 20, 2025 this Court entered the Stay Order thereby granting the OCUC motion and declaring the October 9, 2025 partnership vote for Live Oak as void. A copy of the Stay Order is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit I.

On November 30, 2025 William Andrew filed a notice of appeal of the order declaring the partnership vote for Live Oak as void. A copy of this order is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit J.

On December 12, 2025 the BAP issued an opening letter for the Appellate Case. A copy of this letter is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit K.

III. LEGAL ARGUMENT

A. Legal standard for an appellate stay.

When deciding whether to issue a discretionary stay pending a bankruptcy appeal, Courts use the following four factors: (1) whether the stay applicant has made a strong showing that he is likely to succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies. (*Hilton v. Braunskill*, 481 U.S. 770, 776 (1987); *In re North Plaza LLC*, 395 B.R. 113, 119 (S.D. Cal. 2008)).

The first two factors of the analysis are the most critical, and the Court will proceed to the remaining factors only after they have been met. (*Nken v. Holder*, 556 U.S. 418, 435 (2009)).

B. Likelihood of success on the merits.

In the Stay Order this Court relied exclusively upon the decision of the United States Bankruptcy Court for the Southern District of Texas, Houston Division by citing to the case of *In re Envision Healthcare Corp.*, 655 B.R. 701 (S.D. Tex. 2023). No other cases or decisions were

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cited by this Court in support of its holding that the partnership vote violated the automatic stay.

1. LFM was disassociated from Live Oak upon filing a bankruptcy petition.

Live Oak is a California partnership, and under California law upon the filing of a bankruptcy petition a partner is automatically disassociated from the partnership pursuant to Cal. Corp. Code § 16601 which provides in part as follows:

> "A partner is dissociated from a partnership upon the occurrence of any of the following events:
> (6) The partner's act or failure to act in any of the following instances:
> (A) By becoming a debtor in bankruptcy."
> (Cal. Corp. Code § 16601(6)(A)).

The effect of dissociation means that LFM lost all right to participate in the management of Live Oak. As Cal. Corp. Code § 16603 provides: "Upon a partner's dissociation, all of the following apply: (1) The partner's right to participate in the management and conduct of the partnership business terminates." (Cal. Corp. Code § 16603(1)).

There is no reasonable dispute on this point. In every California and Ninth Circuit bankruptcy decision referencing this California code section the result is the same - ironclad language that upon the filing of a petition, the partner is disassociated as a matter of law automatically. Below are several examples.

"In this instance, Defendant's bankruptcy filing triggered his automatic dissociation from the partnership. See Cal Corp. Code § 16601(6)(A)." (*Johnson v. Johnson*, E. Dist. Cal. 2016 U.S. Dist. LEXIS 38106, 2016 LX 35666, 2016 WL 1138178).

"... [The debtor] was dissociated from the partnership as a matter of law on the day he filed his bankruptcy petition. Cal. Corp. Code § 16601(6)(A)." (*Mansdorf v. Epps*, N. Dist. Cal. 2011 U.S. Dist. LEXIS 171825, 2011 LX 43866).

Upon the debtor's "... filing of the bankruptcy petition, he became a dissociated partner. Cal. Corp. Code § 16601(6)(A)." (*Fotouhi v. Mansdorf*, N. Dist. Cal. 427 B.R. 798, 802 (2010)).

This Court held that this California statute does not apply. "The pertinent language of California Corporations Code §§ 15906.03 and 16603 are impermissible *ipso facto* clauses that are inconsistent with Bankruptcy Code § 541(c)(1)(B) and thus violative of the Constitution's Supremacy Clause." (RJN Ex. I, 4:15-18). This Court did not cite any precedent or authority for

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this statement.

In contrast to this holding, it is black letter law that a debtor's pre-bankruptcy rights in property are determined according to state law. (*Butner v. United States*, 440 U.S. 48, 55 (1979)). Under California law, the interest of a limited partner is referred to as the 'transferable interest' which encompasses the individual partner's stake in the partnership, including rights to distributions, profits, and losses. (Cal. Corp. Code § 15901.02(ak)). As the California Supreme Court has repeatedly held, partners to a limited partnership have no property interest in specific partnership assets. (*Evans v. Galardi,* 16 Cal.3d 300, 307 (1976)). Rather, the transferable interest represents only the right to receive a share of the profits or income, and to the return of their contribution. (*Id*.).

As discussed above, LFM has already received its share of the profits, income, and the return of their contribution arising from the sale of the Southwood Apartments. On September 4, 2024 LFM made three payments to itself in the total amount of $2,366,418.00. (RJN, Ex. B, pgs. 19-20). This represents the 21.214% ownership interest of LFM in Live Oak as well as a sale commission provided in the Partnership Agreement of 3.00%. (Andrew Dec., Ex. C, pg. 30-31, §11.14). Under California's partnership law, once LFM was paid out it had no further transferable interest in Live Oak under Cal. Corp. Code § 15901.02(ak). The entirety of the transferable interest was already distributed out of Live Oak and to LFM prior to the filing of the bankruptcy petitions.

In the present case, this Court misconstrued California law under which the interest of a limited partner is restricted to the transferable interest under Cal. Corp. Code § 15901.02(ak). This Court instead created a new 'managerial interest' which does not appear in any California statute or case law. "The court rejects Andrew's argument that LM's **managerial rights** terminated when it filed its Chapter 11 bankruptcy." (RJN Ex. I, 4:14-15; emphasis added). This directly contradicts the holding of the California Supreme Court that partners in a limited partnership have no property interest in specific partnership assets. (*Evans v. Galardi, supra* 307). There is no other interest held by a partner to a California partnership.

This Court did not apply California law in the Stay Order, but instead applied the

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partnership law of Ohio. This Court cited to *In re Cardinal Industries* 105 B.R. 834 (Bankr. S.D. Ohio 1989; "*Cardinal*") as follows: "LM's pre-petition property rights thus included its general partnership duties under the Agreement. See, e.g., *Cardinal Indus., Inc. v. Buckeye Fed. Sav. & Loan Ass'n (In re Cardinal Indus., Inc.)*, 105 B.R. 834 (Bankr. S.D. Ohio 1989)." (RJN Ex. I, 4:7-9). The Court in *Cardinal* was interpreting the partnership law of Ohio, not California, which actually creates three interests bearing different names and meanings as set forth in the case:

> "Uniform partnership law gives a general partner in a limited partnership an interest in the partnership (the "Partnership Interest"), a right to participate in the management (the "Management Interest"), and status as a tenant in partnership (the "Tenancy Interest"). **See Ohio Revised Code §§1775.23 and 1782.29**." (*Cardinal* at 848; emphasis added).

California law does not have nor does it create any partnership interest referred to as a 'partnership interest' or a 'management interest' or a 'tenancy interest.' There is only the transferable interest as defined by Cal. Corp. Code § 15901.02(ak).

LFM was disassociated from Live Oak upon the filing of a bankruptcy petition, and hence there was no interest held by LFM which was property of the bankruptcy estate to which the automatic stay could apply.

2. The Live Oak agreement is an executory contract under 11 U.S.C. §365.

The partnership agreement for Live Oak was executed effective March 25, 2015. (See Andrew Dec. Ex C). It included more than a dozen investors and LFM as partners, with LFM acting as the general partner.

In the present case, this Court refused to address the fact that the Live Oak partnership agreement is clearly an executory contract under 11 U.S.C. §365. "Second, this Court is not determining whether LM's general partnership duties arise from an executory contract that may not be assumable under Bankruptcy Code §365." (RJN Ex. I, 6:6-8).

The general rule is that partnership agreements are executory contracts. "Partnership agreements generally are executory contracts." (3 Collier on Bankruptcy P 365.02(2)(b) (16th 2023)). This is true because partners generally have a continuing duty to each other under any partnership agreement and hence is executory because "performance remains due to some extent on both sides." (*Mission Prod. Holdings v. Tempnology*, LLC, 139 S. Ct. 1652, 1658 (2019)).

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For that reason, a personal service contract is not assumable under 11 U.S.C. § 365 without the consent of the non-debtor partners. This stems from the Ninth Circuit's adoption of the 'hypothetical test' under 11 U.S.C. § 365(c)(1). (*In re Catapult Entertainment, Inc.*, 165 F.3d 747 (9th Cir. 1999)). In *Catapult*, the Ninth Circuit adopted the 'hypothetical test' where the debtor sought to assume non-exclusive patent licenses for video game technology. The Court reversed the bankruptcy court's approval, holding that federal patent law excused the licensors from accepting performance from a hypothetical assignee, thus barring assumption even without intent to assign. It explicitly rejected the 'actual test' and emphasized statutory plain meaning

The hypothetical test bars assumption of an executory contract if applicable non-bankruptcy law excuses the non-debtor party from accepting performance from anyone other than the original debtor, even if no assignment is intended. California contract law makes personal services non-delegable under Cal. Comm. Code § 2210 which prohibits delegation where the other party has a substantial interest in the original promisor's performance. "Rights likewise cannot be assigned if the assignment would materially impair the non-assigning party's chance of obtaining the performance he expected." (*Farmland Irrigation Co. v. Dopplmaier*, 48 Cal. 2nd 208, 222 (1957). For that reason, executory contracts are generally non-assignable without consent because the non-debtor bargained for the specific individual's performance. And the Live Oak partnership agreement reflects this intent by having lengthy and detailed restrictions on transfers of partnership interests, and voids any alleged transfer without meeting the requirements. "Any Transfer or Encumbrance of a Partnership Interest without such approval shall be void." (Andrew Dec., Ex. C, pg. 18, §8.2).

As discussed above, the filing of a bankruptcy petition causes dissociation of a partner under Cal. Corp. Code § 16601. In turn, the disassociation terminates the right to participate in management under Cal. Corp. Code § 16603(1). For that reason, the bankruptcy estate acquires only the economic interest (e.g., rights to profits, losses, and distributions), not governance or management rights given that partnership agreements are executory contracts and hence non-assumable under 11 U.S.C. § 365(c) due to the personal services nature of partnerships and also the general unwillingness of non-debtor partners to accept a substitute.

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While it would be correct that §541(c)(1) would override an *ipso facto* clauses in single-owner entities (*Fursman v. Ulrich*, 440 B.R. 821 (B.A.P. 9th Cir. 2010)) the same is not true of multi-party entities where other partners' interests are protected by limiting the bankruptcy estate's interest to economic rights only. (e.g., *In re Cutler*, 165 B.R. 275 (Bankr. D. Ariz. 1994); see also *In re Ehmann*, 319 B.R. 200 (Bankr. D. Ariz. 2005)).

In the present case, there is no reasonable dispute that the Live Oak partnership agreement was an executory contract both under applicable bankruptcy law and under California law. This is especially true given that it was a multi-party contract rendering it non-assumable under 11 U.S.C. § 365(c)(1). Consequently, no 'management interest' in Live Oak became property of the bankruptcy estate for LFM pursuant to the holding of the Ninth Circuit in *In re Catapult Entertainment, Inc.*, 165 F.3d 747 (9th Cir. 1999).

3. LFM breached the Live Oak partnership agreement prior to filing the petition.

In the present case, LFM was already in breach of the Live Oak partnership agreement before it ever filed a bankruptcy petition. As outlined above, without any notice to the other partners of Live Oak, and without any partnership meeting, on September 4, 2024, LFM made three transfers totaling $2,366,418.00 from Live Oak to itself. (RJN, Ex. B, pgs. 19-20). LFM maintains this represents the 21.214% ownership interest in Live Oak as well as a sale commission provided in the Partnership Agreement of 3.00%. (Andrew Dec., Ex. C, pgs. 30-31, §11.14).

LFM never distributed the remaining balance of the funds to the other partners. These transactions were performed by LFM without any notice to the other partners, and without any authorization in the form of a partnership vote or any document indicating ratification or approval by the other partners.

The Live Oak Partnership Agreement provides in section 3.8 entitled "Priority Over Other Partners" that no partner is to receive preference over any other:

> "No Partner shall have priority over any other partner, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits or items thereof." (Andrew Dec., Ex. C, pg. 14).

The Partnership Agreement also provides in section 4.7 entitled "Liquidating Proceeds"

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which specifies the manner in which funds are to be distributed to the partners:

> "Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Partnership, or when any Partner's interest is liquidated, all items of income and loss first shall be allocated to the Partners' Capital Accounts under this Article Four, and other credits and deductions to the Partners' Capital Accounts shall be made before the final distribution is made. The final distribution to the Partners shall be made to the Partners to the extent of and in proportion to their positive Capital Account balances." (Andrew Dec., Ex. C, pg. 16).

Eight days after making these transfers, on September 12, 2024 LFM filed the present case for Live Oak, the LFM Bankruptcy Case, and cases for 57 other entities. There is no dispute that LFM never obtained any authorization to transfer $2,366,418.00 from Live Oak's accounts to itself.

LFM was fully aware it would be filing a bankruptcy petition for Live Oak immediately after transferring the funds to itself. For that reason, the bankruptcy filings were part of a common plan or scheme carried out by LFM to benefit itself and Mattson by first acquiring the funds and then preventing any challenge to these transfers by the other partners due to the bankruptcy filings.

It was this breach of the partnership agreement that gave rise to the vote to remove LFM as general partner for cause. This was specifically stated in the notice of the partnership meeting as follows:

> The basis of the action to remove the current General Partner is that LeFever Mattson Inc. took actions that are in direct violation of the Partnership Agreement which constitutes cause for removal. Specifically, that on September 4, 2024 LeFever Mattson Inc. distributed $842,418 to itself from the accounts of Live Oak Investments L.P. representing a 21.6% share of the proceeds of the sale of Southwood Apartments, which was the sole real estate asset of Live Oak Investments L.P.. At the time of this distribution, LeFever Mattson Inc. did not distribute any sale proceeds to any of the other partners.
>
> This was a direct violation of the Partnership Agreement §3.8 entitled "Priority Over Other Partners" which states as follows: "No Partner shall have priority over any other partner, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits or items thereof."
>
> This was also a direct violation of the Partnership Agreement §4.7 entitled "Liquidating Proceeds" which states as follows: "Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Partnership, or when any Partner's interest is liquidated, all items of income and loss first shall be allocated to the Partners' Capital Accounts under this Article Four, and other credits and deductions to the Partners' Capital Accounts shall be made before the final distribution is made. The final

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> distribution to the Partners shall be made to the Partners to the extent of and in proportion to their positive Capital Account balances."
>
> On the basis of the foregoing actions, cause exists to remove LeFever Mattson Inc. as General Partner. At this partnership meeting a vote will be held on this removal as well as the other matters set forth above. (RJN, Ex. E, pgs. 1-2).

A breach of an executory contract by a debtor-in-possession gives rise to a general claim against the estate for the non-breaching non-debtor party to the contract. (11 U.S.C. § 365(g)). And once the contract is breached, the debtor in possession can no longer enforce its provisions. (See, e.g., *In re Warner*, 480 B.R. 641, 650-51 (Bankr. N.D. W. Va. 2012)). LFM engaged in outright fraud by writing itself checks for millions of dollars right before filing a bankruptcy petition and without any notice or permission from the other partners. This was a spectacular and sinister effort to loot funds for LFM's own use and with the specific intent to defraud the remaining partners. There is overwhelming evidence to support the removal of LFM for cause given that it was in breach of the partnership agreement prior to filing a bankruptcy petition.

C. Live Oak will suffer irreparable harm as LFM is seeking to dissolve Live Oak.

LFM has a motion to consolidate all 57 of the debtor entities on calendar for January 23, 2026. A copy of the December 1, 2025 amended motion to consolidate is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit L. A copy of the amended notice of the hearing on this motion is attached to the concurrently filed Request for Judicial Notice and marked as Exhibit M.

If a stay is not granted Live Oak and its investors will suffer irreparable harm as there is presently the sum of $3,140,522.00 on deposit in the account for Live Oak, and LFM has already transferred $2,366,418.00 only four days prior to filing a bankruptcy petition. This money will no doubt vanish as soon as LFM consolidates Live Oak into the rest of the debtor entities. Recovering those funds will require interminable litigation against all manner of third parties to whom the funds have been distributed through the pending chapter 11 process, and the partners of Live Oak will have to pay for that litigation as well. There is no way to avoid this harm other than temporarily halting further activity in regard to Live Oak in the pending bankruptcy cases until such time as the appeal is resolved. Absent a stay, Live Oak faces irreparable harm through the likely permanent loss of these partnership assets.

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D. No substantial injury to other parties.

The only other party at issue in the present matter is LFM. LFM cannot suffer any harm from a stay. LFM has already caused harm to Live Oak and the other partners by breaching the partnership agreement pre-petition by unilaterally withdrawing $2,366,418 without partner approval or equal distribution in direct violation of §§ 3.8 and 4.7 of the Live Oak Partnership Agreement, which clearly constitutes fraud and justifies LFM's removal for cause. And even were LFM to allege some kind of harm from a stay, LFM has already received its economic interest through the funds it looted on the eve of a bankruptcy filing. For all of these reasons, there is no credible substantial injury to other parties which would arise from an appellate stay.

E. Public interest.

It is unclear whether the public has any direct interest in the present matter. It is a dispute between the partners of Live Oak and the cabal controlling LFM. On the general level, the public always has an interest in upholding state partnership laws and preventing debtor abuse as is the case in the present matter.

IV. CONCLUSION

Andrew has demonstrated a strong likelihood of success on the merits of the pending bankruptcy appeal, satisfying the critical first factor under *Hilton vs. Braunskill*. The Bankruptcy Court's Stay Order erroneously disregarded California law, which mandates automatic dissociation of a partner upon bankruptcy filing under Cal. Corp. Code § 16601(6)(A), stripping LFM of any management rights per § 16603(1). This is reinforced by consistent precedents like *Johnson vs. Johnson* and *Mansdorf vs. Epps*, confirming that no managerial interest enters the estate. The Court's reliance on inapplicable Ohio law from *In re Cardinal Industries* and its invention of a non-existent 'managerial interest' contravenes black-letter principles from *Butner vs. United States*, which defer to state law for pre-petition property rights.

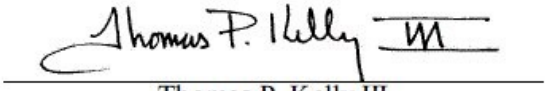
Furthermore, the Live Oak Partnership Agreement qualifies as an executory contract under 11 U.S.C. § 365, non-assumable without consent due to its personal services nature, as per the Ninth Circuit's hypothetical test in *In re Catapult Entertainment*. LFM's pre-petition breach - unilaterally withdrawing $2,366,418 without partner approval or equal distribution - violates §§

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3.8 and 4.7 of the Agreement, constituting fraud and justifying removal for cause. This breach precludes LFM from enforcing the Agreement, rendering the vote to remove it valid and outside the automatic stay.

Absent a stay, Appellant faces irreparable harm through loss of control over partnership assets, while no substantial injury befalls LFM, which has already received its economic interest. The public interest favors upholding state partnership laws and preventing debtor abuse. Accordingly, a discretionary stay pending appeal is warranted to preserve the status quo and ensure justice.

Dated: November 7, 2025



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and its general partner William Andrew

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Case No. 24-10545 (CN) (Lead Case) Chapter 11 (Jointly Administered) REQUEST FOR JUDICIAL NOTICE Judge: Hon. Charles Novack Court: 1300 Clay Street Courtroom 215 Oakland, California 94612 Via teleconference Date filed: September 12, 2024

1 The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

REQUEST FOR JUDICIAL NOTICE

William Andrew as the general partner of the Debtor-in-possession Live Oak Investments LP (hereinafter "Debtor") hereby requests that the Court take judicial notice of the matters set forth below in support of the concurrently file application for appellate stay.

This request is made pursuant to Rule 201 of the Federal Rules of Evidence as the Court may take judicial notice of any matter that is not subject to reasonable dispute because it is generally known within the trial court's territorial jurisdiction (FRE §201(b)(1)) and can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned. (FRE §201(b)(2)) In this instance, the matters which are the subject of this request are the Court's records for the present bankruptcy case and that of *LeFever Mattson Inc*. bearing case number 24-10545 both of which meet the criteria set forth in FRE §201. These documents are further authenticated by the concurrently filed Declaration of Thomas P. Kelly III.

The specific matters for which judicial notice is requested are as follows:

Exhibit A: The Omnibus List of Equity Security Holders filed by LeFever Mattson Inc. on November 15, 2024 bearing docket entry number 353 in the parallel bankruptcy case of *LeFever Mattson Inc*. bearing case number 24-10545 currently pending before this Court.

Exhibit B: The operating report for Debtor Live Oak Investments LP filed on October 28, 2024 bearing docket entry 209 in the parallel bankruptcy case of *LeFever Mattson Inc*. bearing case number 24-10545 currently pending before this Court.

Exhibit C: The list of 20 largest creditors of Debtor Live Oak Investments LP filed on September 25, 2024 bearing docket entry 87 in the parallel bankruptcy case of *LeFever Mattson Inc*. bearing case number 24-10545 currently pending before this Court.

Exhibit D: The schedules for Debtor Live Oak Investments LP filed on November 15, 2024 bearing docket entry 310 in the parallel bankruptcy case of *LeFever Mattson Inc*. bearing case number 24-10545 currently pending before this

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Court.

Exhibit E: The October 7, 2025 Notice of Partnership Meeting bearing docket entry number 2530 in the record of *In re LeFever Mattson Inc.* bearing case number 24-10545 filed by creditors William N. Andrew and Sally G. Andrew Revocable Trust dated June 21, 2001 and the Burgess Trust dated October 9, 2006.

Exhibit F: The October 15, 2025 joint investigation report filed by the special investigation counsel Donald S. Davidson regarding the affairs of LFM bearing docket entry 2568 in the record of *In re LeFever Mattson Inc.* bearing case number 24-10545.

Exhibit G: The October 24, 2025 motion to declare void of the Official Committee of Unsecured Creditors bearing docket entry 2690 in the record of *In re LeFever Mattson Inc.* bearing case number 24-10545.

Exhibit H: November 4, 2025 order of the bankruptcy court bearing docket entry 2774 in the record of *In re LeFever Mattson Inc.* bearing case number 24-10545.

Exhibit I: November 20, 2025 order of the bankruptcy court bearing docket entry 2891 in the record of *In re LeFever Mattson Inc.* bearing case number 24-10545.

Exhibit J: November 30, 2025 notice of appeal bearing docket entry 2937 in the record of *In re LeFever Mattson Inc.* bearing case number 24-10545.

Exhibit K: December 12, 2025 opening letter from the Bankruptcy Appellate Panel bearing bearing docket entry 2-1 in the record of *Andrew vs. OCUC* bearing case number 25-1238.

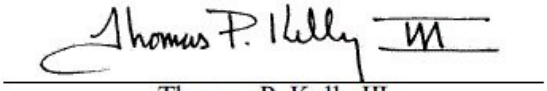
Exhibit L: The December 1, 2025 amended motion to consolidate of the Official Committee of Unsecured Creditors bearing docket entry 2943 in the record of *In re LeFever Mattson Inc.* bearing case number 24-10545.

Exhibit M: The December 17, 2025 notice of hearing for the amended motion to

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consolidate of the Official Committee of Unsecured Creditors bearing docket entry 3152 in the record of *In re LeFever Mattson Inc.* bearing case number 24-10545.

Dated: December 20, 2025



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EXHIBIT A

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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Lead Case No. 24-10545 (CN) (Jointly Administered) Chapter 11 **OMNIBUS LIST OF EQUITY SECURITY HOLDERS**

[1] The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

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LeFever Mattson et al.
List of Equity Security Holders

Debtor Name	Investor Name	Percentage of Interest
Apan Partners LLC	Unknown	
Autumn Wood I, LP	Bill & Cheryl Reese	2.6630%
Autumn Wood I, LP	Carolyn Lee Haslip Living Trust	4.8820%
Autumn Wood I, LP	Christopher W. Koerner	1.4790%
Autumn Wood I, LP	Dandona Family Trust dtd Nov 30, 2005	1.7750%
Autumn Wood I, LP	Ekaterina Alexandra Sowers	1.4790%
Autumn Wood I, LP	Ganyo Revocable Family Trust, dtd August 13, 1998	4.4380%
Autumn Wood I, LP	Janet Brandi Dobbs Living Trust dtd July 25, 2000	4.1720%
Autumn Wood I, LP	Jody Craig Niccolson	0.8875%
Autumn Wood I, LP	Kathleen Hamlin Living Trust, dtd July 2, 2008	4.7930%
Autumn Wood I, LP	Keith & Anne Gockel Rev Trust dtd May 17, 2013	2.4850%
Autumn Wood I, LP	Kevan M & Pik L Smith Living Trst dtdSept 20, 2001	2.6630%
Autumn Wood I, LP	Larissa Michelle Koerner	1.4800%
Autumn Wood I, LP	LeFever Mattson	35.6650%
Autumn Wood I, LP	Mark J. & Lori D. Rossi Living Trust June 1, 2000	0.8880%
Autumn Wood I, LP	Nancy Niccolson	0.8875%
Autumn Wood I, LP	Natalie Duke	0.8875%
Autumn Wood I, LP	Nora Basso	0.8875%
Autumn Wood I, LP	Olson, John B., Jr & Amy W.	3.7640%
Autumn Wood I, LP	PolyComp Trst Co CDN, FBO Amy LeFever IRA # 044031	0.5330%
Autumn Wood I, LP	PolyComp Trst Co, FBO Timothy LeFever IRA # 044030	1.1890%
Autumn Wood I, LP	Richard Parro IRA # 044045	3.9940%
Autumn Wood I, LP	Sylvie Magnes Cohen Family Trust	3.9060%
Autumn Wood I, LP	The Gregory Scott Montalvo Living Trust	2.6630%
Autumn Wood I, LP	The Kevin & Kim Farrell Living Trust April 6, 2005	4.4380%
Autumn Wood I, LP	Thomas, Alice Diane	2.2190%
Autumn Wood I, LP	Trembath, Raymond	4.8820%
Bay Tree, LP	Unknown	
Beach Pine, LP	David P. Fisher Revocable Trust	4.1550%
Beach Pine, LP	Hayashi: Januth Kei Hayashi Trust dtd May 4, 2012, Januth Kei Hayashi, Trustee	4.1554%
Beach Pine, LP	Kelly L. Resendez	4.1550%
Beach Pine, LP	KS Mattson Partners	9.8994%
Beach Pine, LP	LeFever Mattson	38.5735%
Beach Pine, LP	Manuel and Theresita Cabacungan FamilyTrust4/12/96	4.1550%
Beach Pine, LP	Michael A. & Teri L. Kraemer	9.9730%
Beach Pine, LP	Olson, John B., Jr & Amy W.	4.1550%
Beach Pine, LP	Peter S. Strickland Trust dated May 4, 2012	4.1550%
Beach Pine, LP	Ravindra Ambatipudi & Kamala Sistla Rev Liv Trust	4.1550%
Beach Pine, LP	The Renaud Family Trust estb, February 5, 2001	8.3110%
Beach Pine, LP	Walker Family Trust dtd December 15, 2006	4.1550%
Bishop Pine, LP	Arnold Yee & Ruane Hayashi-Yee Trust	3.7048%
Bishop Pine, LP	Carrillo, Ismael and Erin	2.4698%
Bishop Pine, LP	Christopher Joseph and Sarah Yourd Bannon Fam Tst	3.0873%
Bishop Pine, LP	David J. Grenier Living Trust	3.0873%
Bishop Pine, LP	Guilford, Debbie J. & Thomas J.	1.8524%
Bishop Pine, LP	Harper LLC	14.5103%
Bishop Pine, LP	HG Global Properties, LLC	2.9638%
Bishop Pine, LP	Jerome F. & Anne L. Stasik	0.6175%
Bishop Pine, LP	Kent A. Zboray Living Trust	1.2349%
Bishop Pine, LP	LeFever Mattson	43.7134%
Bishop Pine, LP	Lisa Swarbrick Separate Property Trust	3.6659%
Bishop Pine, LP	Margaret Orlich Trust dtd September 26, 2003	9.2248%
Bishop Pine, LP	Olson, John B., Jr & Amy W.	4.4210%
Bishop Pine, LP	Specht Living Trust	3.6659%
Bishop Pine, LP	Warren & Hope Elliott	1.7809%
Black Walnut, LP	Benson Family 1999 Trust	16.3350%
Black Walnut, LP	Keith & Anne Gockel Rev Trust dtd May 17, 2013	10.1120%
Black Walnut, LP	LeFever Mattson	56.8010%

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LeFever Mattson et al.
List of Equity Security Holders

Debtor Name	Investor Name	Percentage of Interest
Black Walnut, LP	Mullin Family Trust	5.5840%
Black Walnut, LP	Muscat, Raymond & Laurie J Sano	11.1680%
Buck Avenue Apartments, LP	Abad Family Trust dtd 12/9/02	1.2592%
Buck Avenue Apartments, LP	Alexander Suhonos Trust	1.0581%
Buck Avenue Apartments, LP	Bill & Cheryl Reese	2.5184%
Buck Avenue Apartments, LP	Bobetsky Family Trust	3.1744%
Buck Avenue Apartments, LP	Chase Family Trust restated 1992	5.2906%
Buck Avenue Apartments, LP	Crane Living Trust	2.1162%
Buck Avenue Apartments, LP	Davis Family Trust	2.6453%
Buck Avenue Apartments, LP	Girardi Revocable Living Trust	2.1162%
Buck Avenue Apartments, LP	Jack & Hilda Harouni Revocable Living Trust	1.5277%
Buck Avenue Apartments, LP	Januth Kei Hayashi Trust dtd May 4, 2012	1.7740%
Buck Avenue Apartments, LP	John D. & Laurel E. Bruce TTEE	3.0553%
Buck Avenue Apartments, LP	Kevan M & Pik L Smith Living Trst dtdSept 20, 2001	1.6789%
Buck Avenue Apartments, LP	Koerner Family Trust dtd October 4, 1995	7.4207%
Buck Avenue Apartments, LP	LeFever Mattson	10.1585%
Buck Avenue Apartments, LP	Lisa Swarbrick Separate Property Trust	0.7936%
Buck Avenue Apartments, LP	Lori Morgan Trust	1.5872%
Buck Avenue Apartments, LP	Luis Urbano & Elizabeth Naomi Martinez Int Viv Trust	3.2661%
Buck Avenue Apartments, LP	Margaret A. Duke Revocable Trust	2.2915%
Buck Avenue Apartments, LP	McCartney Family Living Trust dtd Nov 12, 1997	2.1162%
Buck Avenue Apartments, LP	Miller Family Trust	2.1162%
Buck Avenue Apartments, LP	Morse Family Trust	1.6577%
Buck Avenue Apartments, LP	Nikolai Suhonos Trust	1.0581%
Buck Avenue Apartments, LP	Olson, John B., Jr & Amy W.	0.4197%
Buck Avenue Apartments, LP	Peter S. Strickland Trust dated May 4, 2012	1.7740%
Buck Avenue Apartments, LP	Peter Suhonos Trust	1.0581%
Buck Avenue Apartments, LP	Richard M. Little & Jeanne Curran-Little	1.1827%
Buck Avenue Apartments, LP	Richard Parro IRA # 044137	1.4814%
Buck Avenue Apartments, LP	Richard V & Carolyn C Treakle Revoc Trust	5.9993%
Buck Avenue Apartments, LP	Schroyer Family Trust	6.8620%
Buck Avenue Apartments, LP	Scott, Laura C.	2.1288%
Buck Avenue Apartments, LP	Sidney Mar	1.8888%
Buck Avenue Apartments, LP	Sloan Revocable Trust,utd dtd November 16, 2005	2.8384%
Buck Avenue Apartments, LP	Specht Living Trust	0.7936%
Buck Avenue Apartments, LP	Suhonos Family Trust dtd January 5, 1999	2.1162%
Buck Avenue Apartments, LP	Taffe, Norman	1.0581%
Buck Avenue Apartments, LP	Taneja, Aneeta	1.1457%
Buck Avenue Apartments, LP	Taneja, Mukesh	1.1457%
Buck Avenue Apartments, LP	Traynor, Michelle	2.1162%
Buck Avenue Apartments, LP	Wichael Declaration Trust dtd July 27, 1987	2.1366%
Buck Avenue Apartments, LP	Wold, Anthony and Jodene	1.5872%
Buck Avenue Apartments, LP	Wright & Martinez Family Trust dtd Feb 27, 2001	1.5872%
Buckeye Tree, LP	Davis, Leah M. & Douglas S.	7.2200%
Buckeye Tree, LP	Di Marco Revocable Trust dtd July 14, 2004	7.2200%
Buckeye Tree, LP	Kevin Ziegenmeyer	3.2500%
Buckeye Tree, LP	Lance Jordan	3.2500%
Buckeye Tree, LP	LeFever Mattson	16.2030%
Buckeye Tree, LP	Mark and Janet Bennett	3.2500%
Buckeye Tree, LP	Reynolds, Randall N.	5.8180%
Buckeye Tree, LP	Tenorio, Pete and Valerie	6.8590%
Buckeye Tree, LP	Thomas and Lisa Swarbrick	7.2200%
Buckeye Tree, LP	Thomas Jr and Robin L Azzalina Rev Trust	10.8300%
Buckeye Tree, LP	Van't Hul Revocable Living Trust May 15, 2000	14.4400%
Buckeye Tree, LP	Walker Family Trust dtd December 15, 2006	14.4400%
Bur Oak, LP	Hill Trust Agreement February 7, 1991	8.2533%
Bur Oak, LP	Kevin L. & Racquel V. Goodwin Living Trust	2.3249%
Bur Oak, LP	Lawrence A. & Shirley Deckard	2.7511%
Bur Oak, LP	LeFever Mattson	37.3166%

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List of Equity Security Holders

Debtor Name	Investor Name	Percentage of Interest
Bur Oak, LP	Mark and Janice Thomas	7.6613%
Bur Oak, LP	Ramon Velasquez	0.9299%
Bur Oak, LP	Reuben Velasquez	4.6498%
Bur Oak, LP	Revocable Living Trust of Daren W. Dirkse	5.5022%
Bur Oak, LP	Rowena Velasquez	1.3949%
Bur Oak, LP	Susan J. Sandberg & Peter J. Sandberg	2.7511%
Bur Oak, LP	Thomas and Beverly Franza	13.7555%
Bur Oak, LP	Timothy and Leslie Blanchard	5.5022%
Bur Oak, LP	Velasquez, Raoul L. & Felicitas V.	1.1624%
Bur Oak, LP	Velasquez, Richard	2.7898%
Bur Oak, LP	William & Regina Parkinson	3.2548%
Butcher Road Partners, LLC	Unknown	
California Investment Properties, a California corporation	Home Tax Service of America, Inc.	100.0000%
Cambria Pine, LP	Keith & Anne Gockel Rev Trust dtd May 17, 2013	11.2613%
Cambria Pine, LP	Kirkland Family Trust UDT, dtd November 10, 2013	15.2000%
Cambria Pine, LP	LeFever Mattson	28.7189%
Cambria Pine, LP	Loux Family Living Trust	11.0360%
Cambria Pine, LP	Mattson, Sharon	5.6306%
Cambria Pine, LP	Revocable Living Trust of Daren W. Dirkse	5.6306%
Cambria Pine, LP	Standiford Family Trust dated October 8, 1998	11.2613%
Cambria Pine, LP	Suhonos Family Trust dtd January 5, 1999	11.2613%
Chestnut Oak, LP	Butler Trust	15.9354%
Chestnut Oak, LP	Hicks, Donald L or Kimberlie	13.2486%
Chestnut Oak, LP	Keith & Anne Gockel Rev Trust dtd May 17, 2013	7.9491%
Chestnut Oak, LP	LeFever Mattson	2.3262%
Chestnut Oak, LP	Mark and Janet Bennett	18.7500%
Chestnut Oak, LP	Michael & Joellen Teifel	10.9894%
Chestnut Oak, LP	Revocable Living Trust of Daren W. Dirkse	13.2486%
Chestnut Oak, LP	Riley 1994 Revocable Trust	17.5528%
Country Oaks I, LP	Avila Family Trust	2.6500%
Country Oaks I, LP	Crane, Charles E.	3.1170%
Country Oaks I, LP	Crane, Stephen M.	3.1170%
Country Oaks I, LP	Dana L Conway	1.9480%
Country Oaks I, LP	Daniel H. Goff	1.9490%
Country Oaks I, LP	Edgar, Charles H & Cathleen W	3.8970%
Country Oaks I, LP	Gitsham Family Trust	4.6760%
Country Oaks I, LP	Kathleen Hamlin Living Trust, dtd July 2, 2008	7.7940%
Country Oaks I, LP	Kristianne Goff	1.9480%
Country Oaks I, LP	KS Mattson Partners	3.1170%
Country Oaks I, LP	Laura Goff O'Connor	1.9490%
Country Oaks I, LP	LeFever Mattson	10.2630%
Country Oaks I, LP	Long, Stephen M & Holli L	3.1170%
Country Oaks I, LP	Manfred K Fisher Family Trust dtd May 25, 2006	7.7940%
Country Oaks I, LP	Peter N Loukianoff Family Trust dtd April 12, 2008	1.5607%
Country Oaks I, LP	Steven and Desiree Osterback Trst, April 20, 2016	2.5180%
Country Oaks I, LP	Taffe, Jillian	1.1690%
Country Oaks I, LP	Taffe, Norman	1.1690%
Country Oaks I, LP	Taneja, Aneeta	4.6760%
Country Oaks I, LP	The Willis McKelvey Rice	11.6990%
Country Oaks I, LP	Van't Hul Revocable Living Trust May 15, 2000	3.5070%
Country Oaks I, LP	Ward M & Anne C Pitman Trust dtd January 11, 2006	4.6760%
Country Oaks I, LP	Wilcox, Donald E.	3.1170%
Country Oaks I, LP	WL/PD Mattson Trust	2.3380%
Country Oaks I, LP	Yi, Kyung	3.1170%
Country Oaks I, LP	Young Family Trust	3.1170%
Divi Divi Tree, L.P.	KS Mattson Partners	48.4670%
Divi Divi Tree, L.P.	LeFever Mattson	17.6326%
Divi Divi Tree, L.P.	LeFever, Tim & Amy	19.4583%
Divi Divi Tree, L.P.	Richard V & Carolyn C Treakle Revoc Trust	14.4421%

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List of Equity Security Holders

Debtor Name	Investor Name	Percentage of Interest
Douglas Fir Investments, LP	Jack & Hilda Harouni Revocable Living Trust	16.5480%
Douglas Fir Investments, LP	LeFever Mattson	60.7910%
Douglas Fir Investments, LP	Richard V & Carolyn C Treakle Revoc Trust	22.6610%
Firetree I, LP	LeFever Mattson	100.0000%
Firetree II, LP	LeFever Mattson	100.0000%
Firetree III, LP	LeFever Mattson	100.0000%
Foxtail Pine, LP	Albers, Kenneth W.	16.6927%
Foxtail Pine, LP	Brady Family Trust	8.1534%
Foxtail Pine, LP	Fleming Family Trust	9.2331%
Foxtail Pine, LP	LeFever Mattson	46.2719%
Foxtail Pine, LP	Rogers Revocable Living Trust	10.1136%
Foxtail Pine, LP	Wold, Anthony and Jodene	9.5353%
Ginko Tree, LP	Blattman, Keith and Maria	6.3485%
Ginko Tree, LP	Daniel & Mary Goff Declaration of Trust	4.7614%
Ginko Tree, LP	Diann Van Nortwick Tilley Trust	6.0311%
Ginko Tree, LP	Hines Family Trust	3.1742%
Ginko Tree, LP	James E & Karen R Wofford Revoc Trst Feb 26, 2004	4.4439%
Ginko Tree, LP	Kevin Ziegenmeyer	3.5000%
Ginko Tree, LP	LeFever Mattson	19.5702%
Ginko Tree, LP	Mark and Janet Bennett	3.5000%
Ginko Tree, LP	Mitzi A. Brown Revocable Trust dtd Dec 18, 1978	6.3485%
Ginko Tree, LP	Olson, John B., Jr & Amy W.	6.3485%
Ginko Tree, LP	Velasquez, Raoul L. & Felicitas V.	15.2931%
Ginko Tree, LP	Velasquez, Richard	14.3322%
Ginko Tree, LP	Williams, Elizabeth F.	6.3485%
Golden Tree, LP	Unknown	
Hagar Properties, LP	2005 Jeffrey B. Murphy & Michelle L Murphy Revoc T	4.8110%
Hagar Properties, LP	Christopher and Donna McCartney	9.6220%
Hagar Properties, LP	Kathleen Hamlin Living Trust, dtd July 2, 2008	9.6220%
Hagar Properties, LP	Keith & Anne Gockel Rev Trust dtd May 17, 2013	9.6220%
Hagar Properties, LP	KS Mattson Partners	19.2450%
Hagar Properties, LP	LeFever Mattson	36.3760%
Hagar Properties, LP	LeFever, Tim & Amy	4.8110%
Hagar Properties, LP	Murphy Revocable Trust dtd Nov. 2, 1995	4.8110%
Hagar Properties, LP	Scott R and Regiina A	1.0800%
Heacock Park Apartments, LP	Alekna 2002 Revocable Trust	4.7550%
Heacock Park Apartments, LP	Joy M Axelson Trust	4.2900%
Heacock Park Apartments, LP	KS Mattson Partners	6.4340%
Heacock Park Apartments, LP	LeFever Mattson	19.3040%
Heacock Park Apartments, LP	LeFever, Tim & Amy	5.7200%
Heacock Park Apartments, LP	Marcia Albers (nee Deichert)	7.3140%
Heacock Park Apartments, LP	McCartney Family Living Trust dtd Nov 12, 1997	2.1450%
Heacock Park Apartments, LP	Ogg, Kathy	8.5790%
Heacock Park Apartments, LP	Rhoads,Dolores I.	1.1440%
Heacock Park Apartments, LP	Riley 1994 Revocable Trust	7.1490%
Heacock Park Apartments, LP	Robert Dean Rhoads	2.2880%
Heacock Park Apartments, LP	Ruth Elain Tillman	2.2880%
Heacock Park Apartments, LP	Standiford Family Trust dated October 8, 1998	5.7190%
Heacock Park Apartments, LP	Suhonos Family Trust dtd January 5, 1999	5.7190%
Heacock Park Apartments, LP	The Charles and Audrey Hermle Living Trust dtd 2/26/15	4.2900%
Heacock Park Apartments, LP	The Gregory Scott Montalvo Living Trust	6.4340%
Heacock Park Apartments, LP	Wichael Declaration Trust dtd July 27, 1987	6.4290%
Home Tax Service of America, Inc.	LeFever Mattson	66.6667%
Home Tax Service of America, Inc.	Mark Bennett	33.3333%
LeFever Mattson I, LLC	Unknown	
LeFever Mattson, a California corporation	Kenneth W. Mattson	50.0000%
LeFever Mattson, a California corporation	Timothy LeFever	50.0000%
Live Oak Investments, LP	Anderson 2001 Revocable Trust dated June 12, 2001	7.8587%
Live Oak Investments, LP	Chase Family Trust restated 1992	9.5320%

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List of Equity Security Holders

Debtor Name	Investor Name	Percentage of Interest
Live Oak Investments, LP	Davis, Ray and Kim	6.9155%
Live Oak Investments, LP	Fleming Family Trust	11.5635%
Live Oak Investments, LP	Fox Family Trust dtd May 24, 2002	10.0565%
Live Oak Investments, LP	Girardi Revocable Living Trust	7.0731%
Live Oak Investments, LP	LeFever Mattson	21.6227%
Live Oak Investments, LP	Ogg, Kathy	7.4406%
Live Oak Investments, LP	PO Box 1145	4.0067%
Live Oak Investments, LP	The Willis McKelvey Rice	5.9172%
Live Oak Investments, LP	William N Andrew and Sally G Andrew Revocable Trust dtd 6/21	8.0135%
Monterey Pine, LP	Alan or Lekili Hubbard	5.4900%
Monterey Pine, LP	Chris D & Maria E Bushey	3.0140%
Monterey Pine, LP	Christopher W. Koerner	4.3500%
Monterey Pine, LP	Hines Declaration of Trust dtd October 18, 2005	3.1070%
Monterey Pine, LP	James R & Shirley E Sweetman Family Trust	4.0080%
Monterey Pine, LP	John D. & Laurel E. Bruce Rev Trust dtd July3,1992	4.7040%
Monterey Pine, LP	John N. McFadden & Jeri Smith- McFadden	4.6610%
Monterey Pine, LP	Keith & Anne Gockel Rev Trust dtd May 17, 2013	5.4380%
Monterey Pine, LP	LeFever Mattson	38.8160%
Monterey Pine, LP	Lydia R. Zboray Revocable Trust dtd 10/17/17	3.1070%
Monterey Pine, LP	Margaret Thomas Rev Trust dtd September 21, 2005	6.2150%
Monterey Pine, LP	Standiford Family Trust dated October 8, 1998	3.1070%
Monterey Pine, LP	The Lessler Family Trust dtd September 28, 1998	7.7680%
Monterey Pine, LP	Wichael Declaration Trust dtd July 27, 1987	6.2150%
Napa Elm, LP	LeFever Mattson	100.0000%
Nut Pine, LP	2005 Jeffrey B. Murphy & Michelle L Murphy Revoc T	6.3900%
Nut Pine, LP	Christopher Joseph and Sarah Yourd Bannon Fam Tst	2.9850%
Nut Pine, LP	Gitsham Family Trust	6.3900%
Nut Pine, LP	Gralee Properties, LLC	6.9020%
Nut Pine, LP	John D. & Laurel E. Bruce Rev Trust dtd July3,1992	3.7310%
Nut Pine, LP	Lanning Family Trust	3.7310%
Nut Pine, LP	LeFever Mattson	38.1540%
Nut Pine, LP	Margaret Orlich Trust dtd September 26, 2003	3.7330%
Nut Pine, LP	Olson Declaration of Trust dtd May 21, 2001	3.7310%
Nut Pine, LP	Sandy T Lui & Sherman S. Luk	3.7310%
Nut Pine, LP	Suhonos Family Trust dtd January 5, 1999	11.1940%
Nut Pine, LP	The Willis McKelvey Rice	3.7310%
Nut Pine, LP	Thomas Jr and Robin L Azzalina Rev Trust	5.5970%
Pinecone, LP	KS Mattson Partners	Unknown
Pinecone, LP	LeFever Mattson	Unknown
Pinewood Condominiums, LP	Anderson 2001 Revocable Trust dated June 12, 2001	5.1957%
Pinewood Condominiums, LP	Autry Lopez Family Rev Trust dtd July 7, 2000	7.3423%
Pinewood Condominiums, LP	Blattman, Keith and Maria	3.7291%
Pinewood Condominiums, LP	Catherine Mackenzie Cook	0.7458%
Pinewood Condominiums, LP	Davis, Leah M. & Douglas S.	1.3050%
Pinewood Condominiums, LP	Gorr, Mark S	3.7291%
Pinewood Condominiums, LP	Hanson Family 2002 Trust dtd January 23, 2002	4.6614%
Pinewood Condominiums, LP	Harding 2003 Revocable Trust dtd December 23, 2003	13.0518%
Pinewood Condominiums, LP	Kenneth J. & Catherine M. Cook	0.7458%
Pinewood Condominiums, LP	Kent A. Zboray Living Trust	2.7968%
Pinewood Condominiums, LP	LeFever Mattson	18.9230%
Pinewood Condominiums, LP	Lydia R. Zboray Revocable Trust dtd 10/17/17	2.7970%
Pinewood Condominiums, LP	Mullin Family Trust	7.4582%
Pinewood Condominiums, LP	Rennie, Mary	7.8311%
Pinewood Condominiums, LP	Rhoads,Dolores I.	4.3188%
Pinewood Condominiums, LP	Taffe, Jillian	1.8645%
Pinewood Condominiums, LP	Taffe, Norman	1.8645%
Pinewood Condominiums, LP	Thomas, Mark T & Janice A.	6.0465%
Pinewood Condominiums, LP	Traynor, Michelle	5.5936%

LeFever Mattson et al.
List of Equity Security Holders

Debtor Name	Investor Name	Percentage of Interest
Red Cedar Tree, LP	LeFever Mattson	1.0000%
Red Cedar Tree, LP	RT Capitol Mall, LP	99.0000%
Red Mulberry Tree, LP	LeFever Mattson	1.0000%
Red Mulberry Tree, LP	RT Capitol Mall, LP	99.0000%
Red Oak Tree, LP	Adrienne Hannah Bailey	5.3780%
Red Oak Tree, LP	Lauren Ann Craft	2.0700%
Red Oak Tree, LP	LeFever Mattson	70.0520%
Red Oak Tree, LP	William G. Manor	22.5000%
Red Oak, LP	Autry Lopez Family Rev Trust dtd July 7, 2000	8.6127%
Red Oak, LP	Dalton, Dana	10.6066%
Red Oak, LP	Davis, Ray and Kim	5.8744%
Red Oak, LP	Frances C O'Brien Trust	4.7848%
Red Oak, LP	Frances C O'Brien Trust	5.7418%
Red Oak, LP	Girardi Revocable Living Trust	6.6988%
Red Oak, LP	John & Jean Kelly Revocable Trust	11.9529%
Red Oak, LP	LeFever Mattson	12.9191%
Red Oak, LP	Lisa Swarbrick Separate Property Trust	4.7848%
Red Oak, LP	Mattson, James and Rachel	9.9357%
Red Oak, LP	Peter S. Strickland Trust dated May 4, 2012	13.3036%
Red Oak, LP	Specht Living Trust	4.7848%
Red Spruce Tree, LP	Alexis A. Alekna	2.8691%
Red Spruce Tree, LP	Daniel & Mary Goff Declaration of Trust	11.4762%
Red Spruce Tree, LP	LeFever Mattson	41.4865%
Red Spruce Tree, LP	Mattson, Sharon	2.8691%
Red Spruce Tree, LP	Michael & Debra Williams	5.7381%
Red Spruce Tree, LP	Revocable Living Trust of Daren W. Dirkse	2.8691%
Red Spruce Tree, LP	Standiford Family Trust dated October 8, 1998	5.7381%
Red Spruce Tree, LP	The Charles and Audrey Hermle Living Trust dtd 2/26/15	12.9107%
Red Spruce Tree, LP	The Rick and Susan Tedford Living Trust	14.0431%
Redbud Tree, LP	Unknown	
River Birch, LP	Ah-Thai Chin & Richard	5.7766%
River Birch, LP	Alfred & Claudia Vieira Rev Living Trst dtd4/14/11	4.0430%
River Birch, LP	Barela Living Trust	28.8830%
River Birch, LP	Bogardus, Garry L. & Tammera D.	5.7766%
River Birch, LP	Carrillo, Ismael and Erin	5.7766%
River Birch, LP	Granados, Elizabeth A.	11.5532%
River Birch, LP	Guilford, Debbie J. & Thomas J.	8.6649%
River Birch, LP	Kent A. Zboray Living Trust	4.3324%
River Birch, LP	LeFever Mattson	6.8483%
River Birch, LP	Lydia R. Zboray Revocable Trust dtd 10/17/17	4.3324%
River Birch, LP	Mihelich, Frank and Rosemarie	8.2365%
River Birch, LP	Solomon Living Trust dtd March 20, 2001	5.7766%
River Tree Partners, LP	Albers, Kenneth W.	7.0137%
River Tree Partners, LP	Davis, Craig H & Kathryn M	2.9460%
River Tree Partners, LP	Dellacort Family Trust	4.7958%
River Tree Partners, LP	Dong, Jacob T. Ming & Shirley M.	5.4160%
River Tree Partners, LP	Gudnason Trust B dtd December 16, 1993	4.7351%
River Tree Partners, LP	Janice M Conrad Living Trust	2.9640%
River Tree Partners, LP	Januth Kei Hayashi Trust dtd May 4, 2012	1.1856%
River Tree Partners, LP	LeFever Mattson	20.8735%
River Tree Partners, LP	Lull Family Living Revocable Trst, dtdJan 15, 2009	4.2882%
River Tree Partners, LP	Marie A. Morse Family Trust	5.7906%
River Tree Partners, LP	Ogg, Kathy	7.1137%
River Tree Partners, LP	Peter S. Strickland Trust dated May 4, 2012	1.1856%
River Tree Partners, LP	Prisco, Stephen R Sergi & Anne M	2.9640%
River Tree Partners, LP	Richard V & Carolyn C Treakle Revoc Trust	17.8165%
River Tree Partners, LP	Riley 1994 Revocable Trust	4.2564%
River Tree Partners, LP	Scott R and Regiina A	2.3670%
River Tree Partners, LP	Walker Family Trust dtd December 15, 2006	4.2882%

LeFever Mattson et al.
List of Equity Security Holders

Debtor Name	Investor Name	Percentage of Interest
River View Shopping Center 1, LLC	Buck Avenue Apartments, LP	100.0000%
River View Shopping Center 2, LLC	Sequoia Investment Properties, LP	100.0000%
RT Capitol Mall, LP	Country Oaks I, LP	43.2000%
RT Capitol Mall, LP	River Tree Partners, LP	56.8000%
RT Golden Hills, LP	Country Oaks I, LP	43.2000%
RT Golden Hills, LP	River Tree Partners, LP	56.8000%
Scotch Pine, LP	Alex John Leonardini	3.2175%
Scotch Pine, LP	Daniel Joseph Leonardini	3.2170%
Scotch Pine, LP	Gralee Properties, LLC	7.6790%
Scotch Pine, LP	Kevin L. & Racquel V. Goodwin Living Trust	14.4780%
Scotch Pine, LP	LeFever Mattson	26.7330%
Scotch Pine, LP	Leonardini Revocable Trust	6.4350%
Scotch Pine, LP	McCartney Family Living Trust dtd Nov 12, 1997	6.4350%
Scotch Pine, LP	Odett L. Mittone	6.4350%
Scotch Pine, LP	Roth Revocable Living Trust	9.2830%
Scotch Pine, LP	Warren and Judith Ducioame	9.6520%
Scotch Pine, LP	Xavier Garza	6.4350%
Sequoia Investment Properties, LP	Abad Family Trust dtd 12/9/02	1.0650%
Sequoia Investment Properties, LP	Anderson 2001 Revocable Trust dated June 12, 2001	7.5710%
Sequoia Investment Properties, LP	Bill & Cheryl Reese	2.1300%
Sequoia Investment Properties, LP	Fox Family Trust dtd May 24, 2002	4.8300%
Sequoia Investment Properties, LP	Garcia Family Trust, Ralph & Sandra Garcia, TTEE	3.4350%
Sequoia Investment Properties, LP	Januth Kei Hayashi Trust dtd May 4, 2012	0.6820%
Sequoia Investment Properties, LP	Jody Craig Niccolson	1.8930%
Sequoia Investment Properties, LP	Kevan M & Pik L Smith Living Trst dtdSept 20, 2001	1.4200%
Sequoia Investment Properties, LP	LeFever Mattson	36.5710%
Sequoia Investment Properties, LP	Luis Urbano & Elizabeth Naomi Martinez Int Viv Trust	1.4200%
Sequoia Investment Properties, LP	Morse Family Trust	1.4880%
Sequoia Investment Properties, LP	Nancy Niccolson	1.8930%
Sequoia Investment Properties, LP	Natalie Duke	1.8930%
Sequoia Investment Properties, LP	Nora Basso	1.8930%
Sequoia Investment Properties, LP	Olson, John B., Jr & Amy W.	0.3550%
Sequoia Investment Properties, LP	Peter S. Strickland Trust dated May 4, 2012	0.6820%
Sequoia Investment Properties, LP	Richard M. Little & Jeanne Curran-Little	0.4540%
Sequoia Investment Properties, LP	Riley 1994 Revocable Trust	7.5710%
Sequoia Investment Properties, LP	Scott, Laura C.	0.8180%
Sequoia Investment Properties, LP	Sebastian R. & Peggy S. Lopez Revocable Trust	5.1520%
Sequoia Investment Properties, LP	Sidney Mar	1.5970%
Sequoia Investment Properties, LP	Sloan Revocable Trust,utd dtd November 16, 2005	1.0910%
Sequoia Investment Properties, LP	The Rick and Susan Tedford Living Trust	6.5260%
Sequoia Investment Properties, LP	Thomas and Beverly Franza	7.5710%
Sienna Pointe, LLC	Divi Divi Tree, L.P.	100.0000%
Spruce Pine, LP	Unknown	
Tradewinds Apartments, LP	2005 Jeffrey B. Murphy & Michelle L Murphy Revoc T	9.6750%
Tradewinds Apartments, LP	Kathleen Hamlin Living Trust, dtd July 2, 2008	10.0530%
Tradewinds Apartments, LP	KS Mattson Partners	42.5700%
Tradewinds Apartments, LP	LeFever Mattson	15.0160%
Tradewinds Apartments, LP	LeFever, Tim & Amy	7.7400%
Tradewinds Apartments, LP	Peter N Loukianoff Family Trust dtd April 12, 2008	5.2710%
Tradewinds Apartments, LP	The Willis McKelvey Rice	9.6750%
Vaca Villa Apartments, LP	LeFever Mattson	37.5556%
Vaca Villa Apartments, LP	McCartney Family Living Trust dtd Nov 12, 1997	33.1860%
Vaca Villa Apartments, LP	Trembath, Lenora	26.4120%
Vaca Villa Apartments, LP	Trembath, Raymond	2.8460%
Valley Oak Investments, LP	Boutiette Living Trust dtd May 9	5.7760%
Valley Oak Investments, LP	Carolyn Lee Haslip Living Trust	7.9280%
Valley Oak Investments, LP	Cindy Green	7.5060%
Valley Oak Investments, LP	Girardi Revocable Living Trust	2.0720%
Valley Oak Investments, LP	Hines Family Trust	6.4600%

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LeFever Mattson et al.
List of Equity Security Holders

Debtor Name	Investor Name	Percentage of Interest
Valley Oak Investments, LP	Karen Robinson	8.3370%
Valley Oak Investments, LP	KS Mattson Partners	13.4520%
Valley Oak Investments, LP	LeFever Mattson	22.8190%
Valley Oak Investments, LP	Mattson, Sharon	1.4470%
Valley Oak Investments, LP	Mullin Family Trust	4.6110%
Valley Oak Investments, LP	Revocable Living Trust of Daren W. Dirkse	1.4470%
Valley Oak Investments, LP	The Kevin & Kim Farrell Living Trust April 6, 2005	4.6110%
Valley Oak Investments, LP	The Willis McKelvey Rice	2.8950%
Valley Oak Investments, LP	Traynor, Michelle	10.6390%
Watertree I, LP	Unknown	
Willow Oak, LP	Blanchard, Tim & Leslie	5.5022%
Willow Oak, LP	Deckard, Lawrence & Shirley	2.7511%
Willow Oak, LP	Franza, Thomas & Beverly	13.7555%
Willow Oak, LP	Goodwin, Kevin & Racquel	2.3249%
Willow Oak, LP	Hill Trust	8.2533%
Willow Oak, LP	LeFever Mattson	37.3166%
Willow Oak, LP	Parkinson, William & Regina	3.2548%
Willow Oak, LP	Revocable Trust of Daren Dirkse, Daren Dirkse TTEE	5.5022%
Willow Oak, LP	Sandberg, Peter J & Susan J	2.7511%
Willow Oak, LP	Thomas, Mark T. & Janice A.	7.6613%
Willow Oak, LP	Velasquez, Ramon	0.9299%
Willow Oak, LP	Velasquez, Raoul	1.1624%
Willow Oak, LP	Velasquez, Reuben	4.6498%
Willow Oak, LP	Velasquez, Richard	2.7898%
Willow Oak, LP	Velasquez, Rowena	1.3949%
Windscape Apartments I, LP	Baumgartner, Stacie M	3.1450%
Windscape Apartments I, LP	Baumgartner, Todd	3.1450%
Windscape Apartments I, LP	Baumgartner, Todd	4.1370%
Windscape Apartments I, LP	Cabacungan: the Manuel and Theresita Cabacungan Family Trust	8.4150%
Windscape Apartments I, LP	Farrell: Kevin & Kim Farrell Living Trust dated 4/6/05	7.9640%
Windscape Apartments I, LP	Fisher Family Trust	9.5420%
Windscape Apartments I, LP	Fox Family Trust dated 5/24/02	8.6820%
Windscape Apartments I, LP	Ganyo Revocable Family Trust dated Aug. 13, 1998	8.0140%
Windscape Apartments I, LP	Girardi: John A. and Marsi A. Girardi Revocable Living Trust dated May 1, 2002	4.3030%
Windscape Apartments I, LP	Gockel Revocable Trust dated May 17, 2013, Keith Alan Gockel and Anne Michelle, Keith A. Gockel and Anne M. Gockel, TTEE	2.7190%
Windscape Apartments I, LP	LeFever Mattson	13.1900%
Windscape Apartments I, LP	LeFever, Timothy and Amy	6.2380%
Windscape Apartments I, LP	Mattson Trust, WL/PD, William L & Peggy D Mattson, TTEE	4.8050%
Windscape Apartments I, LP	Mattson, James S. & Rachel L.	2.5380%
Windscape Apartments I, LP	Mattson, Sharon M.	2.5040%
Windscape Apartments I, LP	Oropallo, Haidee J.	3.1450%
Windscape Apartments I, LP	Revocable Trust of Daren Dirke, Dirkse, Daren TTEE	2.5050%
Windscape Apartments I, LP	The Dolores Irene Rhoades Living Trust, Rhoads,Dolores TTEE	5.0090%
Windscape Apartments II, LP	Aikin: Virginia P Aikin Trust	0.9970%
Windscape Apartments II, LP	Bennett, Mark and Janet	4.1550%
Windscape Apartments II, LP	Bjorklund Living Trust dtd July 13, 2010, Linda E Bjorklund, Trustee	1.5790%
Windscape Apartments II, LP	Bobetsky Family Trust	8.3100%
Windscape Apartments II, LP	Chase, Peter	1.9390%
Windscape Apartments II, LP	Ganyo Revocable Family Trust dated Aug. 13, 1998	1.9940%
Windscape Apartments II, LP	Joseph and Barbara Fiori Family Trust November 14,2002	2.0780%
Windscape Apartments II, LP	Knoll, Joseph	0.8310%
Windscape Apartments II, LP	Koerner Family Trust dtd 10/4/95	6.9170%
Windscape Apartments II, LP	LeFever Mattson	1.9530%

LeFever Mattson et al.
List of Equity Security Holders

Debtor Name	Investor Name	Percentage of Interest
Windscape Apartments II, LP	LeFever Mattson	14.6780%
Windscape Apartments II, LP	LeFever, Timothy and Amy	4.1550%
Windscape Apartments II, LP	Lydia R. Zboray Revocable Tst dtd 10/17/17; Lydia A Hagenbach, TTEE	1.6620%
Windscape Apartments II, LP	Mattson, James S. & Rachel L.	1.6620%
Windscape Apartments II, LP	Perris Freeway Plaza LP	24.6530%
Windscape Apartments II, LP	Smith Revocable Living Trust dtd 9/20/01, Kevan M & Pik L	6.6480%
Windscape Apartments II, LP	Suhonos Family Trust dated January 5, 1999	6.6480%
Windscape Apartments II, LP	Taffe, Jillian S	1.6620%
Windscape Apartments II, LP	Taffe, Norman	1.6620%
Windscape Apartments II, LP	Treger Family Trust dtd 7/7/1988, Mark & Marilyn Treger, TTEE	1.6620%
Windscape Apartments II, LP	Varada, Raj R & Jayashree G	1.6620%
Windscape Apartments II, LP	Yee, Arnold & Ruane Hayashi-Yee Trust dated May 30, 2000	2.4930%
Windscape Apartments, LLC	Windscape Holdings, LLC	100.0000%
Windscape Holdings, LLC	Douglas Fir Investments, LP	18.7872%
Windscape Holdings, LLC	Perris Freeway Plaza, LP	27.1246%
Windscape Holdings, LLC	Windscape Apartments I, LP	19.7296%
Windscape Holdings, LLC	Windscape Apartments II, LP	34.3586%
Windtree, LP	Unknown	
Yellow Poplar, LP	Delgado, Gloria E. & Julian L.	14.1206%
Yellow Poplar, LP	LeFever Mattson	34.7478%
Yellow Poplar, LP	Suhonos Family Trust dtd January 5, 1999	27.6550%

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EXHIBIT B

Thomas P. Kelly III, SBN 230699
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

UNITED STATES BANKRUPTCY COURT

Northern DISTRICT OF California

In Re. Live Oak Investments, LP

Debtor(s)

Case No. 24-10511

Lead Case No. 24-10545

☒ Jointly Administered

Monthly Operating Report

Chapter 11

Reporting Period Ended: 09/30/2024

Petition Date: 09/12/2024

Months Pending: 1

Industry Classification: 5 3 1 3

Reporting Method: Accrual Basis ○ Cash Basis ◉

Debtor's Full-Time Employees (current): 0

Debtor's Full-Time Employees (as of date of order for relief): 0

Supporting Documentation (check all that are attached):

(For jointly administered debtors, any required schedules must be provided on a non-consolidated basis for each debtor)

- ☒ Statement of cash receipts and disbursements
- ☒ Balance sheet containing the summary and detail of the assets, liabilities and equity (net worth) or deficit
- ☒ Statement of operations (profit or loss statement)
- ☐ Accounts receivable aging
- ☐ Postpetition liabilities aging
- ☐ Statement of capital assets
- ☐ Schedule of payments to professionals
- ☐ Schedule of payments to insiders
- ☒ All bank statements and bank reconciliations for the reporting period
- ☐ Description of the assets sold or transferred and the terms of the sale or transfer

/s/ Thomas B. Rupp
Signature of Responsible Party

10/25/2024
Date

Thomas B. Rupp
Printed Name of Responsible Party

Keller Benvenutti Kim LLP
425 Market Street, 26th Floor
San Francisco, CA 94105
Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefc
§ 1320.4(a)(2) applies.

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Debtor's Name Live Oak Investments, LP Case No. 24-10511

Part 1: Cash Receipts and Disbursements	Current Month	Cumulative
a. Cash balance beginning of month	$3,061,049	
b. Total receipts (net of transfers between accounts)	$1,195	$1,195
c. Total disbursements (net of transfers between accounts)	$0	$0
d. Cash balance end of month (a+b-c)	$3,062,244	
e. Disbursements made by third party for the benefit of the estate	$0	$0
f. Total disbursements for quarterly fee calculation (c+e)	$0	$0

Part 2: Asset and Liability Status (Not generally applicable to Individual Debtors. See Instructions.)	Current Month
a. Accounts receivable (total net of allowance)	$0
b. Accounts receivable over 90 days outstanding (net of allowance)	$0
c. Inventory (Book ○ Market ○ Other ◉ (attach explanation))	$0
d Total current assets	$6,311,074
e. Total assets	$6,313,691
f. Postpetition payables (excluding taxes)	$0
g. Postpetition payables past due (excluding taxes)	$0
h. Postpetition taxes payable	$0
i. Postpetition taxes past due	$0
j. Total postpetition debt (f+h)	$0
k. Prepetition secured debt	$0
l. Prepetition priority debt	$0
m. Prepetition unsecured debt	$0
n. Total liabilities (debt) (j+k+l+m)	$0
o. Ending equity/net worth (e-n)	$6,313,691

Part 3: Assets Sold or Transferred	Current Month	Cumulative
a. Total cash sales price for assets sold/transferred outside the ordinary course of business	$0	$0
b. Total payments to third parties incident to assets being sold/transferred outside the ordinary course of business	$0	$0
c. Net cash proceeds from assets sold/transferred outside the ordinary course of business (a-b)	$0	$0

Part 4: Income Statement (Statement of Operations) (Not generally applicable to Individual Debtors. See Instructions.)	Current Month	Cumulative
a. Gross income/sales (net of returns and allowances)	$1,195	
b. Cost of goods sold (inclusive of depreciation, if applicable)	$0	
c. Gross profit (a-b)	$1,195	
d. Selling expenses	$0	
e. General and administrative expenses	$0	
f. Other expenses	$0	
g. Depreciation and/or amortization (not included in 4b)	$0	
h. Interest	$0	
i. Taxes (local, state, and federal)	$0	
j. Reorganization items	$0	
k. Profit (loss)	$1,195	$1,195

Debtor's Name Live Oak Investments, LP Case No. 24-10511

Part 5: Professional Fees and Expenses

				Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative
a.	Debtor's professional fees & expenses (bankruptcy) *Aggregate Total*						
	Itemized Breakdown by Firm						
		Firm Name	Role				
	i						
	ii						
	iii						
	iv						
	v						
	vi						
	vii						
	viii						
	ix						
	x						
	xi						
	xii						
	xiii						
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	xcix						
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	ci						

			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative
b.	Debtor's professional fees & expenses (nonbankruptcy) *Aggregate Total*					
	Itemized Breakdown by Firm					
	Firm Name	Role				
i						
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viii						
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	xcvii						
	xcviii						

	xcix						
	c						
c.	All professional fees and expenses (debtor & committees)						

Part 6: Postpetition Taxes	Current Month	Cumulative
a. Postpetition income taxes accrued (local, state, and federal)	$0	$0
b. Postpetition income taxes paid (local, state, and federal)	$0	$0
c. Postpetition employer payroll taxes accrued	$0	$0
d. Postpetition employer payroll taxes paid	$0	$0
e. Postpetition property taxes paid	$0	$0
f. Postpetition other taxes accrued (local, state, and federal)	$0	$0
g. Postpetition other taxes paid (local, state, and federal)	$0	$0

Part 7: Questionnaire - During this reporting period:

a.	Were any payments made on prepetition debt? (if yes, see Instructions)	Yes ○	No ◉	
b.	Were any payments made outside the ordinary course of business without court approval? (if yes, see Instructions)	Yes ○	No ◉	
c.	Were any payments made to or on behalf of insiders?	Yes ○	No ◉	
d.	Are you current on postpetition tax return filings?	Yes ◉	No ○	
e.	Are you current on postpetition estimated tax payments?	Yes ◉	No ○	
f.	Were all trust fund taxes remitted on a current basis?	Yes ◉	No ○	
g.	Was there any postpetition borrowing, other than trade credit? (if yes, see Instructions)	Yes ○	No ◉	
h.	Were all payments made to or on behalf of professionals approved by the court?	Yes ○	No ○	N/A ◉
i.	Do you have: Worker's compensation insurance?	Yes ○	No ◉	
	If yes, are your premiums current?	Yes ○	No ○	N/A ◉ (if no, see Instructions)
	Casualty/property insurance?	Yes ○	No ◉	
	If yes, are your premiums current?	Yes ○	No ○	N/A ◉ (if no, see Instructions)
	General liability insurance?	Yes ○	No ◉	
	If yes, are your premiums current?	Yes ○	No ○	N/A ◉ (if no, see Instructions)
j.	Has a plan of reorganization been filed with the court?	Yes ○	No ◉	
k.	Has a disclosure statement been filed with the court?	Yes ○	No ◉	
l.	Are you current with quarterly U.S. Trustee fees as set forth under 28 U.S.C. § 1930?	Yes ◉	No ○	

Part 8: Individual Chapter 11 Debtors (Only)

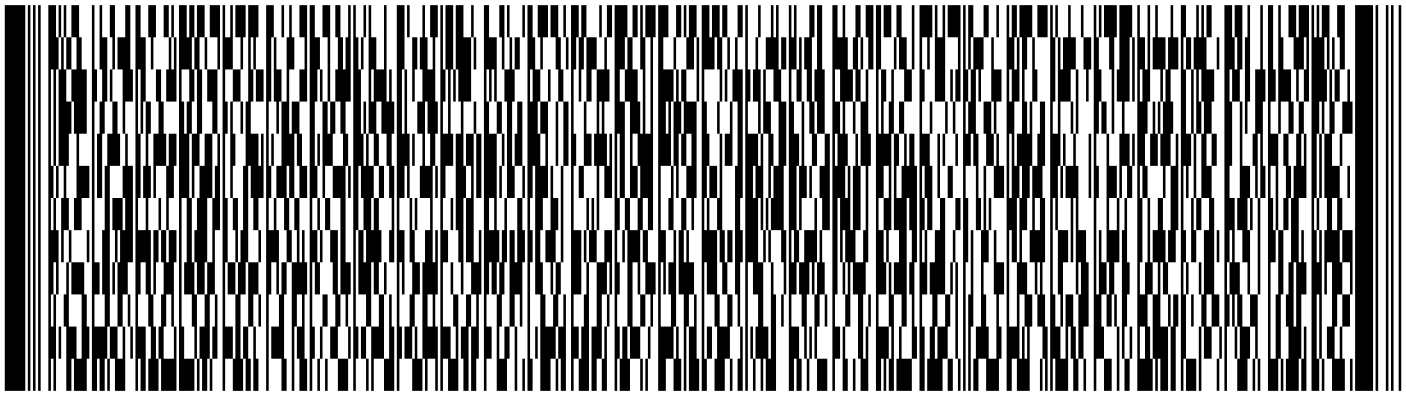
a.	Gross income (receipts) from salary and wages	$0
b.	Gross income (receipts) from self-employment	$0
c.	Gross income from all other sources	$0
d.	Total income in the reporting period (a+b+c)	$0
e.	Payroll deductions	$0
f.	Self-employment related expenses	$0
g.	Living expenses	$0
h.	All other expenses	$0
i.	Total expenses in the reporting period (e+f+g+h)	$0
j.	Difference between total income and total expenses (d-i)	$0
k.	List the total amount of all postpetition debts that are past due	$0
l.	Are you required to pay any Domestic Support Obligations as defined by 11 U.S.C § 101(14A)?	Yes ○ No ◉
m.	If yes, have you made all Domestic Support Obligation payments?	Yes ○ No ○ N/A ◉

Privacy Act Statement

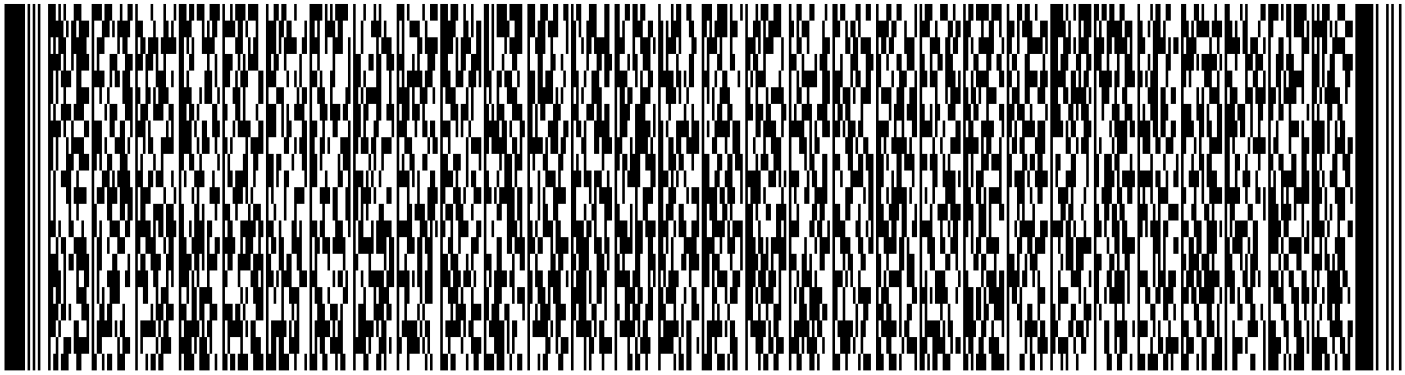
28 U.S.C. § 589b authorizes the collection of this information, and provision of this information is mandatory under 11 U.S.C. §§ 704, 1106, and 1107. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6). The United States Trustee will also use this information to evaluate a chapter 11 debtor's progress through the bankruptcy system, including the likelihood of a plan of reorganization being confirmed and whether the case is being prosecuted in good faith. This information may be disclosed to a bankruptcy trustee or examiner when the information is needed to perform the trustee's or examiner's duties or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." *See* 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: http://www.justice.gov/ust/eo/rules_regulations/index.htm. Failure to provide this information could result in the dismissal or conversion of your bankruptcy case or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

I declare under penalty of perjury that the foregoing Monthly Operating Report and its supporting documentation are true and correct and that I have been authorized to sign this report on behalf of the estate.

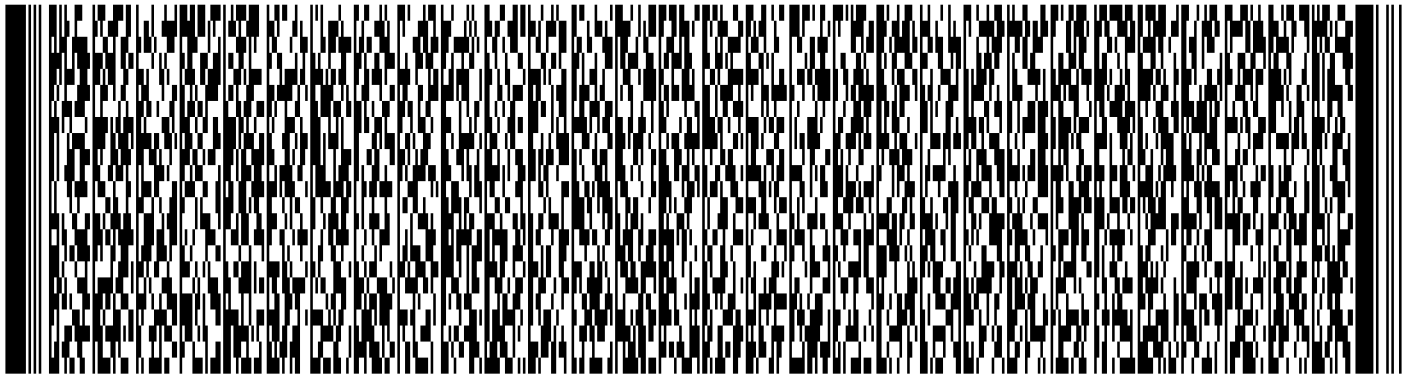
/s/ Bradley D. Sharp	Bradley D. Sharp
Signature of Responsible Party	Printed Name of Responsible Party
Chief Restructuring Officer	10/25/2024
Title	Date



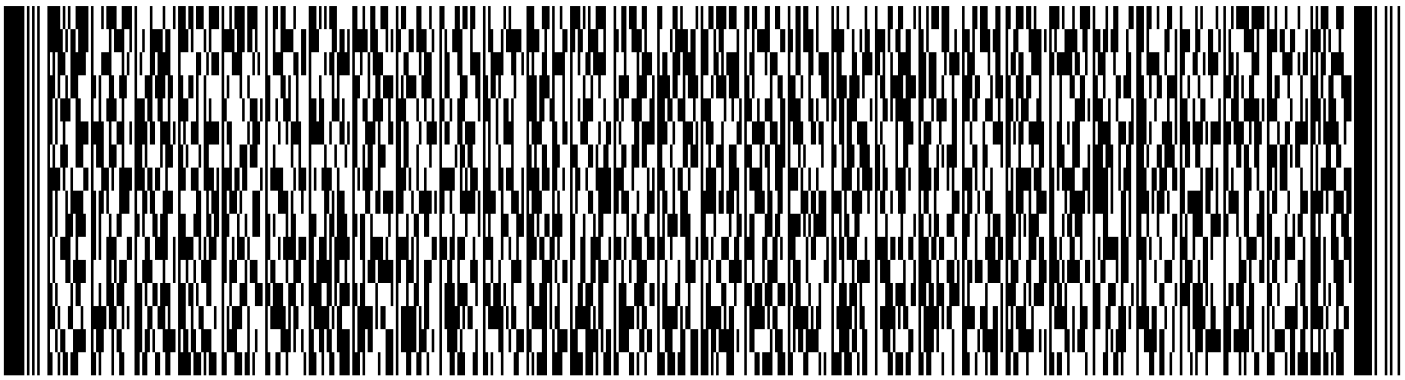
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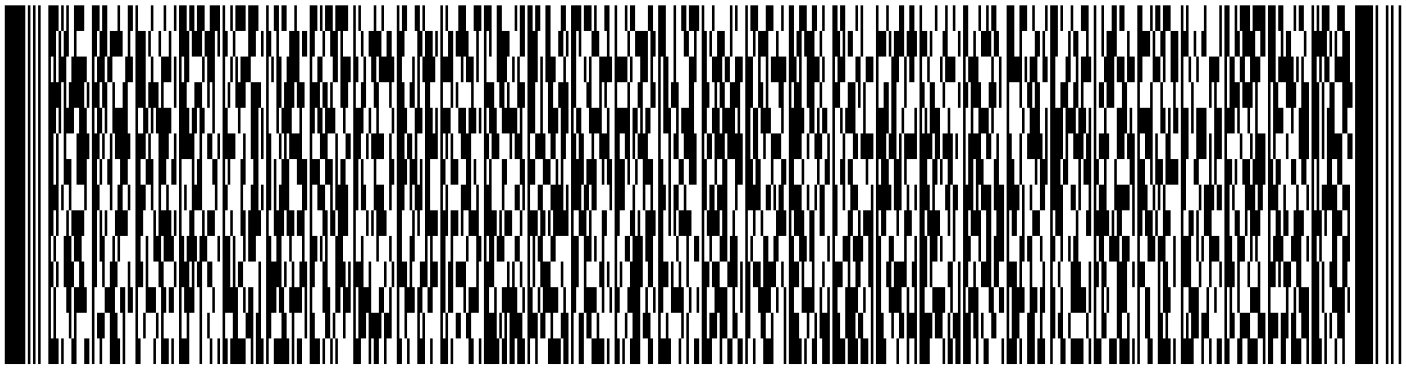
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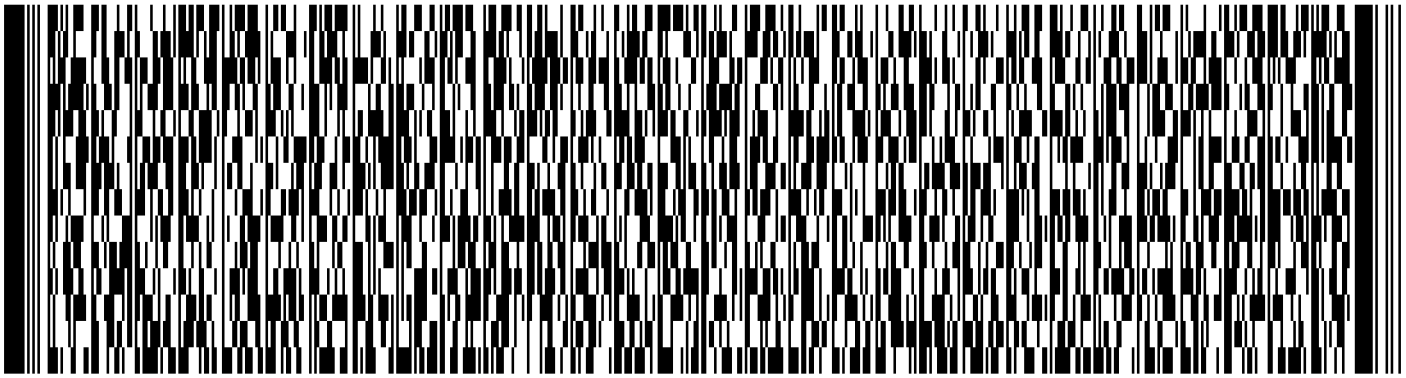
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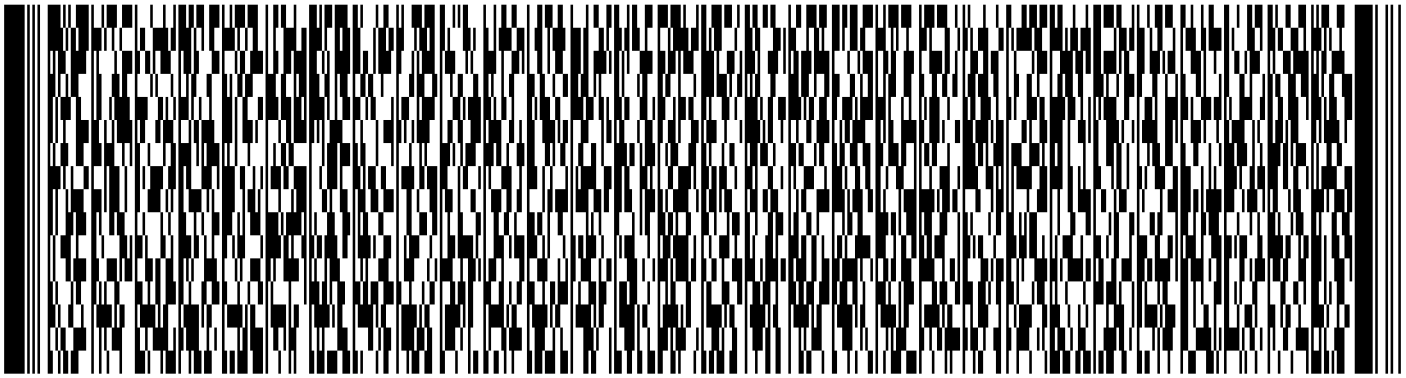
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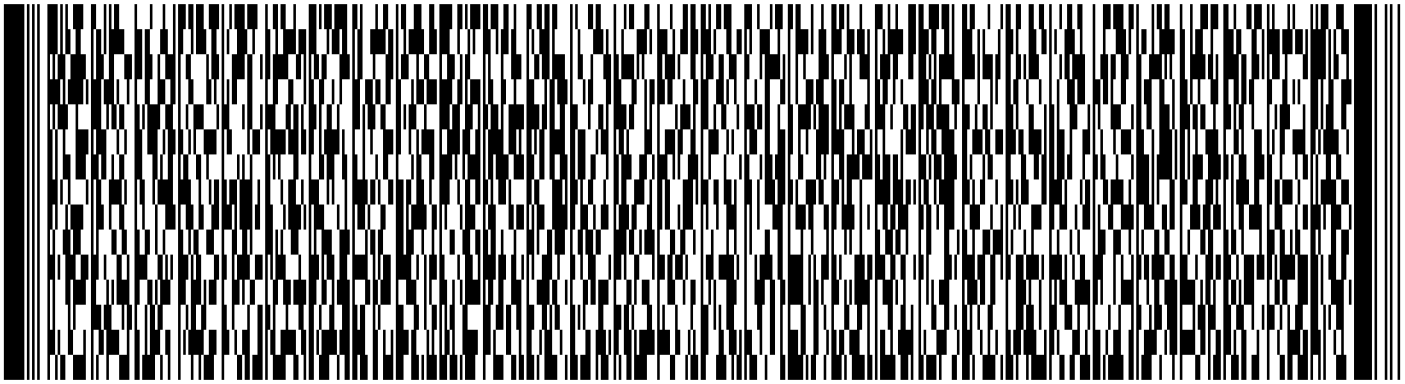
Bankruptcy1to50



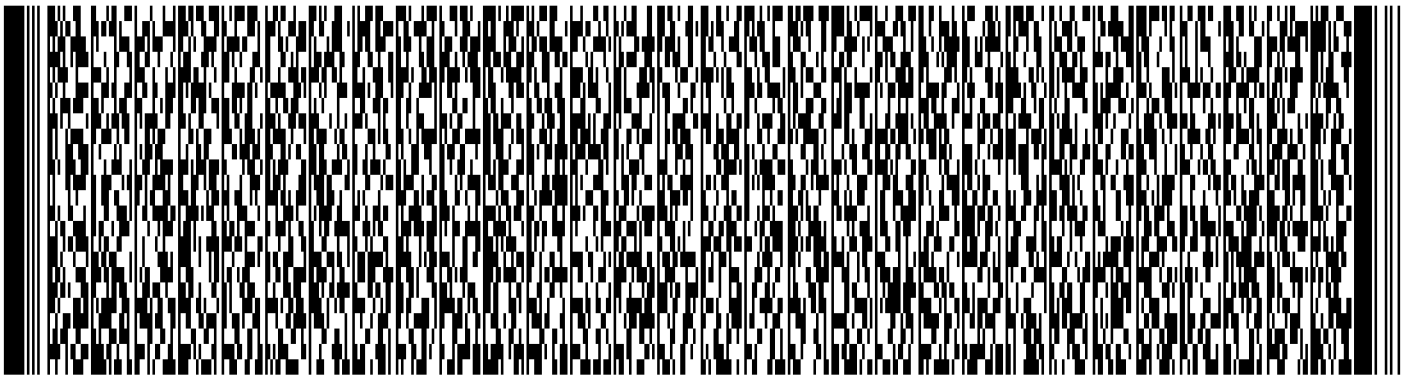
Bankruptcy51to100



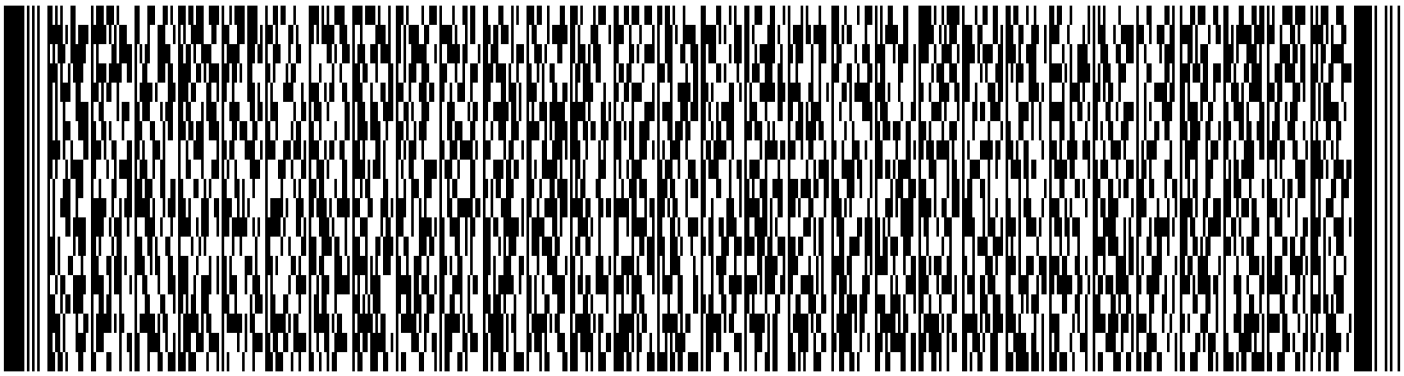
NonBankruptcy1to50



NonBankruptcy51to100



PageThree



PageFour

In re LeFever Mattson, a California corporation, *et al.*

Lead Case No. 24-10545 (CN)

Global Notes to Monthly Operating Reports

General Notes: On September 12, 2024 (the "Petition Date"), LeFever Mattson, a California corporation, ("LeFever Mattson") and certain of its affiliates (collectively, the "Debtors"), each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Northern District of California (Santa Rosa Division) (the "Bankruptcy Court"), commencing the chapter 11 cases now jointly administered, for procedural purposes only, under Lead Case No. 24-10545 (the "Chapter 11 Cases").[1] The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors are providing the information and documents provided herewith (collectively, and for all Debtors, the "Monthly Operating Reports") pursuant to the in response to the *Uniform Periodic Reports in Cases Filed Under Chapter 11 of Title 11*, promulgated by the United States Trustee Program, and the *United States Trustee Chapter 11 Operating and Reporting Guidelines for Debtors in Possession* (Revised March 31, 2023). All information in these Monthly Operating Reports relates solely to the Debtors, and not to any non-Debtor affiliate. The following notes and statements and limitations should be referred to, and referenced in connection with, any review of the Monthly Operating Reports.

Basis of Presentation: The Debtors are submitting their Monthly Operating Reports solely for the purposes of complying with requirements applicable in these Chapter 11 Cases. The financial information included in the Monthly Operating Reports is unaudited and has not been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and does not include all of the information and footnotes required by U.S. GAAP. The Monthly Operating Reports are not intended to reconcile to any financial statements otherwise prepared or distributed by the Debtors. The financial information contained herein is presented per the Debtors' books and records without, among other things, all adjustments or reclassification that may be necessary or typical in accordance with U.S. GAAP. It is possible that not all assets, liabilities, income, or expenses have been recorded at the time of production. The financial information included in the Monthly Operating Reports has not been subjected to procedures that would typically be applied to financial information presented in accordance with U.S. GAAP or any other recognized financial reporting framework, and, upon application of such procedures, the Debtors believe that the financial information could be subject to changes, and these changes could be material. The results of operations contained in the financial statements provided with these Monthly Operating Reports are not necessarily indicative of results that may be expected from any

[1] Debtor Windscape Apartments, LLC, filed its chapter 11 petition on August 6, 2024. Debtors Pinewood Condominiums, LP, and Ponderosa Pines, LP, filed their chapter 11 petitions on October 2, 2024.

other period or for the full year and may not necessarily reflect the results of operations and financial position of the Debtors in the future.

The Debtors' books and records are kept on a cash basis. Accounts Receivable and Accounts Payable have been included in the responses to Part 2: Asset and Liability Status but are not included in the balance sheets attached with each monthly operating report.

Certain Debtors have joint ownership of assets with other Debtors. The asset account balances and activity have been allocated based on the Debtor's ownership percentage.

Reservation of Rights: The Debtors reserve all rights to amend or supplement their Monthly Operating Reports in all respects, as may be necessary or appropriate. Nothing contained in these Monthly Operating Reports shall constitute a waiver of any of the Debtors' rights under any applicable law or an admission with respect to any issue in the Chapter 11 Cases.

Bank Accounts: To the extent a Debtor has joint ownership of a property with another Debtor, the bank statements have been included for the property for each Debtor.

Internal Transfers: Transfers between Debtors are reflected as Intercompany Transfers on the Statements of Cash Receipts and Disbursements. The cumulative amounts of the internal transfers are shown as Intercompany Assets or Intercompany Liabilities on the Balance Sheets.

Payments Made on Prepetition Debt: On or about September 25, 2024, the Bankruptcy Court entered interim orders (the "Interim Orders") authorizing, but not directing, the Debtors to, among other things, pay certain prepetition claims relating to (a) employee wages, salaries, and other compensation and benefits; (b) insurance premiums; and (c) the continued use of the Debtors' Cash Management System. Final orders granting such relief were entered on or about October 17-21, 2024 (the "Final Orders," and, collectively with the Interim Orders, the "First Day Orders"). Payments made on prepetition debt pursuant to the First Day Orders are not recorded in Attachment 1.

Payments to Insiders: All payments made by the Debtors to "Insiders," as such term is defined in 11 U.S.C. § 101(31), constituted the regular compensation owed to those individuals or reimbursements in the ordinary course of business as recorded in Attachment 1.

Windtree, LP: Windtree, LP is an entity that was historically controlled by Ken Mattson. It was recently discovered that LeFever Mattson is the owner of record for properties located in Perris, California, at 333 Wilkerson Ave., 371 Wilkerson Ave., and 411 Wilkerson Ave. The Debtors do not have any records related to these properties and are working to obtain information.

1050 Elm Street: There is conflicting information and uncertainty regarding the ownership of 1050 Elm Street, in Napa, California. The Debtors' books and records reflect the property owner as Tradewinds Apartments, LP and the historical tax returns have been prepared as such. 1050 Elm Street is reported as an asset of Tradewinds Apartments, LP in the monthly operating reports.

Live Oak Investments, LP
24-10511
Statement of Cash Receipts and Disbursements
9/30/2024

	Current Month	Accumulated Total
Receipts		
Operating		
Rental Income	$ 144	$ 144
Other Operating Cash Receipts	1,051	1,051
Total Operating Receipts	$ 1,195	$ 1,195
Non-Operating		
Other Non-Operating Cash Receipts	$ -	$ -
Intercompany Transfers	-	-
Asset Sales	-	-
Total Non-Operating Receipts	$ -	$ -
Total Receipts	**$ 1,195**	**$ 1,195**
Disbursements		
Operating		
Payroll & Payroll Taxes	$ -	$ -
Insurance	-	-
Utilities	-	-
Repairs & Maintenance	-	-
Admin Expense	-	-
Professional Fees	-	-
Other Operating Disbursements	-	-
Management Fees	-	-
Taxes (sales, property, other)	-	-
Total Operating Disbursements	$ -	$ -
Non-Operating		
Debt Service	$ -	$ -
Owner Distributions	-	-
Intercompany Transfers	-	-
Capital Expenditures	-	-
Total Non-Operating Disbursements	$ -	$ -
Total Disbursements	**$ -**	**$ -**
Net Cash Receipts and Disbursements	**$ 1,195**	**$ 1,195**
Total Receipts less Intercompany Receipts	**$ 1,195**	**$ 1,195**
Total Disbursements less Intercompany Disbursements	**$ -**	**$ -**

Live Oak Investments, LP
24-10511
Balance Sheet
9/30/2024

		Current Month
Assets		
Current Assets		
Cash & Equivalents	$	3,062,244
Accounts Receivable		-
Note Receivables		-
Intercompany Receivables		3,248,830
Other Receivables		-
Total Current Assets	$	6,311,074
Fixed Assets		
Fixed Assets	$	-
Accumulated Depreciation		-
Total Fixed Assets	$	-
Other Assets	$	2,616
Total Assets	**$**	**6,313,691**
Liabilities		
Current Liabilities		
Current Liabilities	$	-
Security Deposits		-
Other Payables		-
Intercompany Liabilities - LM		-
Intercompany Liabilities - KSM		-
Intercompany Liabilities - Other		-
Other Liabilities		-
Total Current Liabilities	$	-
Long-Term Liabilities		
Deferred Gain (Loss)	$	-
Note Payable		-
Total Long-Term Liabilities	$	-
Total Liabilities	$	-
Equity		
Capital	$	(3,311,907)
Retained Earnings		2,313,857
YTD Net Income		7,311,741
Total Equity	$	6,313,691
Total Liabilities and Equity	**$**	**6,313,691**

Live Oak Investments, LP
24-10511
Statement of Operations
9/30/2024

	Current Month	Accumulated Total
Income		
Revenue		
Rental Income	$ 144	$ 144
Garage Income	-	-
Other Revenue		
Other Income	$ 1,051	$ 1,051
Total Revenue	**$ 1,195**	**$ 1,195**
Expense		
Operating Expense		
Admin Expense	$ -	$ -
Bank Fees	-	-
Commissions	-	-
Garage Expense	-	-
Insurance	-	-
Landscaping	-	-
Licenses & Fees	-	-
Marketing	-	-
Payroll	-	-
Professional Fees	-	-
Property Expense	-	-
Rent Expense	-	-
Repairs & Maintenance	-	-
Utilities	-	-
Other Operating Expense	-	-
Total Operating Expense	**$ -**	**$ -**
Non-Operating Expense		
Interest Expense	$ -	$ -
Tax	-	-
Total Non-Operating Expense	**$ -**	**$ -**
Total Expense	**$ -**	**$ -**
Net Income	**$ 1,195**	**$ 1,195**

Live Oak Investments, LP
24-10511
Bank Reconciliation
9/30/2024

Bank Account	Entity ownership	Balance Per Bank Statement	Outstanding Deposits	Outstanding Checks	Attributed to other Debtors	Other Activity	Reconciled Bank Balance
Live Oak Investments LP-Citzen	Live Oak Investments, LP	2,771,322	-	-	-		2,771,322
Southwood Apts - Citizens	Live Oak Investments, LP	291,930	1,281	(2,340)	-	51	290,922
Grand Total		**3,063,252**	**1,281**	**(2,340)**	**-**	**51**	**3,062,244**

CITIZENS BUSINESS BANK

A Financial Services Company

PO Box 3938, Ontario, CA 91761

Statement Ending 09/30/2024

LIVE OAK INVESTMENTS LP

Account Number: [redacted]

LIVE OAK INVESTMENTS LP
6359 AUBURN BLVD STE B
CITRUS HEIGHTS CA 95621-5200

Managing Your Accounts

Phone Number	888.222.5432
Website	cbbank.com
Email	customersupport@cbbank.com

Summary of Accounts

Account Type	Account Number	Ending Balance
PREMIUM MONEY MARKET SPECIALTY BANKING	[redacted]	$2,771,321.95

PREMIUM MONEY MARKET SPECIALTY BANKING - [redacted]

Account Summary

Date	Description	Amount
09/04/2024	**Beginning Balance**	**$0.00**
	2 Credit(s) This Period	$3,971,321.95
	1 Debit(s) This Period	$1,200,000.00
09/30/2024	**Ending Balance**	**$2,771,321.95**

Interest Summary

Description	Amount
Interest Earned From 09/04/2024 Through 09/30/2024	
Annual Percentage Yield Earned	0.10%
Interest Days	27
Interest Earned	$204.99
Interest Paid This Period	$204.99
Interest Paid Year-to-Date	$204.99
Minimum Balance	$2,771,116.96
Average Ledger Balance	$2,771,116.96
Average Available Balance	$2,771,116.96

Deposits

Date	Description	Amount
09/04/2024	DEPOSIT	$3,971,116.96
		1 item(s) totaling $3,971,116.96

Other Credits

Date	Description	Amount
09/30/2024	INTEREST	$204.99
		1 item(s) totaling $204.99

Other Debits

Date	Description	Amount
09/04/2024	OTC Transfer	$1,200,000.00
		1 item(s) totaling $1,200,000.00

Daily Balances

Date	Amount	Date	Amount
09/04/2024	$2,771,116.96	09/30/2024	$2,771,321.95

Member FDIC

CITIZENS BUSINESS BANK
A Financial Services Company
PO Box 3938, Ontario, CA 91761

Statement Ending 09/30/2024

Account Number: [redacted]

Managing Your Accounts

Phone Number	888.222.5432
Website	cbbank.com
Email	customersupport@cbbank.com

HOME TAX SERVICE OF AMERICA
LEFEVER MATTSON PROPERTY
SOUTHWOOD PL APT TRUST ACCT
6359 AUBURN BLVD STE B
CITRUS HEIGHTS CA 95621-5200

Summary of Accounts

Account Type	Account Number	Ending Balance
SPECIALTY BANKING A/A BUSINESS	[redacted]	$291,929.87

SPECIALTY BANKING A/A BUSINESS - [redacted]

Account Summary

Date	Description	Amount
08/31/2024	**Beginning Balance**	**$179,390.62**
	6 Credit(s) This Period	$1,333,766.06
	33 Debit(s) This Period	$1,221,226.81
09/30/2024	**Ending Balance**	**$291,929.87**

Deposits

Date	Description	Amount
09/20/2024	RDC Deposit	$143.85
09/25/2024	RDC Deposit	$845.76
		2 item(s) totaling $989.61

Electronic Credits

Date	Description	Amount
09/05/2024	Flex FLEX YA0726642417144	$8,258.14
09/06/2024	CREDITS WALKER19835029IP REF* VV* * Escrow disbursement to seller\	$120,241.77
09/09/2024	Flex FLEX YA4404166411898	$4,276.54
		3 item(s) totaling $132,776.45

Other Credits

Date	Description	Amount
09/04/2024	OTC Transfer	$1,200,000.00
		1 item(s) totaling $1,200,000.00

Other Debits

Date	Description	Amount
09/04/2024	399740 OLB TRANSFER SPCLTY AA XXXXX6251	$324,000.00
09/04/2024	400467 OLB TRANSFER SPCLTY AA XXXXX6251	$842,418.00
		2 item(s) totaling $1,166,418.00

Member FDIC

SPECIALTY BANKING A/A BUSINESS - [redacted] (continued)

Checks Cleared

Check Nbr	Date	Amount	Check Nbr	Date	Amount	Check Nbr	Date	Amount
104587	09/03/2024	$40.00	104614*	09/11/2024	$2,493.71	104626	09/19/2024	$84.00
104598*	09/09/2024	$1,395.90	104615	09/04/2024	$4,993.88	104627	09/18/2024	$4,641.42
104600*	09/03/2024	$4,790.00	104616	09/04/2024	$2,709.02	104628	09/18/2024	$228.00
104603*	09/20/2024	$436.36	104617	09/06/2024	$1,354.53	104629	09/16/2024	$2,228.77
104605*	09/16/2024	$255.00	104619*	09/18/2024	$2,836.90	104630	09/16/2024	$2,135.88
104606	09/18/2024	$5,361.28	104620	09/10/2024	$2.77	104631	09/16/2024	$2,047.77
104608*	09/10/2024	$181.95	104621	09/10/2024	$822.50	104632	09/16/2024	$2,140.82
104609	09/06/2024	$2,900.00	104622	09/10/2024	$114.00	104633	09/16/2024	$1,938.72
104610	09/05/2024	$1,596.80	104623	09/18/2024	$259.00	104634	09/16/2024	$2,042.72
104611	09/05/2024	$548.23	104624	09/18/2024	$558.88			
104612	09/10/2024	$1,300.00	104625	09/19/2024	$2,370.00			

* Indicates skipped check number

31 item(s) totaling $54,808.81

Daily Balances

Date	Amount	Date	Amount	Date	Amount
09/03/2024	$174,560.62	09/09/2024	$325,420.71	09/18/2024	$293,830.62
09/04/2024	$200,439.72	09/10/2024	$322,999.49	09/19/2024	$291,376.62
09/05/2024	$206,552.83	09/11/2024	$320,505.78	09/20/2024	$291,084.11
09/06/2024	$322,540.07	09/16/2024	$307,716.10	09/25/2024	$291,929.87

Overdraft and Returned Item Fees

	Total for this period	Total year-to-date
Total Overdraft Fees = Paid NSF/UCF Item Charge Plus Overdraft Charges	$0.00	$315.00
Total Returned Item Fees = Charge(s) For Items Returned NSF Or UCF	$0.00	$0.00

EXHIBIT C

Thomas P. Kelly III, SBN 230699
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

Fill in this information to identify the case:
Debtor name: Live Oak Investments, LP
United States Bankruptcy Court for the Northern District of California
Case number (If known): 24-10511

☐ Check if this is an amended filing

Official Form 204

Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders

12/15

A list of creditors holding the 20 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an insider, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

	Name of creditor and complete mailing address, including zip code	**Name, telephone number, and email address of creditor contact**	**Nature of the claim** (for example, trade debts, bank loans, professional services, and government contracts)	**Indicate if claim is contingent, unliquidated, or disputed**	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	**Deduction for value of collateral or setoff**	**Unsecured claim**
1	NONE						$ -
2							$ -
3							$ -
4							$ -
5							$ -
6							$ -
7							$ -
8							$ -

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	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
9							$ -
10							$ -
11							$ -
12							$ -
13							$ -
14							$ -
15							$ -
16							$ -
17							$ -
18							$ -

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	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
19							$ -
20							$ -

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EXHIBIT D

Thomas P. Kelly III, SBN 230699
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al*.,[1] Debtors.	Lead Case No. 24-10545 (CN) (Jointly Administered) Chapter 11 Judge: Hon. Charles Novack

SCHEDULES OF ASSETS AND LIABILITIES FOR LIVE OAK INVESTMENTS, LP CASE NO. 24-10511 (CN)

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[1] The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

Fill in this information to identify the case:

Debtor Name: In re : Live Oak Investments, LP

United States Bankruptcy Court for the: Northern District of California

Case number (if known): 24-10511 (CN)

☐ Check if this is an amended filing

Official Form 206Sum

Summary of Assets and Liabilities for Non-Individuals 12/15

Part 1: Summary of Assets

1. ***Schedule A/B: Assets–Real and Personal Property*** (Official Form 206A/B)

1a. **Real property:**

Copy line 88 from *Schedule A/B* ..... $ 0.00

1b. **Total personal property:**

Copy line 91A from *Schedule A/B* ..... $ 6,307,273.48

1c. **Total of all property:**

Copy line 92 from *Schedule A/B* ..... $ 6,307,273.48

Part 2: Summary of Liabilities

2. ***Schedule D: Creditors Who Have Claims Secured by Property*** (Official Form 206D)

Copy the total dollar amount listed in Column A, *Amount of claim*,from line 3 of *Schedule D* ..... $ 0.00

3. ***Schedule E/F: Creditors Who Have Unsecured Claims*** (Official Form 206E/F)

3a. **Total claim amounts of priority unsecured claims:**

Copy the total claims from Part 1 from line 5a of *Schedule E/F* ..... $ 0.00

3b. **Total amount of claims of nonpriority amount of unsecured claims:**

Copy the total of the amount of claims from Part 2 from line 5b of *Schedule E/F* ..... + $ 23,615.62

4. **Total liabilities**

Lines 2 + 3a + 3b ..... $ 23,615.62

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Fill in this information to identify the case:
Debtor Name: In re : Live Oak Investments, LP
United States Bankruptcy Court for the: Northern District of California
Case number (if known): 24-10511 (CN)

☐ Check if this is an amended filing

Official Form 206A/B

Schedule A/B: Assets - Real and Personal Property

12/15

Disclose all property, real and personal, which the debtor owns or in which the debtor has any other legal, equitable, or future interest. Include all property in which the debtor holds rights and powers exercisable for the debtor's own benefit. Also include assets and properties which have no book value, such as fully depreciated assets or assets that were not capitalized. In Schedule A/B, list any executory contracts or unexpired leases. Also list them on Schedule G: Executory Contracts and Unexpired Leases (Official Form 206G).

Be as complete and accurate as possible. If more space is needed, attach a separate sheet to this form. At the top of any pages added, write the debtor's name and case number (if known). Also identify the form and line number to which the additional information applies. If an additional sheet is attached, include the amounts from the attachment in the total for the pertinent part.

For Part 1 through Part 11, list each asset under the appropriate category or attach separate supporting schedules, such as a fixed asset schedule or depreciation schedule, that gives the details for each asset in a particular category. List each asset only once. In valuing the debtor's interest, do not deduct the value of secured claims. See the instructions to understand the terms used in this form.

Part 1: Cash and cash equivalents

1. **Does the debtor have any cash or cash equivalents?**

☐ No. Go to Part 2.

☑ Yes. Fill in the information below.

All cash or cash equivalents owned or controlled by the debtor			Current value of debtor's interest
2. Cash on hand			
2.1 Petty Cash			$ 51.00
3. Checking, savings, money market, or financial brokerage accounts *(Identify all)*			
Name of institution (bank or brokerage firm)	Type of account	Last 4 digits of account number	
3.1 Citizens Business Bank	Held in Trust	x0673	$ 2,771,116.96
3.2 Citizens Business Bank	Held in Trust	x6129	$ 289,881.52
4. Other cash equivalents *(Identify all)*			
4.1 None			$
5. Total of Part 1			
Add lines 2 through 4 (including amounts on any additional sheets). Copy the total to line 80.			$ 3,061,049.48

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Part 2: Deposits and prepayments

6. **Does the debtor have any deposits or prepayments?**

☑ No. Go to Part 3.

☐ Yes. Fill in the information below.

	Current value of debtor's interest
7. **Deposits, including security deposits and utility deposits** Description, including name of holder of deposit	
	$
8. **Prepayments, including prepayments on executory contracts, leases, insurance, taxes, and rent** Description, including name of holder of prepayment	
	$
9. **Total of Part 2.** Add lines 7 through 8. Copy the total to line 81.	$ 0.00

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Debtor: Live Oak Investments, LP (Name) Case number *(if known)*: 24-10511

Part 3: Accounts receivable

10. **Does the debtor have any accounts receivable?**

☐ No. Go to Part 4.

☑ Yes. Fill in the information below.

		Description	face amount		doubtful or uncollectible accounts		**Current value of debtor's interest**
11. **Accounts receivable**							
11a.	90 days old or less:	Accounts Receivable	$ 5,223.00	- $	0.00	=..... →	$ 5,223.00
11b.	Over 90 days old:	Accounts Receivable	$ 171.00	- $	0.00	=..... →	$ 171.00

12. **Total of Part 3.**

Current value on lines 11a + 11b = line 12. Copy the total to line 82. $ 5,394.00

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Part 4: Investments

13. **Does the debtor own any investments?**

☑ No. Go to Part 5.

☐ Yes. Fill in the information below.

	Valuation method used for current value	Current value of debtor's interest
14. **Mutual funds or publicly traded stocks not included in Part 1**		
Name of fund or stock:		
		$
15. **Non-publicly traded stock and interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture**		
Name of entity: % of ownership:		
		$
16. **Government bonds, corporate bonds, and other negotiable and non-negotiable instruments not included in Part 1**		
Describe:		
		$

17. **Total of Part 4.**

Add lines 14 through 16. Copy the total to line 83. $ 0.00

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Debtor: Live Oak Investments, LP
Name

Case number *(if known)*: 24-10511

Part 5: Inventory, excluding agriculture assets

18. **Does the debtor own any inventory (excluding agriculture assets)?**
- ☑ No. Go to Part 6.
- ☐ Yes. Fill in the information below.

	General description	Date of the last physical inventory	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
19.	**Raw materials**		$		$
20.	**Work in progress**		$		$
21.	**Finished goods, including goods held for resale**		$		$
22.	**Other inventory or supplies**		$		$

23. **Total of Part 5.**
Add lines 19 through 22. Copy the total to line 84. $ 0.00

24. **Is any of the property listed in Part 5 perishable?**
- ☐ No
- ☐ Yes

25. **Has any of the property listed in Part 5 been purchased within 20 days before the bankruptcy was filed?**
- ☐ No
- ☐ Yes. Description _____ Book value $ _____ Valuation method _____ Current value $ _____

26. **Has any of the property listed in Part 5 been appraised by a professional within the last year?**
- ☐ No
- ☐ Yes

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Part 6: Farming and fishing-related assets (other than titled motor vehicles and land)

27. **Does the debtor own or lease any farming and fishing-related assets (other than titled motor vehicles and land)?**

- [x] No. Go to Part 7.
- [ ] Yes. Fill in the information below.

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
28. **Crops—either planted or harvested**	$		$
29. **Farm animals** *Examples:* Livestock, poultry, farm-raised fish	$		$
30. **Farm machinery and equipment** (Other than titled motor vehicles)	$		$
31. **Farm and fishing supplies, chemicals, and feed**	$		$
32. **Other farming and fishing-related property not already listed in Part 6**	$		$

33. **Total of Part 6.**
Add lines 28 through 32. Copy the total to line 85. $ 0.00

34. **Is the debtor a member of an agricultural cooperative?**

- [ ] No
- [ ] Yes. Is any of the debtor's property stored at the cooperative?
  - [ ] No
  - [ ] Yes

35. **Has any of the property listed in Part 6 been purchased within 20 days before the bankruptcy was filed?**

- [ ] No
- [ ] Yes. Description_____ Book value $_____ Valuation method_____ Current value $_____

36. **Is a depreciation schedule available for any of the property listed in Part 6?**

- [ ] No
- [ ] Yes

37. **Has any of the property listed in Part 6 been appraised by a professional within the last year?**

- [ ] No
- [ ] Yes

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Part 7: Office furniture, fixtures, and equipment; and collectibles

38. **Does the debtor own or lease any office furniture, fixtures, equipment, or collectibles?**

☑ No. Go to Part 8.

☐ Yes. Fill in the information below.

	General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
39.	**Office furniture**	$		$
40.	**Office fixtures**	$		$
41.	**Office equipment, including all computer equipment and communication systems equipment and software**	$		$
42.	**Collectibles** *Examples:* Antiques and figurines; paintings,prints, or other artwork; books, pictures, or other art objects; china and crystal; stamp, coin, or baseball card collections; other collections, memorabilia, or collectibles	$		$

43. **Total of Part 7.**
Add lines 39 through 42. Copy the total to line 86. $ 0.00

44. **Is a depreciation schedule available for any of the property listed in Part 7?**

☐ No

☐ Yes

45. **Has any of the property listed in Part 7 been appraised by a professional within the last year?**

☐ No

☐ Yes

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Part 8: Machinery, equipment, and vehicles

46. **Does the debtor own or lease any machinery, equipment, or vehicles?**

- [x] No. Go to Part 9.
- [ ] Yes. Fill in the information below.

General description Include year, make, model, and identification numbers (i.e., VIN, HIN, or N-number)	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
47. **Automobiles, vans, trucks, motorcycles, trailers, and titled farm vehicles**			
	$		$
48. **Watercraft, trailers, motors, and related accessories** Examples: Boats, trailers, motors, floating homes, personal watercraft, and fishing vessels			
	$		$
49. **Aircraft and accessories**			
	$		$
50. **Other machinery, fixtures, and equipment (excluding farm machinery and equipment)**			
	$		$

51. **Total of Part 8.**
Add lines 47 through 50. Copy the total to line 87. $ 0.00

52. **Is a depreciation schedule available for any of the property listed in Part 8?**

- [ ] No
- [ ] Yes

53. **Has any of the property listed in Part 8 been appraised by a professional within the last year?**

- [ ] No
- [ ] Yes

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Part 9: Real property

54. **Does the debtor own or lease any real property?**

☑ No. Go to Part 10.

☐ Yes. Fill in the information below.

55. **Any building, other improved real estate, or land which the debtor owns or in which the debtor has an interest**

Description and location of property Include street address or other description such as Assessor Parcel Number (APN), and type of property (for example, acreage, factory, warehouse, apartment or office building), if available.	**Nature and extent of debtor's interest in property**	**Net book value of debtor's interest** (Where available)	**Valuation method used for current value**	**Current value of debtor's interest**
55.1		$		$

56. **Total of Part 9.**

Add the current value on lines 55.1 through 55.6 and entries from any additional sheets. Copy the total to line 88.

$ 0.00

57. **Is a depreciation schedule available for any of the property listed in Part 9?`**

☐ No

☐ Yes

58. **Has any of the property listed in Part 9 been appraised by a professional within the last year?**

☐ No

☐ Yes

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Part 10: Intangibles and intellectual property

59. **Does the debtor have any interests in intangibles or intellectual property?**

- ☑ No. Go to Part 11.
- ☐ Yes. Fill in the information below.

	General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
60.	**Patents, copyrights, trademarks, and trade secrets**	$		$
61.	**Internet domain names and websites**	$		$
62.	**Licenses, franchises, and royalties**	$		$
63.	**Customer lists, mailing lists, or other compilations**	$		$
64.	**Other intangibles, or intellectual property**	$		$
65.	**Goodwill**	$		$

66. **Total of Part 10.**
Add lines 60 through 65. Copy the total to line 89. $ 0.00

67. **Do your lists or records include personally identifiable information of customers** (as defined in 11 U.S.C. §§ 101(41A) and 107)**?**

- ☐ No
- ☐ Yes

68. **Is there an amortization or other similar schedule available for any of the property listed in Part 10?**

- ☐ No
- ☐ Yes

69. **Has any of the property listed in Part 10 been appraised by a professional within the last year?**

- ☐ No
- ☐ Yes

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Part 11: All other assets

70. **Does the debtor own any other assets that have not yet been reported on this form?**
Include all interests in executory contracts and unexpired leases not previously reported on this form.

☐ No. Go to Part 12.

☑ Yes. Fill in the information below.

								Current value of debtor's interest
71. **Notes receivable**								
Description (include name of obligor)		Total face amount		doubtful or uncollectible accounts				
71.1 See Schedule A/B 71 Attachment	$	3,240,830.00	- $	0.00	=.....	➔	$	3,240,830.00

72. **Tax refunds and unused net operating losses (NOLs)**

Description (for example, federal, state, local) | Tax year | Current value of debtor's interest

72.1 None — $

73. **Interests in insurance policies or annuities**

73.1 None — $

74. **Causes of action against third parties (whether or not a lawsuit has been filed)**

74.1 None — $

Nature of claim

Amount requested $

75. **Other contingent and unliquidated claims or causes of action of every nature, including counterclaims of the debtor and rights to set off claims**

75.1 None — $

Nature of claim

Amount requested $

76. **Trusts, equitable or future interests in property**

76.1 None — $

77. **Other property of any kind not already listed** *Examples*: Season tickets, country club membership

77.1 None — $

78. **Total of Part 11.**

Add lines 71 through 77. Copy the total to line 90. $ 3,240,830.00

79. **Has any of the property listed in Part 11 been appraised by a professional within the last year?**

☑ No

☐ Yes

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Debtor: Live Oak Investments, LP
Name

Case number *(if known)*: 24-10511

Part 12: Summary

In Part 12 copy all of the totals from the earlier parts of the form.

	Type of property	Current value of personal property	Current value of real property
80.	**Cash, cash equivalents, and financial assets.** *Copy line 5, Part 1.*	$ 3,061,049.48	
81.	**Deposits and prepayments.** *Copy line 9, Part 2.*	$ 0.00	
82.	**Accounts receivable.** *Copy line 12, Part 3.*	$ 5,394.00	
83.	**Investments.** *Copy line 17, Part 4.*	$ 0.00	
84.	**Inventory.** *Copy line 23, Part 5.*	$ 0.00	
85.	**Farming and fishing-related assets.** *Copy line 33, Part 6.*	$ 0.00	
86.	**Office furniture, fixtures, and equipment; and collectibles.** *Copy line 43, Part 7.*	$ 0.00	
87.	**Machinery, equipment, and vehicles.** *Copy line 51, Part 8.*	$ 0.00	
88.	**Real property.** *Copy line 56, Part 9.* ➔		$ 0.00
89.	**Intangibles and intellectual property.** *Copy line 66, Part 10.*	$ 0.00	
90.	**All other assets.** *Copy line 78, Part 11.*	$ 3,240,830.00	
91.	**Total.** Add lines 80 through 90 for each column 91a.	$ 6,307,273.48 + 91b.	$ 0.00
92.	**Total of all property on Schedule A/B.** Lines 91a + 91b = 92.		$ 6,307,273.48

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Fill in this information to identify the case:

Debtor Name: In re : Live Oak Investments, LP

United States Bankruptcy Court for the: Northern District of California

Case number (if known): 24-10511 (CN)

☐ Check if this is an amended filing

Official Form 206D

Schedule D: Creditors Who Have Claims Secured by Property 12/15

Be as complete and accurate as possible.

1. **Do any creditors have claims secured by debtor's property?**
   - ☑ No. Check this box and submit page 1 of this form to the court with debtor's other schedules. Debtor has nothing else to report on this form.
   - ☐ Yes. Fill in all of the information below.

Part 1: List Creditors Who Have Secured Claims

2. **List in alphabetical order all creditors who have secured claims.** If a creditor has more than one secured claim, list the creditor separately for each claim.

	Column A **Amount of claim** Do not deduct the value of collateral.	*Column B* **Value of collateral that supports this claim**

2.1 **Creditor's name**

Creditor's Name

Creditor's mailing address

Notice Name

Street

City State ZIP Code

Country

Creditor's email address, if known

Date debt was incurred

Last 4 digits of account number

Do multiple creditors have an interest in the same property?

- ☐ No
- ☐ Yes. Have you already specified the relative priority?
  - ☐ No. Specify each creditor, including this creditor, and its relative priority.
  - ☐ Yes. The relative priority of creditors is specified on lines

Describe debtor's property that is subject to a lien

$ $

Describe the lien

Is the creditor an insider or related party?

- ☐ No
- ☐ Yes

Is anyone else liable on this claim?

- ☐ No
- ☐ Yes. Fill out *Schedule H: Codebtors(Official Form 206H).*

As of the petition filing date, the claim is: Check all that apply.

- ☐ Contingent
- ☐ Unliquidated
- ☐ Disputed

3. **Total of the dollar amounts from Part 1, Column A, including the amounts from the Additional Page, if any.** $

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Part 2: **List Others to Be Notified for a Debt Already Listed in Part 1**

List in alphabetical order any others who must be notified for a debt already listed in Part 1. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for secured creditors.

If no others need to be notified for the debts listed in Part 1, do not fill out or submit this page. If additional pages are needed, copy this page.

Name and address	On which line in Part 1 did you enter the related creditor?	Last 4 digits of account number for this entity
Name	Line _____	
Notice Name		
Street		
City / State / ZIP Code		
Country		

Case: 24-10545 Doc# 319-2 Filed: 11/13/24 Entered: 11/13/24 20:08:15 Page 16 of 37

Fill in this information to identify the case:

Debtor Name: In re : Live Oak Investments, LP

United States Bankruptcy Court for the: Northern District of California

Case number (if known): 24-10511 (CN)

☐ Check if this is an amended filing

Official Form 206E/F

Schedule E/F: Creditors Who Have Unsecured Claims 12/15

Be as complete and accurate as possible. Use Part 1 for creditors with PRIORITY unsecured claims and Part 2 for creditors with NONPRIORITY unsecured claims. List the other party to any executory contracts or unexpired leases that could result in a claim. Also list executory contracts on Schedule A/B: Assets - Real and Personal Property (Official Form 206A/B) and on Schedule G: Executory Contracts and Unexpired Leases (Official Form 206G). Number the entries in Parts 1 and 2 in the boxes on the left. If more space is needed for Part 1 or Part 2, fill out and attach the Additional Page of that Part included in this form.

Part 1: List All Creditors with PRIORITY Unsecured Claims

1. **Do any creditors have priority unsecured claims? (See 11 U.S.C. § 507).**

☑ No. Go to Part 2.

☐ Yes. Go to Line 2.

2. **List in alphabetical order all creditors who have unsecured claims that are entitled to priority in whole or in part.** If the debtor has more than 3 creditors with priority unsecured claims, fill out and attach the Additional Page of Part 1.

	Total claim	Priority amount
2.1 **Priority creditor's name and mailing address**	**As of the petition filing date, the claim is:** $	$

Creditor Name

Creditor's Notice name

Address

City State ZIP Code

Country

Check all that apply.

☐ Contingent

☐ Unliquidated

☐ Disputed

Basis for the claim:

Date or dates debt was incurred

Last 4 digits of account number

Is the claim subject to offset?

☐ No

☐ Yes

Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) ()

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Part 2: List All Creditors with NONPRIORITY Unsecured Claims

3. **List in alphabetical order all of the creditors with nonpriority unsecured claims.** If the debtor has more than 6 creditors with nonpriority unsecured claims, fill out and attach the Additional Page of Part 2.

		Amount of claim
3.1	**Nonpriority creditor's name and mailing address** See Schedule E/F, Part 2 Attachment Creditor Name Creditor's Notice name Address City State ZIP Code Country **Date or dates debt was incurred** **Last 4 digits of account number**	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed **Basis for the claim:** **Is the claim subject to offset?** ☐ No ☐ Yes	$ 23,615.62

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Part 3: List Others to Be Notified About Unsecured Claims

4. **List in alphabetical order any others who must be notified for claims listed in Parts 1 and 2. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for unsecured creditors.**
If no others need to be notified for the debts listed in Parts 1 and 2, do not fill out or submit this page. If additional pages are needed, copy the next page.

Name and mailing address	On which line in Part 1 or Part 2 is the related creditor (if any) listed?	Last 4 digits of account number, if any
Name Notice Name Street City State ZIP Code Country	Line ☐ Not Listed.Explain	

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Part 4: Total Amounts of the Priority and Nonpriority Unsecured Claims

5. **Add the amounts of priority and nonpriority unsecured claims.**

			Total of claim amounts
5a.	**Total claims from Part 1**	5a.	$ 0.00
5b.	**Total claims from Part 2**	5b. +	$ 23,615.62
5c.	**Total of Parts 1 and 2** Lines 5a + 5b = 5c.	5c.	$ 23,615.62

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Fill in this information to identify the case:

Debtor Name: In re : Live Oak Investments, LP

United States Bankruptcy Court for the: Northern District of California

Case number (if known): 24-10511 (CN)

☐ Check if this is an amended filing

Official Form 206G

Schedule G: Executory Contracts and Unexpired Leases 12/15

Be as complete and accurate as possible. If more space is needed, copy and attach the additional page, numbering the entries consecutively.

1. **Does the debtor have any executory contracts or unexpired leases?**
   - ☑ No. Check this box and file this form with the court with the debtor's other schedules. There is nothing else to report on this form.
   - ☐ Yes. Fill in all of the information below even if the contracts or leases are listed on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B).

2. **List all contracts and unexpired leases**	**State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease**
State what the contract or lease is for and the nature of the debtor's interest	Name Notice Name Address City / State / ZIP Code Country
State the term remaining	
List the contract number of any government contract	

Case: 24-10545 Doc# 3190-2 Filed: 11/13/25 Entered: 11/13/25 08:08:15 Page 1 of 3

Fill in this information to identify the case:

Debtor Name: In re : Live Oak Investments, LP

United States Bankruptcy Court for the: Northern District of California

Case number (if known): 24-10511 (CN)

☐ Check if this is an amended filing

Official Form 206H

Schedule H: Codebtors 12/15

Be as complete and accurate as possible. If more space is needed, copy the Additional Page, numbering the entries consecutively. Attach the Additional Page to this page.

1. **Does the debtor have any codebtors?**
   - ☑ No. Check this box and submit this form to the court with the debtor's other schedules. Nothing else needs to be reported on this form.
   - ☐ Yes

2. **In Column 1, list as codebtors all of the people or entities who are also liable for any debts listed by the debtor in the schedules of creditors, *Schedules D-G*.** Include all guarantors and co-obligors. In Column 2, identify the creditor to whom the debt is owed and each schedule on which the creditor is listed. If the codebtor is liable on a debt to more than one creditor, list each creditor separately in Column 2.

	Column 1: **Codebtor**		*Column 2:* **Creditor**	
	Name	**Mailing address**	**Name**	*Check all schedules that apply:*
2.1		Street City State ZIP Code Country		☐ D ☐ E/F ☐ G

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In re: Live Oak Investments, LP
Case No. 24-10511
Schedule A/B 71
Notes receivable

Description (include name of obligor)	Total face amount	Doubtful or uncollectible amount	Current value of debtor's interest
Autumn Wood I, LP	111,276.00	$0.00	111,276.00
Beach Pine, LP	46,000.00	$0.00	46,000.00
Buckeye Tree, LP	46,400.00	$0.00	46,400.00
Cambria Pines, LP	92,130.00	$0.00	92,130.00
Chestnut Oak, LP	362,000.00	$0.00	362,000.00
Country Oaks I, LP	122,500.00	$0.00	122,500.00
Foxtail Pine, LP	35,500.00	$0.00	35,500.00
Ginko Tree, LP	46,000.00	$0.00	46,000.00
Nut Pine, LP	42,000.00	$0.00	42,000.00
Pinewood Condominiums, LP	51,479.20	$0.00	51,479.20
Red Oak, LP	10,000.00	$0.00	10,000.00
Red Spruce Tree, LP	74,250.00	$0.00	74,250.00
River Tree Partners, LP	45,000.00	$0.00	45,000.00
Scotch Pine, LP	239,250.00	$0.00	239,250.00
Sienna Pointe, LLC	560,000.00	$0.00	560,000.00
Vaca Villa Apartments, LP	62,044.80	$0.00	62,044.80
Windscape Apartments, LLC	1,230,000.00	$0.00	1,230,000.00
Windscape Holdings, LLC	65,000.00	$0.00	65,000.00
TOTALS:	**3,240,830.00**	**$0.00**	**3,240,830.00**

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In re: Live Oak Investments, LP
Case No. 24-10511
Schedule E/F, Part 2
Creditors Who Have NONPRIORITY Unsecured Claims

Line	Nonpriority Creditor's Name	Address 1	Address 2	City	State	Zip	Basis for claim	Subject to offset (Y/N)	Contingent	Unliquidated	Disputed	Amount of claim
3.1	A & G Cleaning	Address on file					Trade					$70.00
3.2	Home Tax Service of America, Inc., dba LeFever Mattson Property Management	6359 Auburn Blvd.		Citrus Heights	CA	95621	Payroll, maintenance and other expense reimbursements					$4,748.98
3.3	LeFever Mattson, a California Corporation	6359 Auburn Blvd.		Citrus Heights	CA	95621	Unpaid Distribution					$18,796.64
										TOTAL:		**$23,615.62**

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EXHIBIT E

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Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
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Thomas P. Kelly III, Attorney at Law
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Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

Attorney for Creditors
Andrew Revocable Trust dated June 21, 2001
Burgess Trust dated October 9, 2006

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Case No. 24-10545 (CN) (Lead Case) Chapter 11 (Jointly Administered) NOTICE OF PARTNERSHIP MEETING Judge: Hon. Charles Novack Court: 1300 Clay Street Courtroom 215 Oakland, California 94612 Date filed: September 12, 2024

1 The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

Live Oak Investments LP
Notice of Partnership Meeting

To all partners of Live Oak Investments L.P.,

This letter is to provide notice that pursuant to §5.4.1 of the Limited Partnership Agreement of Live Oak Investments LP (hereinafter "Partnership Agreement") a meeting of the partners has been called by two partners those being (1) the trustee of the William N. Andrew and Sally G. Andrew Revocable Trust dated June 21, 2001 and (2) the trustee of the Burgess Trust dated October 9, 2006.

This partnership meeting will be held via Zoom teleconference as authorized under §5.4.5 of the Partnership Agreement as well as California Corporations Code §15636 & §15637 at the following date and time:

Thursday, October 9, 2025 at 5:00pm PST.

The agenda and purpose of this partnership meeting will be to hold a vote on the following matters:

1. To remove LeFever Mattson Inc. as the General Partner of Live Oak Investments L.P..

2. To appoint William Andrew as the new General Partner of Live Oak Investments L.P..

3. To appoint William Andrew as the new President of Live Oak Investments L.P..

4. To authorize Live Oak Investments L.P. to retain and pay for the services of the Law Offices of Thomas P. Kelly III P.C. as the legal representative for Live Oak Investments L.P..

The basis of the action to remove the current General Partner is that LeFever Mattson Inc. took actions that are in direct violation of the Partnership Agreement which constitutes cause for removal. Specifically, that on September 4, 2024 LeFever Mattson Inc. distributed $842,418 to itself from the accounts of Live Oak Investments L.P. representing a 21.6% share of the proceeds of the sale of Southwood Apartments, which was the sole real estate asset of Live Oak Investments L.P.. At the time of this distribution, LeFever Mattson Inc. did not distribute any sale proceeds to any of the other partners.

This was a direct violation of the Partnership Agreement §3.8 entitled "Priority Over Other Partners" which states as follows: "No Partner shall have priority over any other partner, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits or items thereof."

This was also a direct violation of the Partnership Agreement §4.7 entitled "Liquidating Proceeds" which states as follows: "Notwithstanding any other provisions of this Agreement to

the contrary, when there is a distribution in liquidation of the Partnership, or when any Partner's interest is liquidated, all items of income and loss first shall be allocated to the Partners' Capital Accounts under this Article Four, and other credits and deductions to the Partners' Capital Accounts shall be made before the final distribution is made. The final distribution to the Partners shall be made to the Partners to the extent of and in proportion to their positive Capital Account balances."

On the basis of the foregoing actions, cause exists to remove LeFever Mattson Inc. as General Partner. At this partnership meeting a vote will be held on this removal as well as the other matters set forth above.

Questions regarding this partnership meeting can be directed to the attorney for the two partners calling this meeting which is Thomas P. Kelly III, 50 Old Courthouse Square, Suite 609 Santa Rosa, California, 95404-4926, Telephone : 707-545-8700 and email of tomkelly@sonic.net.

EXHIBIT F

Thomas P. Kelly III, SBN 230699
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

Tobias S. Keller (CA Bar No. 151445)
David A. Taylor (CA Bar No. 247433)
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Counsel to LFM Debtors and Debtors in Possession

Debra I. Grassgreen (CA Bar No. 169978)
John D. Fiero (CA Bar No. 136557)
Jason H. Rosell (CA Bar No. 269126)
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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Lead Case No. 24-10545 (CN) (Jointly Administered) Chapter 11 **NOTICE OF FILING JOINT INVESTIGATION REPORT AND SUMMARY OF GLOBAL SETTLEMENT (EXHIBIT E TO THE DISCLOSURE STATEMENT)**

[1] The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 9562. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM.

In re KS MATTSON PARTNERS, LP, Debtor.

TO THE UNITED STATES BANKRUPTCY COURT, THE OFFICE OF THE UNITED STATES TRUSTEE, AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that on August 6, September 12, and October 2, 2024, LeFever Mattson, a California corporation ("LeFever Mattson"), and 59 affiliated entities (together with LeFever Mattson, the "LFM Debtors")[2] each filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California (Santa Rosa Division) (the "Bankruptcy Court").

PLEASE TAKE FURTHER NOTICE that on November 22, 2024, KS Mattson Partners, LP ("KSMP" and, together with the LFM Debtors, the "Debtors") became subject to an involuntary petition for relief under chapter 11 of the Bankruptcy Code. On June 9, 2024, the Court entered the *Stipulated Order for Relief in an Involuntary Case* [KSMP Docket No. 131]. The above-captioned chapter 11 cases (the "Chapter 11 Cases") of the Debtors are being jointly administered for procedural purposes only.

PLEASE TAKE FURTHER NOTICE that the United States Trustee appointed an official committee of unsecured creditors (the "Committee," and together with the Debtors, the "Plan Proponents") in the Chapter 11 Cases on October 9, 2024 [Docket No. 135], amended its appointment on November 25, 2024 [Docket No. 368], and further amended its appointment on August 2, 2025 [Docket No. 2104].

PLEASE TAKE FURTHER NOTICE that on October 15, 2025, the Plan Proponents filed the *First Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 2561] (the "Plan") and the *Amended Disclosure Statement in Support of First Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 2567] (the "Disclosure Statement," and together with the Plan, as such documents may be further amended, modified, or supplemented, including all supplements, exhibits, and schedules thereto, the "Plan Documents").

PLEASE TAKE FURTHER NOTICE that, attached hereto as **Exhibit 1**, is the *Joint Investigation Report and Summary of Global Settlement* (the "Investigation Report"), which is Exhibit E to the Disclosure Statement. It is being filed separately because it is voluminous, however, it is a part of and incorporated into the Disclosure Statement in all respects.

PLEASE TAKE FURTHER NOTICE that a copies of any Plan Documents, including the Investigation Report and its exhibits, can be obtained at no cost by contacting counsel for the Committee at LMCommittee@pszjlaw.com or by visiting https://www.veritaglobal.net/LM.

[2] Another affiliated entity, Live Oak Investments, LP ("Live Oak"), filed a chapter 11 petition on September 12, 2024. Live Oak is not a Plan Proponent, and the above-captioned counsel does not represent Live Oak; however, the Plan provides for the substantive consolidation of Live Oak with the other Debtors and its creditors and investors will be entitled to vote on the Plan.

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Dated: October 15, 2025

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EXHIBIT 1

Joint Investigation Report

JOINT INVESTIGATION REPORT AND SUMMARY OF GLOBAL SETTLEMENT[1]

On October 15, 2025, the LFM Debtors[2] (except for Live Oak), KSMP, and the Committee (the "Plan Proponents") filed the *First Amended Joint Chapter 11 Plan of Liquidation* (the "Plan"), which provides for a global settlement (the "Global Settlement") of the of the outstanding Claims asserted against and Equity Interests asserted in the LFM Debtors and KSMP (collectively, the "Debtors") and the KSMP Investment Entities. The Global Settlement, which was negotiated by the Plan Proponents, provides for a "single pot," such that all assets and liabilities of all Debtors and the KSMP Investment Entities are pooled and consolidated for distribution purposes ("Substantive Consolidation").

This *Joint Investigation Report and Summary of Global Settlement* (this "Investigation Report") summarizes the facts and law supporting two key elements of the Plan: (i) the Debtors' estates and the KSMP Investment Entities should be subject to Substantive Consolidation and (ii) the Court should find that the Debtors and the KSMP Investment Entities were operated as a Ponzi scheme (the "Ponzi Finding"). As discussed in detail herein, for decades, Mattson controlled the Debtors and the KSMP Investment Entities as a single enterprise—disregarding their separate corporate forms—and caused them to engage in fraudulent activities and transactions (collectively, the "Mattson Transactions"). The Mattson Transactions took many forms, including the sale of fictitious interests in many of the Debtors and the KSMP Investment Entities; the transfer of vast sums of money between and among LFM, KSMP, other Debtors, and the KSMP Investment Entities; and the transfer among the Debtors of properties encumbered with high-interest loans.

As a result of Mattson's years of malfeasance, the business and financial affairs of all of the Debtors and the KSMP Investment Entities are so intertwined and poorly documented as to render the exercise of disentangling their affairs overwhelmingly costly—and likely futile. The Plan Proponents believe that forensic reconstruction of each of the individual Debtors' and the KSMP Investment Entities' finances and reconciliation of Investor claims against each of them—as would be required to develop an individual plan of liquidation for each Debtor—would substantially delay any recoveries to Investors and be so costly as to materially reduce, if not eliminate, any such recovery. Accordingly, as explained further below, the Plan Proponents propose Substantive Consolidation of the Debtors and the KSMP Investment Entities.

The Mattson Transactions also amounted to a Ponzi scheme—a form of investment fraud characterized by the perpetrator's payment of old investors with money invested by new ones. Mattson effected his Ponzi scheme, in large part, through a bank account (the "1059 Account") that he controlled and that he maintained separately from LFM's accounting system. From May 2017 through the Petition Date, Mattson induced Investors to deposit over $104 million into the 1059 Account. Rather than allocate those funds to the specific Debtors and the KSMP Investment Entities in which the Investors believed they were investing, Mattson commingled the 1059

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[1] The Plan Proponents may update or supplement this Investigation Report prior to solicitation of the Disclosure Statement.

[2] Capitalized terms used but not defined herein are intended to have the meanings ascribed to them in the *Amended Disclosure Statement in Support of First Amended Joint Chapter 11 Plan of Liquidation* (the "Disclosure Statement"), filed on October 15, 2025.

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Account funds and used them in a variety of improper ways, including by making over $70 million in payments to Investors. Mattson's misuse of the 1059 Account—and similar misuse of KSMP's 1380 Account (as defined below)— alone supports the Ponzi Finding.

* * *

This Investigation Report is divided into three sections. **Section I** summarizes the relevant law with respect to settlements under Bankruptcy Rule 9019 ("Rule 9019 Settlements"), Substantive Consolidation, and the Ponzi Finding. **Section II** summarizes facts discovered in the Joint Investigation that bear on Substantive Consolidation and the Ponzi Finding. Finally, **Section III** sets forth the Plan Proponents' conclusions regarding Substantive Consolidation and the Ponzi Finding and their rationale for the proposed Global Settlement.

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	5	Napa Elm Apartments (1050 Elm Street, Napa)
	6	Jackson Street Apartments (500 Jackson Street, Fairfield)
	7	Marpel Apartments (501 – 523 Carpenter Street, Fairfield)
	8	Sharis Apartments (453 Fleming Avenue E, Vallejo)
	9	Shelfield Apartments (5800 Fair Oaks Boulevard, Carmichael)
	10	Walnut Crest Apartments (3217 Walnut Avenue, Carmichael)
	11	2280 Bates Avenue, Concord
	12	333 – 411 Wilkerson Avenue, Perris
	13	Vaca Villa Apartments (370 Butcher Road, Vacaville)
	14	Woodcreek Plaza (7456 Foothills Boulevard, Roseville)
	15	Comstock Building (8340/8350 Auburn Boulevard, Citrus Heights)
	16	Folsom Village (47 – 49 Natoma Street, Folsom)
	17	Southwood Apartments (410 Buck Avenue, Vacaville)
	18	Redwoods Apartments (2805 Yosemite Boulevard, Modesto)
	19	300 Chadbourne Road, Fairfield
	20	Pinewoods Apartments (1995 Grande Circle, Fairfield)
	21	Spring Glenn Apartments (555 Elmira Road, Vacaville)
	22	Country Oaks Apartments (333 E. Enos Drive, Santa Maria)
	23	Boulder Springs Apartments (3515 W. San Jose Avenue, Fresno)
	24	Carmichael Gardens Apartments (4247 Hackberry Lane, Carmichael)
	25	Windscape Village Apartments (1300 North L Street, Lompoc)
	26	395 – 397 Coombs Street / 1203 – 1219 Laurel Street, Napa
	27	Willowbrook Apartments (2306/2376 Fairfield Avenue, Fairfield)
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I. SUMMARY OF RELEVANT LEGAL PRINCIPLES

A. Settlements Under Bankruptcy Rule 9019

Compromises are generally favored in bankruptcy matters because compromises avoid the expenses and burdens associated with litigation.[3] A bankruptcy court can approve a compromise in one of two ways: (1) by including the compromise in a bankruptcy plan, which the court can approve as part of confirming that plan[4] or (2) through a separate request and hearing under Bankruptcy Rule 9019.[5]

A bankruptcy court's "role in approving any settlement under Rule 9019 is limited. Rather than an exhaustive investigation or a mini-trial on the merits, [a] court need only find that the settlement was negotiated in good faith and is reasonable, fair and equitable."[6] To make such a determination, the court looks at four factors: (a) the likely outcome if the dispute went to trial; (b) the challenges of collecting any judgment; (c) how complex, costly, or time-consuming the litigation would be; and (d) the best interest of creditors and their reasonable views.[7] Not every factor must be met, so long as, taken together, the factors as a whole support approving the settlement.[8]

B. Substantive Consolidation

The main purposes of substantive consolidation are to "'ensure the equitable treatment of all creditors'" and to prevent debtors from unfairly putting assets out of reach by shifting them among separate, but related, entities.[9] Substantive consolidation accomplishes these purposes by combining "the assets and liabilities of separate and distinct—but related—legal entities into a single pool and treat[ing] them as though they belong to a single entity."[10] All creditor claims are

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3 *See, e.g., Means v. Farmer* (*In re Means*), 2012 U.S. Dist. LEXIS 62456, at *9 (C.D. Cal. May 3, 2012) (citing cases).

4 *Arden v. Motel Partners* (*In re Arden*), 176 F.3d 1226, 1228 (9th Cir. 1999) (citing 11 U.S.C. § 1123(b)(3)(A)).

5 Fed. R. Bankr. P. 9019(a).

6 *In re Pac. Gas & Elec. Co.*, 304 B.R. 395, 416-17 (Bankr. N.D. Cal. 2004) (citing *In re A&C Props.*, 784 F.2d 1377, 1381 (9th Cir. 1986)).

7 *Arden*, 176 F.3d at 1228 (quoting *A&C Props.*, 784 F.2d at 1381).

8 *PG&E*, 304 B.R. at 417.

9 *Alexander v. Compton (In re Bonham)*, 229 F.3d 750, 764 (9th Cir. 2000 (quoting *In re Augie Restivo Baking Co.*, 860 F.2d 515, 518 (2d Cir. 1988)) ("Without the check of substantive consolidation, debtors could insulate money through transfers among inter-company shell corporations with impunity.").

10 *Id.*; *see also Leslie v. Mihranian (In re Mihranian)*, 937 F.3d 1214, 1216 (9th Cir. 2019) (approvingly quoting *Bonham*).

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then satisfied from this single pool,[11] and all claims between and among the consolidated entities are extinguished.

Beyond ensuring fairness to creditors, substantive consolidation is also necessary when related companies are so mixed together that they cannot realistically be separated without great cost and effort. Substantive consolidation of separate but related legal entities is appropriate where those entities are so "hopelessly entangled" that "'the time and expense necessary even to attempt to unscramble [them] is so substantial as to threaten the realization of any net assets for all the creditors' or where no accurate identification and allocation of assets is possible."[12] In other words, "hopeless entanglement" of separate entities occurs when those entities are so severely and extensively intertwined that it would require extraordinary effort, significant time, and great expense—if it could be accomplished at all—to present accurate intercompany balances on a legal entity basis.

In evaluating whether to substantively consolidate entities, courts must "balance the benefits that substantive consolidation would bring against the harms that it would cause."[13] This does not mean that every single creditor must benefit, but only that the creditor body as a whole does.[14] There is no fixed rule on whether the court should focus on the number of creditors or the total dollar of their claims when assessing the benefits of substantive consolidation on the creditor body. Instead, the court must make this determination "with an eye towards 'fairness to all creditors,'" not just who is most numerous or owed the most.[15]

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11 *Bonham*, 229 F.3d at 764 ("The consolidated assets create a single fund from which all claims against the consolidated debtors are satisfied; duplicate and inter-company claims are extinguished; and, the creditors of the consolidated entities are combined for purposes of voting on reorganization plans."); *see also Mihranian*, 937 F.3d at 1216 (approvingly quoting *Bonham*).

12 *Bonham*, 229 F.3d at 766 (quoting *Augie/Restivo*, 860 F.2d at 519).

13 *Bank of Am. v. CD-04 Inc. (In re Owner Mgmt. Serv.*, 530 B.R. 711, 723–24 (Bankr. C.D. Cal.) (citing *Bonham*, 229 F.3d at 765), *aff'd*, 2015 U.S. Dist. LEXIS 152622 (C.D. Cal. Nov. 6, 2015); *see also In re Gyro-Trac (USA), Inc.*, 441 B.R. 470, 488 (Bankr. D.S.C. 2010) ("Substantive consolidation will not affect distributions to [Investors] but will actually facilitate implementation of Debtor's Plan and will allow [Investors] to be paid more efficiently. Allowing consolidation will also eliminate substantial confusion for [Investors] in determining who to look to for distributions and will ensure that creditors are paid using the reorganized debtor's combined resources.").

14 *Owner Mgmt. Serv.*, 530 B.R. at 739 (citing *In re Stayton SW Assisted Living,* 2009 U.S. Dist. LEXIS 119186, at *12 (D. Ore. Dec. 22, 2009)).

15 *Branch Banking & Tr. v. Shapiro* (*In re R&S St. Rose Lenders*, 756 F. App'x 731, 733 (9th Cir. 2019) (quoting *Bonham*, 229 F.3d at 765); *Team Spirit Am. v. Kriegman (In re LLS Am.)*, 2012 Bankr. LEXIS 2603, at *31 (BAP 9th Cir. June 5, 2012) ("'The primary purpose of substantive consolidation is to ensure the equitable treatment of all creditors.'") (quoting *Bonham*, 229 F.3d at 764); *Stayton SW Assisted Living,* 2009 U.S. Dist. LEXIS 119186, at *12 (allowing substantive consolidation and finding that the language "benefit of all creditors" does not mean each and every creditor but the creditor body as a whole).

C. Ponzi Schemes

1. What Is a Ponzi Scheme?

A Ponzi scheme is a fraud where earlier investors are paid not from actual investment returns,[16] but with money collected from new investors. A fraudster "'borrow[s] from Peter to pay Paul' because the fraud consists of funneling money from new investors to pay old investors while cultivating the illusion of a legitimate profit-making business."[17] By its very nature, a Ponzi scheme must eventually fail because there is not an infinite pool of new investors.[18]

A Ponzi scheme has two essential elements: (1) the funneling of money from new investors to pay old investors and (2) the absence of any genuine profit-making business that could sustain the returns being made to investors.[19] However, a Ponzi scheme need not be "asset-free"—in fact, nearly all Ponzi schemes (including the original one perpetrated by Charles Ponzi) have some real, valuable assets and some level of legitimate business operations.[20] The issue is whether those assets are *sufficient* to generate the returns promised to investors.[21]

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16 *See, e.g.*, *Wyle v. C.H. Rider & Family* (*In re United Energy Corp.*), 944 F.2d 589, 590 n.1 (9th Cir. 1991) ("A Ponzi scheme is a fraudulent arrangement in which an entity makes payments to investors from monies obtained from later investors rather than from any 'profits' of the underlying business venture. The fraud consists of funneling proceeds received from new investors to previous investors in the guise of profits from the alleged business venture, thereby cultivating an illusion that a legitimate profit-making business opportunity exists and inducing further investment.") (citing cases).

17 *Kirkland v. Rund (In re EPD Inv. Co.)*, 114 F.4th 1148, 1156 (9th Cir. 2024) (quoting *Winkler v. McCloskey*, 83 F.4th 720, 723 n.1 (9th Cir. 2023); citing *United States v. Rasheed,* 663 F.2d 843, 849 n.1 (9th Cir. 1981)).

18 *Id.*

19 *Id.* at 1159; *see also Hayes v. Palm Seedlings Partners-A* (*In re Agric. Research & Tech Grp.*), 916 F.2d 528, 536 (9th Cir. 1990) ("Distributing funds to earlier investors from the receipt of monies from later investors is the hallmark of Ponzi schemes.").

20 *See, e.g., Pergament v. Torac Realty, LLC* (*In re Diamond Fin. Co.*), 658 B.R. 748, 768 (Bankr. E.D.N.Y. 2024) ("The presence of a legitimate business will not defeat the finding of a Ponzi scheme.") (citing cases); *In re Bonham*, 251 B.R. 113, 135–36 (Bankr. D. Alaska 2000) ("most Ponzi schemes have a least a semblance, if not a somewhat substantial, operating 'front'"); *LLS Am.*, 2013 Bankr. LEXIS 2684, at *24 ("The scheme is always founded upon some legitimate business enterprise, whether that enterprise actually exists or is only a 'sham' which exists only in the mind of the perpetrator."); *see also SEC v. Helms*, 2015 U.S. Dist. LEXIS 29149, at *21 (W.D. Tex. Mar. 10, 2015) ("The likelihood that Vendetta Partners conducted some legitimate business operations does not counteract the existence of a Ponzi scheme because the distributions to investors were nevertheless funded by other investors' money.") (citing cases).

21 *See, e.g., Gillman v. Geis (In re Twin Peaks Fin. Servs.)*, 516 B.R. 651, 655 (Bankr. D. Utah 2014) ("If the debtor's legitimate business operations cannot fund the promised returns to investors, and the payments to investors are funded by newly attracted investors, then the debtor is operating a Ponzi scheme."); *In re Taubman*, 160 B.R. 964, 978 (Bankr. S.D. Ohio 1993) ("As a result of the absence of sufficient, or any, assets able to generate funds necessary to pay the promised returns,

2. The "Ponzi Scheme Presumption"

In bankruptcy cases, the primary way to recover money for defrauded investors is through the fraudulent transfer provisions of the Bankruptcy Code and state law (the "Fraudulent Transfer Laws"). Specifically, lawsuits known as "Clawback Actions" are brought under the Fraudulent Transfer Laws to "claw back" the false returns paid to earlier investors (the "net winners") so that the available funds can be shared with later investors (the "net losers"), who received little to no returns at all. The most common Clawback Action in Ponzi scheme bankruptcies is an "actual fraudulent transfer" claim, which can be brought under section 548(a)(1)(A) of the Bankruptcy Code and, by virtue of section 544 of the Bankruptcy Code, applicable state law.[22]

To establish and recover on an "actual fraudulent transfer" under the Fraudulent Transfer Laws, the plaintiff in a Clawback Action must prove that the transferor (i.e., the perpetrator) made the transfer with the "actual intent" to hinder, delay, or defraud. In the context of a Ponzi scheme, however, courts apply what is known as the Ponzi scheme presumption:[23] "'the mere existence of a Ponzi scheme is sufficient to establish actual intent under'" the Fraudulent Transfer Laws.[24]

Because of the importance of this presumption, bankruptcy courts must carefully weigh the evidence in determining whether a Ponzi scheme existed in the first place. To make that determination, courts apply *objective* criteria rather than probing the *subjective intent* of the perpetrator or investors. Some courts use a four-factor test that "considers whether (1) deposits were made by investors; (2) the debtor conducted little or no legitimate business operations as represented to investors; (3) the purported business operation of the debtor produced little or no profits or earnings; and (4) the source of payments to investors was from cash infused by new investors."[25] Other courts "have identified badges that weigh in favor of finding a Ponzi scheme, including (1) the absence of any legitimate business connected to the investment program; (2) the unrealistic promises of low risk and high returns; (3) commingling investor money; (4) the use of agents and brokers paid high commissions to perpetuate the scheme; (5) misuse of investor funds;

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the success of such a scheme guarantees its demise because the operator must attract more and more funds, which thereby creates a greater need for funds to pay previous investors, all of which ultimately causes the scheme to collapse.").

22 Another type of Clawback Action, which can be brought under both section 548(a)(1)(B) of the Bankruptcy Code and, by virtue of section 544 of the Bankruptcy Code, applicable state law, is the "constructive fraudulent transfer" action. Because Ponzi schemes are usually addressed through "actual fraudulent transfer" actions, this Investigation Report does not discuss the elements of "constructive fraudulent transfer" Clawback Actions.

23 *See, e.g., EPD*, 114 F.4th at 1158; *see also Bear, Stearns Sec. Corp. v. Gredd* (*In re Manhattan Inv. Fund*), 397 B.R. 1, 8 (S.D.N.Y. 2007), *aff'd*, 328 F. App'x 709 (2d Cir. 2009).

24 *AFI Holding, Inc. v. Mackenzie*, 525 F.3d 700, 704 (9th Cir. 2008) (quoting *In re Agric. Research*, 916 F.2d at 535).

25 *EPD*, 114 F.4th at 1159 (citing cases).

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(6) the payment of excessively large fees to the perpetrator; and (7) the use of false financial statements."[26]

Courts have identified other threads that are commonly found in Ponzi schemes. For example, Ponzi schemes may:

- feature the "rolling over" of investments;[27]
- involve "several related entities with multiple confusing and ultimately unjustifiable intercompany transfers;"[28]
- involve the perpetrator "mischaracteriz[ing] the nature of their investment opportunities and any risk associated with making an investment";[29] and
- lack audited or complete financials.[30]

3. Consequences of the Ponzi Scheme Presumption

Broadly speaking, there are two consequences to investors in a Ponzi scheme. The first, which flows from the fact that when "innocent victims gave money to [a Ponzi scheme perpetrator], they were not actually investors, but rather tort creditors with a fraud claim,"[31] concerns how an investor's claim is calculated. The second relates to Clawback Actions that may be brought against certain investors.

First, when calculating an investor's claim against a Ponzi scheme, bankruptcy courts usually split an investor's claim into two parts. "The 'A' claim represents on a cash-in/cash-out basis the difference, if any, between what an investor actually invested, lent, or gave to the Debtor, *minus* the total he or she received back at any time. The 'B' portion consists of all profit, interest, return of principal, punitive damages, multiple damages, or any amount in excess of actual

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26 *Id.*

27 *See, e.g., LLS Am.*, 2013 Bankr. LEXIS 2684, at *28 (citing cases); *see also Taubman*, 160 B.R. at 987 ("To acquire the funds to make the promised returns to existing investors, the Debtor induced new investors to provide her with funds or induced existing investors to reinvest or rollover their prior investments, or, in some cases, increase their existing investments, all allowing the Debtor [to] forego paying her existing obligations.").

28 *LLS Am.*, 2013 Bankr. LEXIS 2684, *23–24 (citing cases).

29 *Wing v. Dockstader*, 2010 U.S. Dist. LEXIS 128571, at *11 (D. Utah Dec. 3, 2010)

30 *In re Petters Co.*, 495 B.R. 887, 913 (Bankr. D. Minn. 2013); *see also* Kathy Bazoian Phelps & Steven Rhodes, *The Ponzi Book: A Legal Resource for Unraveling Ponzi Schemes* § 1.05 (2012).

31 *Donell v. Kowell*, 533 F.3d 762, 774–75 (9th Cir. 2008); *see also Scholes v. Lehmann*, 56 F.3d 750, 754 (7th Cir. 1995) ("The limited partners were tort creditors of the corporations from which they had been inveigled into buying limited-partner interest, and were of course [ ] harmed.").

pecuniary loss. The 'B' claims shall receive distribution only after all 'A' claims have been paid in full."[32]

Second, as to Clawback Actions, "the general rule is that to the extent innocent investors have received payments in excess of the amounts of principal that they originally invested, those payments are avoidable as fraudulent transfers."[33] In determining the extent to which an investor in a Ponzi scheme is liable in a Clawback Action, courts follow a two-step process. First, the court determines *whether the investor is liable* by netting amounts transferred by the Ponzi scheme perpetrator to the investor against the initial amount invested by that individual (the "Netted Amount").[34] If the Netted Amount is a positive number, liability has been established.[35] Second, if the investor is determined to be liable (i.e., has a positive Netted Amount), the court has to determine *the amount of liability*. Good-faith investors are permitted to retain payments up to the amount they invested and are only liable to repay the "profits" they received, subject to the applicable statute of limitations.[36]

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32 *Taubman*, 160 B.R. at 982.

33 *Donell*, 533 F.3d at 770.

34 *Id.* at 771.

35 *Id.* at 771–72.

36 *Id.* at 772.

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II. SUMMARY OF FINDINGS OF JOINT INVESTIGATION

As explained in the Disclosure Statement, the Committee and the LFM Debtors began the Joint Investigation into the Mattson Transactions, which KSMP later joined. To carry out this investigation, the Committee issued 30 subpoenas that were approved by the Court,[37] and also collected information informally from various parties (including the LFM Debtors) (collectively, the "Third-Party Discovery"). Together, this discovery process has produced over ***1.2 million documents***, consisting of more than ***5 million pages***, as of October 1, 2025. The below chart summarizes the Third-Party Discovery obtained by the Committee as of October 1, 2025:

Producing Party	No. of Documents	No. of Pages
LFM Debtors	960,260	3,642,398
Mattson Parties[38]	70,902	458,699
Tim LeFever	91,208	313,537
BMO	315	22,388
Other Depository Banks	67	5,902
Socotra	30,832	187,240
Other Third Party Lenders[39]	9,994	47,051
IRA Custodians[40]	39,834	132,817
Closing Agents[41]	25,719	203,740
1031 Exchange Intermediaries[42]	2,965	27,274

A. Summary of Evidence Supporting Substantive Consolidation

As detailed below and in the KSMP Sub Con Motion[43] and supporting declarations,[44] for decades, Mattson controlled and used the Debtors, the KSMP Investment Entities, and their Properties to engage in the fraudulent Mattson Transactions. His fraudulent activities left the business and financial affairs of the Debtors and the KSMP Investment Entities so intertwined that trying to separate them would be enormously expensive, complicated, and time-consuming—and

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37 *See* Docket Nos. 396, 398, 501, 604-12, 805, 827-32, 835, 1004, 1008-09, 1170, 1224, 1372-73.

38 The "Mattson Parties" are KS Mattson Company, LLC; KSMP; the KSMP Investment Entities; Specialty Sales Global, Inc.; Kenneth Mattson; and Stacy Mattson.

39 The "Other Third Party Lenders" are California Bank of Commerce, Citizens Business Bank, Comerica Bank, Duggans Mission Chapel, Frank Bragg Revocable Trust, Freddie Mac, Greystone, JPMorgan Chase, Leland McAbee, Mr. Cooper, PHH, Select Portfolio Services, Wilmington Trust, and Wells Fargo.

40 The IRA Custodians are Madison Trust, Provident, and Pacific Premier.

41 The "Closing Agents" are Fidelity National Title Co., Stewart Title, and First American Title Co.

42 The "1031 Exchange Intermediaries" are IPX and First American Exchange Co.

43 The KSMP Sub Con Motion can be found at Docket No. 1585 in the LFM Cases.

44 The declarations submitted in support of the KSMP Sub Con Motion can be found at Docket No. 1586 (First Golden Declaration), Docket No. 1713 (Jeremiassen Declaration), Docket No. 1715 (Second Golden Declaration), and Docket No. 1716 (Rivera Declaration), each in the LFM Cases.

likely impossible. Without Substantive Consolidation, as explained in Section III.A of this Investigation Report, two difficult and costly exercises would be required: (a) a forensic reconstruction of each Debtor's assets and liabilities (if doing so is even possible) (the "Forensic Reconstruction") and (b) an "Investor Claim Reconciliation," where each Investor Claim would have to be factually and legally reconciled to a specific Debtor or Debtors, often through litigation. These efforts would delay recoveries for years and consume so many resources that the value available to Investors would be sharply reduced. ***The Plan Proponents believe that Substantive Consolidation avoids these costs and delays, allowing recoveries to be delivered to Investors more quickly and fairly***.

1. The Debtors' Books and Records

To understand why and how the Debtors, KSMP, and the KSMP Investment Entities are so entangled, it is necessary to understand the Debtors' background, organization, and structure as well as how the Debtors' books and records were (and were not) kept.

a. The LFM Debtors' Records

When LFM began in the late 1990s, its business model was to co-invest in Properties with tenant in common owners ("TICs") as Investors. The Properties were managed by Home Tax Services of America, Inc. d/b/a LeFever Mattson Property Management ("LMPM")[45] under a property management agreement with the relevant TICs (a "Property Management Agreement"), which required LMPM to maintain each Property and its financial records. To maintain the financial records, starting in 2000, LMPM used a real estate management and accounting software called Yardi, with its accounting staff applying "property codes" in Yardi ("Yardi Property Codes") to track each debit and credit.

When LMPM first began using Yardi, the then-existing LFM Debtors typically held Properties as co-tenancies with TICs. Accordingly, LMPM maintained the LFM Debtors' general ledgers in Yardi on a Property-by-Property basis, using Yardi Property Codes tied to each individual Property. As the Investment Vehicles shifted from TICs to Entity structures (i.e., LPs and LLCs), most Debtor Entities owned a single Property and LMPM continued to maintain ledgers on a Property level. When the LFM Debtors started to acquire multiple Properties within a single Entity, LMPM started establishing codes in Yardi for Entities as well ("Yardi Entity Codes" and, together with Yardi Property Codes, "Yardi Codes"), resulting in ledgers being maintained at both the Property and Entity level. Over the course of the last twenty-five years, LMPM has used over 950 Yardi Codes. As discussed below, because the LFM Debtors' records were maintained on a Property basis, it is more difficult to trace and unwind transactions at the Entity level for each of the Debtors.

The broader problem, however, is that the LFM Debtors' financial records are incomplete in two material respects. First, LMPM did not maintain any of the books and records of nine of

[45] LMPM was formed in 1991 to provide tax preparation services. In the ensuing years, LMPM's services were expanded to provide property management services for properties in which LFM held an ownership interest. In August 1999, LMPM purchased a third-party property management company to further expand its property management capacity and capabilities.

the LFM Debtors (collectively, the "Mattson Maintained Debtors").[46] Instead—and even though LFM is the general partner or managing member of each of the Mattson Maintained Debtors—Mattson (or KSMP) maintained the books and records for such Entities. Accordingly, the Debtors do not have the books and records of the Mattson Maintained Debtors. Second, Mattson maintained LFM's complete general ledger. As detailed below, over twenty years before the Petition Date, LFM opened the 1059 Account at Bank of the West (subsequently acquired by BMO Bank, N.A. ("BMO")), through which hundreds of millions of dollars flowed, none of which are reflected in Yardi. The LFM Debtors and the Committee obtained documents from BMO concerning the 1059 Account (collectively, the "1059 Account Documents").[47] But because BMO's retention period is only seven years, no records prior to 2017 are available. As a result, the Plan Proponents are missing a critical source of financial information—that predating 2017—and have no reasonable prospect of recovering it.

b. KSMP's and the KSMP Investment Entities' Records

KSMP's and the KSMP Investment Entities' records are even more opaque than those of the LFM Debtors. They appear to have been solely maintained by Mattson, although it is unknown how, or to what extent, they were ever actually maintained. When the Responsible Individual assumed control of KSMP, she had no access to KSMP's books and records—not even a list of the Properties owned by KSMP. Compounding this problem, in May 2024, the United States government executed a search warrant and seized Mattson's computer and documents in his possession. To gain access to KSMP's documents subject to that seizure, the Responsible Individual negotiated a modification of the protective order in the Mattson Criminal Case with Mattson, the U.S. Attorney, and KSMP. This amendment permitted Mattson to turn over to KSMP documents he had received in criminal discovery. To date, however, Mattson has produced only 90 documents to the Responsible Individual.

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46 The Mattson Maintained Debtors are: Apan Partners, LLC; Bay Tree, LP; Bishop Pine, LP; Butcher Road Partners, LLC; Golden Tree, LP; Ponderosa Pines, LP; Spruce Pine, LP; Watertree I, LP; and Windtree, LP.

47 Prior to retaining DSI, LFM retained the consulting firm BPM to reconstruct the 1059 Account transactions. BPM received copies of certain documents from BMO (such as monthly statements, canceled checks, and check deposits) for the period May 2017 through April 2024. BPM compiled information for the transactions through a combination of data extraction software and manual data entry. At the time that BPM stopped working for LFM, their work was not complete. After LFM retained DSI, DSI obtained BPM's compilations of receipts and disbursements, which contained details of outgoing checks (approximately 43,000) and check deposits (approximately 1,200), along with certain information for other transactions (e.g., wires and other electronic receipts and payments) that BPM obtained from the monthly bank statements. Between January 2025 and May 2025, pursuant to a subpoena obtained by the Committee, BMO produced additional 1059 Account Documents necessary to complete the reconstruction of the 1059 Account, including details for all wire transfers and other electronic payments made to and from the 1059 Account since 2017 through the closing of the account in July 2024. DSI compiled information from transactions that were not included in BPM's compilation, made various corrections, reconciled to the bank statements, and categorized each transaction.

KSMP and the KSMP Investment Entities maintained several bank accounts (collectively, the "KSMP Bank Accounts") at BMO and First Bank, the most commonly used of which was an account ending in -1380. KSMP opened this account (the "1380 Account") in May 2002 with BMO. Other KSMP Bank Accounts include (i) an account ending in -5410 in the name of "KS Mattson Partners, LP, Ceres MHP" that KSMP opened in September 2007 with BMO (the "Ceres Account"), (ii) an account ending in -3467 that KSMP opened with First Bank (the "KSMP FB Account"), and (iii) an account ending in -3186 that Perris Freeway Plaza opened with First Bank (the "PFP FB Account" and, together with the 1059 Account, the 1380 Account, the Ceres Account, and the KSMP FB Account, the "Commingled Bank Accounts").

KSMP lacks even basic cashflow statements showing the historical transactions going through the KSMP Bank Accounts. The Responsible Individual has taken steps to obtain bank records directly from BMO and First Bank. KSMP, through the Responsible Individual, received documents from BMO concerning the 1380 Account (collectively, the "1380 Account Documents") in July and August 2025, and concerning the Ceres Account (collectively, the "Ceres Account Documents" and, together with the 1380 Account Documents, the "KSMP BMO Account Documents") in July 2025. Like the 1059 Account Documents, the KSMP BMO Account Documents did not include any complete cash-flow statements. Rather, as of October 1, 2025,[48] the KSMP BMO Account Documents consisted of unstructured data;[49] the 1380 Account Documents, for example consisted of 5,443 pages of images of checks (nearly 40,000 individual checks) written from the 1380 Account, 865 pages of account statements (covering 38,000 transactions), 1,369 wire transfer records, and 12 pages of fund-transfer slips.

KSMP has been working collaboratively with the Committee and its advisors at PwC to analyze the KSMP BMO Account Documents,[50] which, like the 1059 Account Documents, only go back seven years. The Plan Proponents have been able to create a preliminary structured cash

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[48] As of October 1, 2025, BMO had not yet completed its production of the KSMP BMO Account Documents.

[49] Unstructured data refers to information (in this case, different types of documents) that is not organized in a usable format. Before unstructured data can be analyzed, it requires significant processing, resulting in time delays and additional expense.

[50] Specifically, upon receiving the 1380 Account Documents, PwC extracted key attributes from each type of document. As to check images, for example, PwC used optical character recognition (OCR) technology and AI-driven parsing routines to extract data like payor/payee information and memo line information, which allowed PwC to identify the individuals, Entities, and Properties associated with each transaction. PwC then standardized the extracted data into a normalized database, ensuring that all of the documents could be analyzed together. This process also included resolving and removing duplicate transactions and cleansing information that was incorrectly extracted by technology alone—a process made necessary by illegible handwriting and poor-quality check images. Using the processed dataset, the Plan Proponents have been able to turn disparate raw 1380 Account Records into a reliable foundation for financial analysis and investigative review. As noted, however, to ensure total accuracy, the Plan Proponents would need to manually review each 1380 Account Document and would need to reconcile each transaction to some other source, such as a QuickBooks file.

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flow using the 1380 Account Documents but, given the short amount of time since they were received, are continuing to analyze and refine the data.

In addition, on or around September 23, 2025, KSMP received documents from First Bank concerning the KSMP FB Account and the PFP FB Account (collectively, the "First Bank Documents"). Like the KSMP BMO Account Documents, the First Bank Documents did not include any complete cash-flow statements. Rather, the First Bank Documents, which only go back to 2018, consist of 23 Excel files containing a total of 33,651 transactions and 44 PDF files containing a total of 4,771 pages of check images and account statements. The Plan Proponents have conducted a cursory review of the First Bank Documents but, given the short amount of time since they were received, have not been able to structure the data.

Despite these efforts, the records remain incomplete. According to the United States government, in pleadings filed in the Mattson Criminal Case, Mattson allegedly deleted 14,000 files from his laptop that, based on their names, appear to relate to the Debtors[51] and 16,000 files from a cloud filesharing service.[52] Although Mattson disputes these allegations, the Plan Proponents cannot confirm how the KSMP's or the KSMP Investment Entities' records, or those of LFM and the Mattson Maintained Debtors, were kept, or whether complete records ever existed.

2. Summary of Certain Recurring Factual Issues

As detailed in section II.C of this Investigation Report, the degree of entanglement among the various Debtors varies. Yet the Joint Investigation has uncovered a series of recurring problems—many tied to the Mattson Transactions—that cut across multiple Debtors. If there were no Substantive Consolidation of the Debtors, these issues would each require extensive, and likely impossible, Forensic Reconstruction and Investor Claim Reconciliation. These problems are the very sort that courts consider when ordering substantive consolidation: whether the entities are so hopelessly entangled that separating them would be impractical and whether consolidation is needed to ensure the fair and equal treatment of all creditors. To illustrate this, the following discussion highlights five recurring patterns—Intercompany Transactions, the sale of Phantom Interests, the use of the Commingled Bank Accounts, Insider Property Transfers, and Third-Party Loans. Each of these patterns is described in further detail below; together, they demonstrate why the Plan Proponents have determined that Substantive Consolidation is the proper result here.

a. Intercompany Transactions

Starting in 2006, LFM frequently moved money between its Investment Vehicles (i.e., a Property, LLC, or LP)—shifting cash from those with extra cash to those that needed it ("LFM Intercompany Transactions"). These transfers occurred at both the Property and Entity level, typically carried below-market interest rates (generally between 6.5% and 8%), and were set by LFM (i.e., Mattson). The LFM Debtors referred to these transactions as "interproperty notes," though in reality no executed promissory notes ever existed. Rather, LMPM tracked LFM

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51 Motion for Detention Pending Trial and Motion to Continue Detention Hearing, *United States v. Mattson*, No. 25-CR-00126 (N.D. Cal. May 23, 2025), ECF No. 6 at 6:23–7:23.

52 *Id.* at 9:8–13.

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Intercompany Transactions in a series of spreadsheets—known as "Sub-Ledgers"—and simply reflected the year-end balances of these Sub-Ledgers in its applicable general ledgers. Thirty-three Sub-Ledgers existed as of the Petition Date. Some contain information related to multiple Debtors. None reflect the purpose of the LFM Intercompany Transaction.

As of the Petition Date, twenty-seven LFM Debtors showed outstanding intercompany payables to other LFM Debtors, and twenty LFM Debtors showed outstanding intercompany receivables. In total, more than $30 million in intercompany amounts remained outstanding, tied to over 700 individual LFM Intercompany Transactions (collectively, the "Open Intercompany Transactions"). These receivables and payables do not balance. DSI's preliminary review revealed discrepancies, including instances where a receivable appeared on the Sub-Ledger of the "lending" Debtor but no corresponding payable appeared on the Sub-Ledger of the "borrowing" Debtor, and vice versa.[53] The Plan Proponents estimate the number of LFM Intercompany Transactions that occurred between 2006 and the Petition Date to be in the tens of thousands. Indeed, as shown on Attachment H, between January 1, 2017, and the Petition Date, there were 5,872 LFM Intercompany Transactions ***with a gross dollar amount of nearly $636 million—all without any formal documentation***.

In addition to LFM Intercompany Transactions, Mattson also frequently moved cash among the LFM Debtors, KSMP, and the KSMP Investment Entities ("LFM/KSMP Cash Transfers" and, together with LFM Intercompany Transactions, "Intercompany Transactions"), commonly in round amounts and without any discernible relationship to a legitimate transaction. Although some of the LFM/KSMP Cash Transfers are reflected in the LFM Debtors' Records, most occurred through the 1059 Account and therefore are not. Between January 1, 2017, and September 30, 2024, there were over 11,500 distinct journal entries and bank transfers (consisting of nearly 16,000 individual transactions) totaling approximately $176 million, between the LFM Debtors and KSMP.[54] Specifically, from January 1, 2017, through September 30, 2024:

- The LFM Debtors' Records show that more than $39 million[55] of LFM/KSMP Cash Transfers were made directly between LFM and KSMP through approximately 1,800 distinct entries (consisting of nearly 2,700 individual transactions).

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[53] The cash accounts were periodically reconciled, suggesting that some Open Intercompany Transactions were incorrectly recorded.

[54] These amounts do not include, for example, an additional $40 million of 1059 Account Transactions involving Specialty Sales Classics, Inc., a car dealership affiliated with Mr. Mattson in which no LFM Debtor has ever had an interest.

[55] Approximately $14.55 million from KSMP to LFM and approximately $24.67 million from LFM to KSMP.

- The LFM Debtors' Records show that more than $19 million[56] in LFM/KSMP Cash Transfers were associated with KSMP-owned Properties, made through over 8,000 distinct entries (consisting of over 11,900 individual transactions).

- The 1059 Account Records show that there were more than $92 million[57] in LFM/KSMP Cash Transfers through over 950 checks and wire transfers.

- The 1059 Account Records show that approximately $25 million[58] in disbursements were made from the 1059 Account for the benefit of KSMP-owned Properties, comprised of nearly 390 checks and wire transfers.

b. Sale of Phantom Interests

Mattson solicited new investments (from both existing Investors and new Investors), supposedly through legitimate Investment Vehicles, to raise cash to pay earlier Investors. But instead of selling properly recorded interests in LFM Investment Vehicles (i.e., interests reflected in the LFM Debtors' Investment Records), Mattson—through both LFM and KSMP— sold "off-book" interests, which we refer to collectively as "Phantom Interests." In these cases, Investors handed over money but received no valid ownership interest in return.[59]

Phantom Interests took several general forms, each with its own complexities, including:[60]

- **Type I**: an interest in an LFM-affiliated Entity that was never recorded in the LFM Debtors' Investment Records;

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[56] Approximately $9.55 million from or on account of KSMP to LFM and approximately $9.95 million from LFM to or on account of KSMP.

[57] Approximately $51.54 million from KSMP to LFM and approximately $40.48 million from LFM to KSMP.

[58] Approximately $2.32 million from or on account of KSMP to LFM and approximately $23.45 million from LFM to or on account of KSMP.

[59] Mattson prepared (or oversaw the preparation of) all of the Debtors' annual tax filings, which included the Form K-1 for each Investor of record in the applicable LLC or LP. However, because Mattson was purporting to sell interests in real limited partnerships, he created fraudulent Form K-1s for the investors to whom he sold Phantom Interests (excepting the IRA Phantom Interests, which were subject to less tax reporting) to maintain the appearance of legitimacy. Indeed, Mattson created and provided Investors with fraudulent Form K-1s for Investments in nonexistent entities, including "Country Oaks, LP," "Watertree LP," "Live Oak LP," and "Valley Oaks Investments LP." The similarly named Debtors are, respectively: Country Oaks I, LP; Watertree I, LP; Live Oak Investments, LP; and Valley Oak Investments, LP.

[60] The "Types" of Phantom Interests described herein are provided only as examples to help categorize hundreds, if not thousands, of fraudulent transactions. They are not meant to suggest that any "Type" of Phantom Interest will be treated differently. Indeed, trying to determine the exact "Type" of each Phantom Interest held by each Investor—and the consequence of holding such "Type" of Phantom Interest—would require a highly fact-intensive inquiry and would be prohibitively expensive to litigate.

- **Type II**: an interest in a real Entity or Property where the seller (LFM or KSMP) held no, or insufficient, ownership interest to sell;

- **Type III**: an interest in an entity that never existed; and

- **Type IV**: an interest in an Entity that investors were told owned a specific Property, when in fact that entity did not.

The following sections discuss each of these Types of Phantom Interests in greater detail.

(1) *Type I Phantom Interests*

For a decade, Mattson sold what we refer to as Type I Phantom Interests. In these cases, Mattson gave an Investor a document titled "Agreement of Transfer and Purchase of Partnership Interest" (a "Transfer Agreement") that purported to sell either LFM's or KSMP's interest in a Debtor or a KSMP Investment Entity. However, Mattson did not record these transfers in the Debtors' Investment Records or provide the Transfer Agreement to LMPM, who maintained those records for most of the Debtors. Because these Investors were not recognized as Record Investors, they did not receive investment returns or profit distributions from a Property or Entity-specific trust account, as Record Investors did. Instead, any "returns" they received were paid from other accounts under Mattson's control, such as the 1059 Account. These payments were not generated from genuine profits from the Properties, but with fabricated returns funded from alternative sources. Based on the Joint Investigation to date, Mattson sold Type I Phantom Interests in the majority of the Debtors.

In addition to the sales of Type I Phantom Interests described above, Mattson carried out a variation of the same scheme using retirement accounts. Beginning around 2009, he encouraged Investors to use self-directed IRAs to purchase supposed ownership interests in two Debtors and one KSMP Investment Entity.

Mattson told Investors to transfer their existing IRA to, or open a new IRA with, a self-directed IRA custodian (an "IRA Custodian"). Through the IRA Custodian, Mattson then purported to sell the Investor an interest (the "IRA Phantom Interests") in one of two LFM Debtors—Divi Divi Tree, LP ("Divi Divi") or Butcher Road Partners, LLC ("Butcher Road")—or KSMP Investment Entity Specialty Properties Partners, LP ("SPP"). Mattson would then direct the Investor's IRA funds from the IRA Custodian into a bank account (such as the 1059 Account or the 1380 Account) within his exclusive control. When the IRA Custodian required funds for distributions to the Investor (for example, for a required minimum distribution), Mattson then transferred funds from one of his controlled bank accounts to the IRA Custodian.

Like other Type I Phantom Interests, these IRA Phantom Interests were never recorded in the Debtors' official records. For Divi Divi, LMPM maintained the official records, and none of the IRA Phantom Interests in Divi Divi appeared there. Divi Divi's ownership reports that Mattson provided to the IRA Custodians (and which were therefore provided to holders of IRA Phantom Interests by the IRA Custodians) materially differ from—and are incompatible with—those maintained by LMPM. For Butcher Road, the Property Manager did not maintain the official ownership records, and the Plan Proponents have been unable to locate any such records. Even

so, the Joint Investigation uncovered the existence of both IRA Phantom Interests and the more typical Type I Phantom Interests for Butcher Road—only the former of which was reflected on records Mattson provided to IRA Custodians.[61] Finally, as set forth in Section II.C.4.b below, the Plan Proponents cannot identify any official ownership records of SPP, and the records the Plan Proponents have obtained through the Joint Investigation (including from the IRA Custodians) are inconsistent.[62]

This variation of the scheme was simply another method Mattson used to create Type I Phantom Interests—this time by using IRA Custodians and inconsistent ownership reports to give Investors the false appearance of legitimate investments, while routing all funds through accounts he controlled.

(2) *Type II Phantom Interests*

In another version of his scheme, Mattson told Investors they were buying LFM's or KSMP's Interest in an actual Entity or Property, even though LFM or KSMP either held no such Interests or held an insufficient Interest in the Entity or Property. As with Type I Phantom Interests, Mattson usually provided Investors with a Transfer Agreement concerning the sale of Type II Phantom Interests, but did not report such transfers (nor provide a copy of any Transfer Agreement) to the Property Manager, who maintained the Debtors' Records. The following are examples of Type II Phantom Interests that Mattson sold to Investors:

- **Country Oaks Apartments**: Even though KSMP had no interest in the Country Oaks Apartments to convey prior to July 8, 2015, the Investor Claims reflect that, KSMP (acting through Mattson) "sold" at least 14.966% of Phantom Interests in the Country Oaks Apartments to thirteen different Investors prior to that date. In total, those Investors paid Mattson $1.942 million for these Phantom Interests.

- **Perris Freeway Plaza**: At least one Investor Claim submitted in the LFM Debtors' Cases attached an *Agreement of Transfer and Purchase of Partnership Interest* in which LFM (by Mattson) "sells" a portion of LFM's interest in Perris Freeway Plaza—even though LFM never actually held any limited partnership interest in Perris Freeway Plaza.

(3) *Type III Phantom Interests*

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61 Moreover, similar to Type IV Phantom Interests discussed below, Mattson falsely represented to Investors that Butcher Road owned the Vaca Villa Apartments. *See* Attachment F-13. In reality, Butcher Road only owned undeveloped land adjacent to the Vaca Villa Apartments (never the Vaca Villa Apartments themselves), and even then only from 2013 to 2022.

62 With respect to the IRA Phantom Interests in SPP, KSMP used LFM's account relationship with the IRA Custodians, rather than establishing its own. Indeed, Mattson appears to have caused LFM to represent to IRA Custodians that LFM was transferring its interest in SPP when, as a matter of fact, LFM held no interests in SPP.

In yet another variation of his scheme, Mattson frequently "sold" Investors things that legally did not exist. This misconduct took a number of forms, some of them overlapping.

Nonexistent Entities. Mattson sometimes sold Phantom Interests in an entity that simply never existed. In some instances, the entity names used were only minor—but legally incorrect—variations on the names of real Entities. For example, Investors were sold Phantom Interests in "River Birch Investments, LP," "Rivertree, LP," "Treehouse Partners, LP," "Buck Avenue, LLC," and "Heacock Partner, LP."[63] In other cases, Mattson concocted entity names out of whole cloth—for example "Ceres West MHP Partners, LLC" and "Napa Enterprise Partners". In each case, the problem was the same: because the entity did not exist, the interests supposedly being transferred were legally meaningless.

Impossible Corporate Agreements. Mattson also manufactured Phantom Interests by selling interests tied to "Partnership Agreements" or other corporate agreements that never existed. The Plan Proponents have identified at least thirty-one such "phantom agreements" to date. Some examples include:

- "*Agreement of Limited Partners of Country Oaks Partners, LLC*, dated as of December 1, 2007"—Country Oaks Partners, LLC does not exist (Country Oaks, LLC did exist, but it was converted into LFM Debtor Country Oaks I, LP) and this agreement could not have existed because LLCs do not have limited partners.

- *Operating Agreement of Members of Country Oaks Partners, LP*, dated as of September, 2007—Country Oaks Partners, LP does not exist (Country Oaks I, LP is an LFM Debtor) and this agreement could not have existed because limited partnerships do not have members or operating agreements.

- *Agreement of Limited Partners of Perris Freeway Plaza, LLC*, dated as of December 1, 2001—While Perris Freeway Plaza, LLC once existed (it was converted to a limited partnership), this agreement could not have existed because, again, LLCs do not have limited partners.

- *Agreement of Limited Partners of Specialty Properties Partners, L.L.C.*, dated as of January 28, 2011—Similar to the prior example, while Specialty Properties, LLC once existed (it, too, was converted to a limited partnership), LLCs do not have limited partners.

- *Agreement of Co-Tenants of Folsom Village Partners*, dated as of October 1, 2013—"Folsom Village Partners" does not exist and, beyond that, entities (as opposed to real property) cannot have cotenants.

In each case, the underlying "agreement" could not have served as a basis for transferring any interest, making the transfers legally invalid.

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63 The similarly named Debtors are, respectively: River Birch, LP; River Tree Partners, LP; Treehouse Investments, LP; Buck Avenue Apartments, LP; and Heacock Park Apartments, LP.

Fake Entities Tied to Real Properties. Mattson also invented fake entities and told Investors that those entities owned particular Properties. The Properties did exist, but the entities he named did not. Some illustrative examples include:

- **Comstock Building Partners, LLC**, which Mattson told Investors owned property located at 8340 – 8350 Auburn Boulevard in Citrus Heights (the "Comstock Building"). The Comstock Building, held as a tenancy in common (including KSMP), did exist;[64] Comstock Building Partners, LLC did not.

- **Fulton Village Partners, LLC**, which Mattson told Investors owned property at 1319 – 1361 Fulton Avenue in Sacramento (the "Fulton Village Property"). The Fulton Village Property existed but was *rented* (not owned), by KSMP, who allegedly assigned its rights under the lease to LFM Debtor Beach Pine.[65] The entity does not exist.

- **Greenhaven Partners**, which Mattson told Investors owned property at 7385 Greenhaven Drive in Sacramento (the "Greenhaven Property"). Although the Greenhaven Property existed, and was at one time owned by KSMP, "Greenhaven Partners" itself did not exist.[66]

Again, in each of these examples, the conveyances Mattson caused were invalid because the entities he named as sellers did not exist.

Phantom TIC Interests. Finally, Mattson also sold TIC interests in Properties that were, in fact, held as tenancies in common, but where the seller (typically KSMP) did not actually own the TIC interests it purported to sell. For example, the Joint Investigation uncovered that Mattson "sold" an investor KSMP's TIC Interest under the "Agreement of Co-tenants of Spring Glen Apartments, dated as of October 1, 2006." The Spring Glen Apartments did exist, and they were held as a tenancy in common. But KSMP was never a TIC of or otherwise on title to Spring Glen Apartments. KSMP's only—indirect—interest in the Spring Glen Apartments was through its ownership interest in actual TICs Vaca Villa Apartments LP and Tradewinds Apartments LP (both LFM Debtors).[67] Because KSMP never held a direct TIC interest in Spring Glen Apartments that it could itself sell, its purported sale of such an interest conveyed nothing.

(4) *Type IV Phantom Interests*

Finally, in contrast to Type III Phantom Interests—which involved selling things that did not exist—Mattson also sold Investors Interests in real Entities, but that did not own the Properties

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64 *See* Attachment F-15.

65 *See Declaration of James Grellas Regarding Debtors' Motion for an Order Authorizing Rejection of the Unexpired Fulton Square Ground Lease,* Docket No. 673.

66 Additionally, the Plan Proponents have seen at least one Transfer Agreement pursuant to which Mattson, through KSMP, purportedly sold interests in "Greenhaven Partners" *years after* the Greenhaven property was transferred from KSMP.

67 *See* Attachment F-21.

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he claimed. For example, he sold Interests in Bay Tree, LP (which he represented as holding an interest in 860 Charter Way, Redwood City, CA, even though it did not) and Ponderosa Pines, LP (which he likewise represented as holding an interest in 7456 Foothills Boulevard, Roseville, CA[68] even though it did not).

c. Commingled Bank Account Transactions

(1) *1059 Account Transactions*

Mattson used the 1059 Account to perpetuate his fraud. The account commingled Investor funds from many sources (including the sale of Phantom Interests), and was used to, among other things, make distributions to Investors and pay Mattson's personal debts and the financial obligations of KSMP and its non-Debtor affiliates, including the KSMP Investment Entities. Bank records show that between May 1, 2017, and September 30, 2024, about 50,000 transactions flowed through the 1059 Account (collectively, the "1059 Account Transactions"), moving more than $250 million in deposits (the "Inbound 1059 Account Transactions") and withdrawals (the "Outbound 1059 Account Transactions"). Of that amount, more than $60 million was transferred to KSMP and other non-Debtor entities Mattson controlled and more than $30 million was paid directly to lenders to reduce KSMP's debt. The 1059 Account was in LFM's name but functioned as Mattson's slush fund—hidden from LFM employees, fueled by Investor money, and used to meet obligations across Mattson's enterprise—with no written agreement in place. As will be discussed further below, the account was also used to recycle Investor money—over $70 million paid out and over $104 million deposited from May 2017 through the Petition Date—back to earlier Investors, a hallmark of the Ponzi scheme

(2) *1380 Account Transactions*

Like the 1059 Account, which was held in LFM's name, Mattson used KSMP's 1380 Account to perpetuate his fraud. Just as with the 1059 Account, the 1380 Account commingled funds from many sources (including from Investors, through the sale of Phantom Interests), and was used to, among other things, make distributions to Investors and pay Mattson's personal debts. Bank records show that between January 1, 2017, and September 30, 2024, about 35,000 transactions flowed through the 1380 Account (collectively, the "1380 Account Transactions"), moving more than $240 million in deposits (the "Inbound 1380 Account Transactions") and $240 million in withdrawals (the "Outbound 1380 Account Transactions"). More than $45 million of Outbound 1380 Account Transactions were transferred to LFM.

d. Insider Property Transfers

Another critical component of Mattson's scheme was the transfer of Properties among the Debtors (the "Insider Property Transfers"), in non-arm's length transactions. Among the Insider Property Transfers were hundreds of transfers between KSMP and the LFM Debtors. At the start of the LFM Cases, the LFM Debtors owned about 170 Properties, nearly half of which (81 Properties) were transferred from KSMP. These transfers usually followed a familiar pattern:

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[68] *See* Attachment F-14.

- **Inflated Resales**: Mattson would cause KSMP to buy Properties from third parties and then, sometimes within days, "resell" those Properties to the LFM Debtors at an inflated price.[69]

- **Hidden Debt**: Before transferring Properties to the LFM Debtors, Mattson frequently used KSMP as a "pit stop" to load them with expensive debt, often without disclosing the terms—or even the existence—of these Third-Party Loans. Many of these loans never appeared in the LFM Debtors' Records. The use and implications of these Third-Party Loans are discussed in more detail below.

- **Use of 1059 Account**: Since the Third-Party Loans that KSMP took out were not reflected in the LFM Debtors' Records, Mattson paid them with Investor funds from the 1059 Account.

These Insider Property Transfers illustrate how Mattson moved Properties and obligations between KSMP and the LFM Debtors in ways that concealed debt and relied on Investor funds to keep the scheme operating.

In addition to the movement of Properties between KSMP and the LFM Debtors, Properties were frequently transferred among the LFM Debtors themselves. Of the approximately 170 Properties owned by an LFM Debtor as of the Petition Date, 54 were previously owned by at least one other LFM Debtor. Frequently, these Properties (as well as many Properties that were transferred from KSMP to the LFM Debtors) were passed between Debtors. Further, as shown in section II.C of this Investigation Report and the related attachments, many more Properties not owned by any Debtor as of the Petition Date were the subject of Insider Property Transfers.

Insider Property Transfers (whether between KSMP and the LFM Debtors or only among the LFM Debtors) were often poorly—and in some instances incorrectly—documented. Among other things:[70]

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69 Starting in the early 2000s, in addition to providing property management services, LMPM provided due diligence services on major Property acquisitions by the LFM Debtors. At LFM's direction, LMPM would provide financial analysis, physical inspection, environmental assessment, and market analysis of a prospective investment property (collectively, the "Due Diligence Services"). As a result of the Due Diligence Services, LMPM would identify the property financial reserves necessary to ensure that physical condition issues identified in the due diligence process could be addressed after acquisition. However, starting around 2018, LFM stopped having LMPM provide Due Diligence Services and, to the Debtors' knowledge, no analysis was performed (or at least shared with LMPM) with respect to the physical needs of and adequate reserves necessary for Properties that were acquired by or otherwise transferred to the LFM Debtors (and which were to be managed by LMPM pursuant to Property Management Agreements).

70 Exhibit C to the Jeremiassen Declaration summarizes some of the information known to the Plan Proponents regarding Insider Property Transfers between KSMP and the LFM Debtors.

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- Few Insider Property Transfers went through third-party escrow agents (such as Closing Agents), so they generally lack the more robust documentation such agents would have maintained.

- These transfers also frequently lacked basic paperwork, such as purchase agreements; in fact, most of the transfers were consummated without a purchase agreement.

- Where Closing Statements[71] exist for these transfers without a Closing Agent, they were prepared by LMPM with information from Mattson—information that was often incomplete or incorrect.

e. Third-Party Loans

As noted above, part of Mattson's scheme involved the Debtors taking out loans (the "Third-Party Loans") from outside financing sources (the "Lenders"), secured by one or more Properties. Sometimes, the Debtor that borrowed the money kept ownership of the Property securing the loan. But often, Mattson arranged to transfer those Properties to another Debtor—without disclosing the existence of the debt— even though the Property was still encumbered by the loan. This meant Properties were frequently moved around with hidden debt attached.[72]

The pattern was consistent. Mattson would either cause KSMP to purchase Properties in KSMP's name or cause a Property owned by an LFM Debtor to be transferred to KSMP. He would then encumber those Properties with the Third-Party Loans (either as acquisition financing or post-acquisition funding). And then, after the lender funded the loan and recorded of a deed of trust against the Property, Mattson would cause KSMP to transfer title to a LFM Debtor—subject to the lender's lien.

Mattson used the Third-Party Loans to accomplish several things: (i) extract value from unencumbered Properties that KSMP did not own—by transferring them into KSMP's name, misappropriating the loan proceeds, and then transferring the now-encumbered Properties back to a LFM Debtor subject to the Third-Party Loan; (ii) refinance existing secured debt on encumbered Properties (some of which were, due to KSMP's sale of part of its interests, held as tenancies in common), including "cash-out" refinancings; and (iii) conduct "cash-out" purchases of new Properties, borrowing more than the purchase price.

In sum, Mattson systematically used Third-Party Loans to move Properties and debt between KSMP and the LFM Debtors, extract cash for his own purposes, and, as a result, burdened the LFM Debtors and others with encumbered assets and hidden liabilities.

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71 A "Closing Statement" is a document used in real property transactions that outlines the debits and credits associated with that transaction.

72 In addition to the Third-Party Loans, which were taken out by one or more Debtors, the LFM Debtors currently own and have historically owned Properties that were transferred to the LFM Debtors by an Investor, subject to a loan secured by the Property taken out by the Investor.

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B. Summary of Evidence of Ponzi Scheme

The Joint Investigation revealed that Mattson operated the Debtors and the KSMP Investment Entities as a Ponzi scheme from at least 2008 to 2024. Because the Debtors' Investment Vehicles did not produce sufficient profits to sustain payments to Investors, the Debtors continually relied on obtaining new investments to do so—the very definition of a Ponzi scheme. While the Plan Proponents believe that a Ponzi Finding as to each Debtor and the KSMP Investment Entities would be appropriate even without Substantive Consolidation of all Debtors, given that the Plan proposes Substantive Consolidation of the Debtors, the Investigation Report assumes that the Debtors and the KSMP Investment Entities will be substantively consolidated and summarizes the Ponzi scheme evidence on that basis.

The evidentiary record supporting Substantive Consolidation also supports the Ponzi Finding.[73] Rather than restating that evidence, this section focuses on the specific evidence supporting four of the most common indicia of a Ponzi scheme: old Investors being paid with new Investor money, commingled funds, insufficiency of profits to sustain Investor distributions, and the use of false financial statements.

1. New Investors Paying Old Investors

Generally, real estate investors receive distributions from one of two sources—a property's operating profit (i.e., operating revenues minus operating expenses) or net proceeds upon the real property's sale. The documents governing the Debtors' Investment Vehicles (i.e., Co-Tenancy Agreements, Limited Partnership Agreements, and Operating Agreements) are consistent with this general rule. The Debtors' Co-Tenancy Agreements generally provided that TIC Investors would receive their proportionate share of their Property's Positive Operating Cash Flow[74] at least quarterly.[75] Similarly, Partnership Agreements and Operating Agreements provided that "[a]ll cash resulting from the normal business operations of the Partnership and from a Capital Event shall be distributed as and when determined by the General Partner, in its sole discretion" and, when such a distribution occurs, it "shall be made among the Partners in proportion to their Percentage

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73 *See, e.g.*, *In re Woodbridge Grp.*, 592 B.R. 761, 778 (Bankr. D. Del. 2018) (noting that a Ponzi scheme is a "compelling circumstance" overcoming the presumption of corporate separateness in a substantive consolidation analysis); *see also Pergament v. Torac Realty, LLC* (*In re Diamond Fin. Co.*), 658 B.R. 748, 768 (Bankr. E.D.N.Y. 2024) ("Clearly, this complex web of intercompany transactions was a scheme to take funds from investors, shuttle the funds to and from the Debtor and its entities to create a false sense of profitability, and then to use those funds to pay back earlier investors.").

74 "Positive Operating Cash Flow" was defined in Co-Tenancy Agreements as "all revenues received from operation of the Property, together with amounts the Manager has reasonably determined can be released from reserves (as opposed to proceeds from sale, refinancing or insurance, except to the extent such proceeds constitute proceeds from rent continuation insurance)" *minus* payment of current expenses and costs for the Property (including mortgage payments), repayment of funds advanced by a Co-Tenant in accordance under the Co-Tenancy Agreement, and agreed-upon reserves set forth in a pro forma.

75 *See, e.g., Tradewinds Apartments Co-Tenancy Agreement* ¶ 13.

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Interests."[76] In fact, Partnership Agreements and Operating Agreements provided that Investors "shall not be entitled to withdraw any part of the Partner's Capital Contribution or receive any distributions, whether of money or property from the Partnership except as provided in" the relevant agreement.[77]

In reality, though, this is not how the Debtors or the KSMP Investment Entities operated. As discussed, the Debtors prominently marketed regular monthly distributions to Investors as a key inducement to invest. By and large—at least until the early 2020s—the Debtors delivered on this promise, even though it was not a contractual obligation. As discussed below, however, these payments could not be sustained by each Property's operating profit—often because Properties operated at a loss. Instead, old Investors' distributions generally came from new investments

a. The 1059 Account and the 1380 Account

As discussed above, the 1059 Account was a key instrument of Mattson's fraud. From May 2017 through the Petition Date, Investors deposited over $104 million into the 1059 Account. These funds were commingled and not allocated to or invested in the Debtors (or Properties) in which the Investors believed they were investing. Rather, these funds were used for a variety of purposes, including making more than $70 million in payments to earlier Investors since 2017 alone—evidence of the Ponzi scheme. In fact, the account activity itself makes clear that Investor money was being recycled to pay other Investors.

[76] *See, e.g., Limited Partnership Agreement of Willow Oak, LP* § 4.5.

[77] *See, e.g., id.* § 3.6.

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On numerous occasions between May 2017 and the Petition Date, the balance in the 1059 Account fell so low that the flow of funds can be traced with certainty.[78] In those instances, some of which are illustrated below, the only mathematically-possible conclusion is that new Investor deposits were used to pay old Investors:

Beginning Balance (October 4, 2017)	**-$1,160**
Cash Activity from 10/4/2017 to 10/6/2017	
Receipts from:	
Investors:	$386,785
Other:	$200,000
Disbursements to:	
Investors:	$419,268
Other:	$155,438
Ending Balance (October 6, 2017)	**$10,919**

Beginning Balance (July 14, 2023)	**$41,312**
Cash Activity from 7/14/2023 to 7/25/2023	
Receipts from:	
Investors:	$995,000
Other:	$105,739
Disbursements to:	
Investors:	$466,162
Other:	$624,895
Ending Balance (July 25, 2023)	**$50,994**

Beginning Balance (May 22, 2019)	**$88,447**
Cash Activity from 5/22/2019 to 5/30/2019	
Receipts from:	
Investors:	$513,000
Other:	$18,000
Disbursements to:	
Investors:	$250,175
Other:	$279,566
Ending Balance (May 30, 2019)	**$89,706**

Beginning Balance (Oct. 31, 2023)	**-$2,994**
Cash Activity from 10/31/2023 to 11/1/2023	
Receipts from:	
Investors:	$225,000
Other:	$121,558
Disbursements to:	
Investors:	$251,016
Other:	$69,111
Ending Balance (Nov. 1, 2023)	**$23,437**

Beginning Balance (July 7, 2023)	**-$1,335**
Cash Activity from 7/7/2023 to 7/10/2023	
Receipts from:	
Investors:	$180,000
Other:	$3,000
Disbursements to:	
Investors:	$126,265
Other:	$21,536
Ending Balance (July 10, 2023)	**$33,864**

Other than payments from and to Investors--which totaled approximately $105 million and $70 million, respectively, between May 2017 and July 2024--the most significant activity in the 1059 Account consisted of transfers to and from the 1380 Account. During that period, there were more than 560 transfers totaling approximately $51 million from the 1380 Account to the 1059 Account and more than 350 transfers totaling approximately $40 million in the opposite direction. Based on the Plan Proponents' review of the 1059 Account data, it appears that predominantly Investor receipts were deposited in the 1059 Account and then transferred to the 1380 Account,

[78] That Mattson allowed the 1059 Account balance to get so low on some occasions does not change the fact that, as a general matter, "commingling of investor funds . . . makes fund tracing impossible." *Miller v. Wulf*, 84 F. Supp. 3d 1266, 1274 (D. Utah. 2015) (citing *In re Hedged-Investments Assocs.*, 48 F.3d 470, 474 (10th Cir. 1995), *aff'd*, 632 F. App'x 937 (10th Cir. 2015)).

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and that transfers were made back to the 1059 Account (predominantly) when needed to pay Investors.

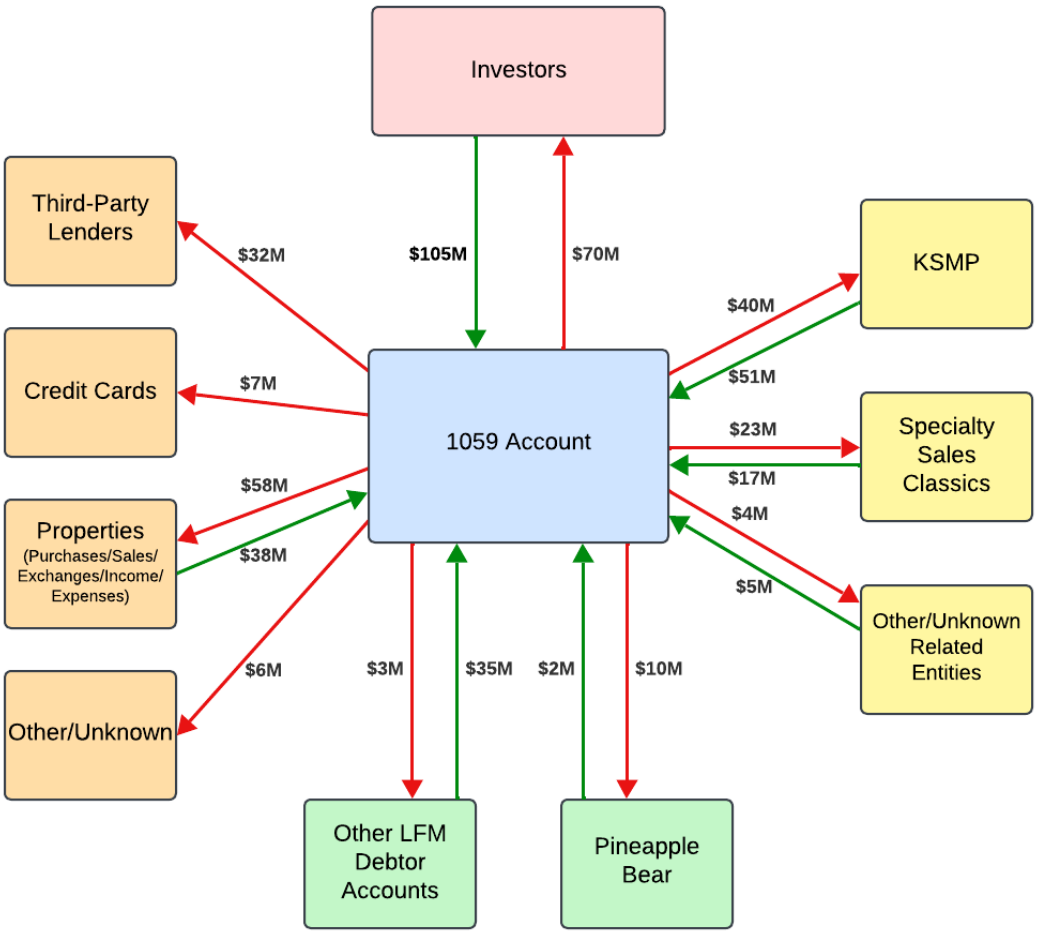
b. Moving Funds Among Investment Vehicles

As set forth in the relevant Investors agreements (i.e., Co-Tenancy Agreements, Limited Partnership Agreements, and LLC Operating Agreements), Investors were generally entitled to distributions when Properties operated profitably. Thus—as with investing generally—when an investment was profitable, Investors should have reaped the monetary benefits. Similarly, when an investment was not profitable, they should have received nothing at all.

The Debtors, however, promised Investors a regular monthly distribution, no matter how an investment was performing. Therefore, when Property reserve funds became insufficient to continue making regular distributions (discussed in further detail in section II.B.3 below), the LFM Debtors turned to LFM Intercompany Transactions, using funds from a "cash rich" Investment Vehicle. By regularly moving money around from "cash rich" Investment Vehicles to "cash poor" ones, the Debtors were using funds from new investors (whether an Investor or a Third-Party Lender) to pay distributions to old Investors.

2. Commingled Funds

As noted above, the Debtors and the KSMP Investment Entities frequently commingled Investors' funds, particularly through the 1059 Account and the 1380 Account.[79] Mattson caused the Debtors to deposit Investor funds into these Commingled Bank Accounts and use them to maintain the façade of a legitimate business--by making continued distributions to Investors--and to pay personal and unrelated business expenses. The graphic below shows the commingling of funds that passed through the 1059 Account between May 2017 and July 2024:



Mattson also used the 1380 Account as a slush fund. Between August 2017 and March 2022, for example, Mattson made over $750,000 in credit card payments from the 1380 Account, including more than $510,000 for a Macy's credit card alone. Other payments from the 1380 Account went to Planet Fitness, Best Buy, FTX, Kia, Honda, the California Department of Motor

[79] *Commingling* simply means mixing funds that should be kept separate, in particular "a fiduciary's mixing of personal funds with those of a beneficiary or client." *See Black's Law Dictionary* (11th ed. 2019).

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Vehicles, and Primerica (a multi-level marketing company that provides personal insurance services).

Because Mattson had control over all of the Commingled Bank Accounts, he was able to transfer funds from one account to another when money was needed. When one of the Commingled Bank Accounts had cash (such as through an influx of new Investor money) and another needed money (most frequently to make distributions to Investors or to pay bills), Mattson would simply transfer cash from one slush fund to another. For instance, between August 1, 2017 and May 31, 2024, at least 289 Inbound 1380 Account Transactions, totaling approximately $39.8 million in transfers, originated from the 1059 Account. In that same period, there were at least 421 Outbound 1380 Account Transactions sent to the 1059 Account, totaling more than $46.5 million in transfers.

While the commingling occurred primarily in the 1059 and 1380 Accounts, even a cursory review of the documents produced to the Plan Proponents confirms it extended beyond those accounts.[80]

- **Ceres Account**: The Ceres Account was (as its name suggests) related to the Ceres West Mobile Home Park (2030 E. Grayson Road in Ceres). The Plan Proponents identified hundreds of regular payments made out of the Ceres Account to Third-Party Lenders that were unrelated to that Property—though they were lenders on other Debtor Properties—including Axos Bank, Select Portfolio Servicing, Mr. Cooper, FCI Lender Services, First Bridge Lending, ReProp, Select Lending Services, and Bank of America. The Plan Proponents have also identified regular payments from the Ceres Account for two personal credit cards, one issued by Citi and one issued by Macy's. Additionally, payments made out of the Ceres Account to San Diego Gas & Electric. Although the Ceres West Mobile Home Park is not serviced by SDGE, other Properties that owned or formerly owned by the Debtors or Mattson are.

- **PFP FB Account**: A cursory review of the PFP FB Account Documents indicates that Mattson made distributions to Investors for non-Perris Freeway Plaza investments from that account. Mattson frequently wrote round-number checks from the PFP FB Account to LFM, and regularly transferred funds to and from the 1059 Account, often without any explanation in the memo line. Mattson also deposited checks in the PFP FB Account that were written out to Windtree, LFM, and LMPM.

- **KSMP FB Account**: A review of the KSMP FB Account Documents reveals that Mattson made regular payments on what appears to be a personal Macy's credit card from the KSMP FB Account and deposited checks written out to LFM in KSMP's bank account.

[80] As noted above, because the Plan Proponents only recently received such documents, the bank account data has neither been structured nor comprehensively reviewed.

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3. Business Operations Unable to Produce Sufficient Profits

The Debtors attracted investments by promising—and delivering—a fixed monthly "distribution" to Investors, typically equal to a 6% annual return on their principal as to each individual investment. Certain Investment Vehicles were more profitable than others. Yet, on the whole and as the LFM Debtors themselves acknowledged beginning in the early 2000s, regular monthly distributions to Investors—***even as to Record Investors alone***—could not be sustained by operating cash flow. Put another way, since at least the early 2000s, the profits generated by the Debtors' Investment Vehicles were insufficient to make the regular monthly distributions to Investors.[81]

While certain Properties were—at least in later years—rather profitable, ***none of the Properties owned by the Debtors had sufficient cash flow every year to make the promised regular monthly distributions to Investors***. Notwithstanding the fact that none of the Debtors' Investment Vehicles were actually able to make all distributions out of Properties' operational cash flow, Investors still generally received regular distributions, even when the Investment Vehicle was operating in the red. Even as a whole, the Debtors' mix of Properties would have been unable to produce enough operating cash flow to allow for the Record Investors—much less all Investors—to receive regular 6 – 8% distributions.

Because the Debtors could not sustain regular distributions to Investors with legitimate profits, they often depended on tapping into a Property's reserve funds—amounts intended to maintain and improve the Properties when necessary. As a result, many of the Properties suffer from maintenance and upkeep issues—ranging from cosmetic to serious—that have reduced the purchase prices that the Debtors have been able to obtain for such Properties. Some of the more serious issues that have arisen are leaking roofs, rotted and unsafe staircases, vermin infestations (including, as to one Property owned by KSMP, a rat problem so bad that the municipal government has gotten involved), and black mold. A few examples are discussed below.[82]

Tradewinds Apartments. The Tradewinds Apartments, located at 1189 Dana Drive in Fairfield, CA (the "Tradewinds Apartments") have been owned by the Debtors (at least in part) since June 1999, as shown on Attachment F-4. In April 2005, a group of tenants in common, including LFM (collectively, the "Tradewinds Apartments TICs"), purchased the Tradewinds Apartments from LFM Debtor Tradewinds for $3.4 million. Most of the Tradewinds Apartments

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81 To be sure, it is common for real estate investment firms to have a mix of properties, some of which are more profitable than others. There are two important differences between such nonfraudulent real estate investment firms and the Debtors. First, those legitimate investment firms straightforwardly inform their investors that they are investing in a "pool" of real estate, whereas the Debtors represented to Investors that they were investing in specific Properties (even if they were not). Second, as noted above, the Debtors' portfolio of real estate could never sustain a 6% annual return.

82 Because neither of the Properties discussed below have been sold by the LFM Debtors as of the date of the filing of this Investigation Report, the Plan Proponents may supplement the Investigation Report.

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TICs [83] maintained their direct ownership interests until January 2022, when they conveyed them to LFM Debtor Willow Oak in exchange for ownership interests in Willow Oak.

As shown on Attachment G-1, the Tradewinds Apartments did not turn a profit—and, in fact, lost between $13,000 and $225,000 per year—from 2006 through 2016. Even though the Property was losing money, the Tradewinds Apartments TICs still received between $68,000 and $74,000 in total distributions each of those years. ***The only way the Debtors were able to make these distributions to the Tradewinds Apartments TICs was through transfers from other Investment Vehicles (i.e., through LFM Intercompany Transactions).***

In each of 2017 through 2019, although the Tradewinds Apartments made a modest yearly profit (between $18,000 and $58,000), the Debtors paid out more in distributions—over $75,000 annually—to the Tradewinds Apartments TICs than profits made. Distributions to the Tradewinds Apartments TICs in 2020 through 2023 were sustainable through the Tradewinds Apartments' operating cash flow (plus the 2022 cash-out refinance of the Property). However, the Debtors' continued payment of distributions to Investors came at the expense of the Property itself.

The Tradewinds Apartments suffer from serious property condition issues, including major structural deck and balcony work, electrical issues that pose a fire hazard and reduce the Property's insurability, and other major deferred maintenance. These issues have negatively affected the LFM Debtors' ability to sell the Tradewinds Apartments—which, as of October 15, 2025, has not been sold.

Sharis Apartments. The Sharis Apartments, located at 415 Fleming Avenue East in Vallejo, CA (the "Sharis Apartments") have been owned by the Debtors (at least in part) since September 2002, as shown on Attachment F-8. In December 2004, a group of tenants in common, including LFM (collectively, the "Sharis Apartments TICs"), purchased the Sharis Apartments from LFM Debtor Sequoia for $3.68 million. Most of these Sharis Apartments TICs[84] maintained their direct ownership interests the Sharis Apartments until August 2019, when they conveyed them to LFM Debtor Foxtail Pine in exchange for ownership interests in Foxtail Pine.

As shown on Attachment G-2, the Sharis Apartments lost money between 2005 and 2010 and again between 2017 and 2018, yet the Sharis Apartments TICs still received between $84,000 and $99,000 in total distributions each year. In each of the other years excluding 2022 (i.e., 2011–2016 and 2019–2023), although the Sharis Apartments turned a profit, the Debtors paid more in distributions to the Sharis Apartments TICs—over $97,000 per year— than profits made. In fact, in the nineteen years in which the Sharis Apartments TICs held an interest in the Property, only *once* did the Sharis Apartments make a sufficient profit to sustain the regular distributions to the Sharis Apartments TICs.

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[83] Of the ten original Tradewinds Apartments TICs, (a) two conveyed their TIC interests to LFM (in 2013 and 2015) and (b) one conveyed their TIC interest to another Investor in 2005. One other original Tradewinds Apartments TIC divided its interest among seven family members.

[84] Of the ten original Sharis Apartments TICs, three conveyed their TIC interests to LFM between 2015 and 2019.

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The Sharis Apartments also suffer from property condition issues, including significant deferred maintenance. These issues have negatively affected the LFM Debtors' ability to sell the Tradewinds Apartments—which, as of October 15, 2025, has not been sold.

4. Use of False Financial Statements

In order to conceal and perpetuate the Ponzi scheme he was operating, Mattson used false and misleading financial information. For example, when Mattson sold a Phantom Interest to an Investor, he would create and provide fraudulent tax documents—such IRS Form K-1s—to Investors to make the investment seem legitimate. In certain instances, the fraudulent tax documents that Mattson created were for Entities that did not actually exist (e.g., "Country Oaks, LP," "Watertree LP," "Live Oak LP," and "Valley Oaks Investments LP.")

Mattson also falsely represented certain Debtors' assets and liabilities to various parties, including Investors and Third-Party Lenders. For example, Mattson often represented that KSMP owned certain Properties when, in fact, it did not.[85] The Plan Proponents also continue to investigate whether financial statements provided to Investors were false or misleading, particularly in those instances where Properties were subject to "hidden" Third-Party Loans.

C. Summary of Each of the Debtors

A key finding of the Joint Investigation is the extent to which each of the Debtors is entangled with the others. The relationships among the Debtors and the KSMP Investment Entities are complex and deeply interwoven, even with the limited records the Plan Proponents have. To aid in understanding these relationships, the Plan Proponents summarize below the following information for each Debtor and the non-Debtor KSMP Investment Entities:[86] (i) its Record Investors and any known Non-Record Investors; (ii) the Investor Claims filed or scheduled against it, including the extent to which such Investors have filed or scheduled Investor Claims in other Debtors; (iii) transactions involving the 1059 Account and, where applicable, the 1380 Account;[87] (iv) intercompany balances owed to and from other Debtors; and (v) current and known historical

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85 As one example, in a "Schedule of Real Estate Owned" that Mattson provided to First Bank in early 2017, he represented that, as of September 30, 2016, KSMP owned 75% of 210 La Salle Avenue (KSMP owned 0%) and 100% of 7456 Foothills Boulevard (KSMP owned 42.203%).

86 Information concerning Record Investors and Intercompany Transactions comes from the LFM Debtors' Records; however, the LFM Debtors are still working to fully reconcile all Open Intercompany Transactions. Information concerning 1059 Account Transactions and 1380 Account Transactions comes from the 1059 Account Records and 1380 Account Records, respectively. Information concerning Property ownership generally comes from the real property records maintained by the applicable county (the "Real Property Records"). All other information comes from Third-Party Discovery and Investor Claims.

87 The Plan Proponents have been able to more easily identify Outbound 1380 Transactions than Inbound 1380 Account Transactions because debits from the 1380 Account frequently contained memos that identified the purpose of the transaction (most commonly the alleged investment). Additional forensic accounting would very likely increase the Inbound 1380 Account Transactions associated with each Debtor.

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Property holdings. This presentation is intended to provide a consistent basis for showing the interconnectedness of the Debtors and the Investor Claims asserted or scheduled against them.

However, the standardized presentation below does not fully reflect the complexity of the Debtors' interconnectedness. For certain of the Debtors (specifically Hagar and Live Oak) and one KSMP Investment Entity (Treehouse), the Plan Proponents have included additional information to provide further examples of the ways in which all of the Debtors and the KSMP Investment Entities are hopelessly entangled.

1. LFM

Investors: LFM has two Record Investors, LeFever and Mattson, each owning 50%. No Investor has claimed to be a Non-Record Investor in LFM (i.e., no Investor other than LeFever or Mattson has asserted that they have any equity ownership in LFM).

Investor Claims: 700 Investors have asserted Investor Claims directly against LFM. Many more Investors also appear to assert Investor Claims against LFM as part of Investor Claims filed against other LFM Debtors.

1059 Account and 1380 Account Transactions: The 1059 Account is (and has always been) in LFM's name. Thus, by definition, each of the 50,154 1059 Account Transactions involved LFM. Between May 1, 2017, and May 31, 2024, there were 2,573 Inbound 1059 Account Transactions totaling $254,760,000 and 47,581 Outbound 1059 Account Transactions totaling $255,020,000. In addition, between May 1, 2017, and May 31, 2024, there were at least 289 Inbound 1380 Account Transactions totaling $39,801,543 and 421 Outbound 1380 Transactions totaling $46,520,695 with respect to LFM.

Intercompany Transactions: As of the Petition Date, LFM was owed a total of $8,389,187 from sixteen other LFM Debtors and owed $292,000 to two other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As detailed in Attachment A, as of the Petition Date, LFM held title to 53 Properties, twelve of which were encumbered by a Third Party Loan taken out by KSMP. Also as set forth in Attachment A, LFM previously held (but, as of the Petition Date, no longer held) title to at least 132 additional Properties.

2. KSMP

Investors: KSMP has three Record Investors: Mattson (49%), his wife Stacy Mattson (49%), and KS Mattson Company LLC ("KSMC") (2%). Mattson and his wife each own 50% of KSMC. To date, no Investor has claimed to be a Non-Record Investor in KSMP.

Investor Claims: Prior to KSMP's entry into chapter 11, 154 Investors filed Investor Claims directly against KSMP in the LFM Debtors' cases (the "Initial KSMP Claims"). In addition, 566 Investors filed Investor Claims against KSMP in the KSMP chapter 11 case (the "Subsequent KSMP Claims"). The vast majority of the Subsequent KSMP Claims were filed by Investors that had filed Initial KSMP Claims.

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1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were 950 Inbound 1059 Account Transactions totaling $92,000,000 and 375 Outbound 1059 Account Transactions totaling $25,000,000 with respect to KSMP. The 1380 Account is (and has always been) in KSMP's name. Thus, by definition, each of the 35,303 1380 Account Transactions involved KSMP. Between May 1, 2017, and May 31, 2024, there were at least 2,186 Inbound 1380 Account Transactions totaling $241,017,309 and 33,117 Outbound 1380 Transactions totaling $240,823,993.

Property Interests: As detailed in Attachment B, as of the Petition Date, KSMP held title (in whole or in part) to thirty-three Properties. Also as set forth in Attachment B, KSMP previously held (but, as of the Petition Date, no longer held) title to at least 147 additional Properties.

3. The LFM Investment Entities

a. Autumn Wood I, LP

Investors: Autumn Wood I, LP ("Autumn Wood") has twenty-six Record Investors, including LFM (35.665%), Tim LeFever (1.189%), and Amy LeFever (0.533%). Thirty-five Non-Record Investors have submitted Investor Claims against Autumn Wood.

Investor Claims: Fifty-seven Non-Insider Investors have Investor Claims against Autumn Wood. Of these, 75% have Investor Claims against at least one other LFM Debtor and 60% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Autumn Wood from a KSMP Debtor.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 1,133 1059 Account Transactions with respect to Autumn Wood: 12 Inbound 1059 Account Transactions totaling $2,109,000 and 1,121 Outbound 1059 Account Transactions totaling $1,650,338. In addition, between May 1, 2017, and May 31, 2024, there were at least 21 Outbound 1380 Transactions totaling $50,323 with respect to Autumn Wood.

Intercompany Transactions: As of the Petition Date, Autumn Wood owes a total of $2,263,085 to fourteen other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Autumn Wood held title to one Property.[88] Autumn Wood previously held (but, as of the Petition Date, no longer held) title to at least three additional Properties.[89]

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[88] A 49.5% TIC interest in Salvio Pacheco Square (2151 Salvio Street, Concord), which it purchased from a third party in November 2017.

[89] Those Properties are: (a) Property located at 395 – 397 Coombs Street/1203 – 1219 Laurel Street, Napa, transferred to Autumn Wood by three TICs (including LFM) in October 2003 and transferred from Autumn Wood to LFM in October 2003 (*see* Attachment F-26); (b) Marpel Apartments (501 – 523 Carpenter Street, Fairfield), which was transferred to Autumn Wood by TICs in August 2003 and transferred by Autumn Wood to TICs in October 2003 (*see* Attachment F-7); and (c) Autumnwood Apartments (1111 Alaska Avenue, Fairfield) from October 2003 to October 2017.

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b. Bay Tree, LP

Investors: Bay Tree, LP ("Bay Tree") is a Mattson Maintained Debtor. Therefore, the Plan Proponents do not have sufficient information to identify any Record Investors in Bay Tree.

Investor Claims: Fifty Non-Insider Investors have Investor Claims against Bay Tree. Of these, 90% have Investor Claims against at least one other LFM Debtor and 66% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Bay Tree from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 3,661 Outbound 1059 Account Transactions totaling $5,896,751 with respect to Bay Tree. In addition, between May 1, 2017, and May 31, 2024, there were at least 21 Outbound 1380 Transactions totaling $37,602 with respect to Bay Tree.

Property Interests: Mattson represented to Investors that Bay Tree owned 860 Charter Way in Redwood City. However, Bay Tree has never owned any recorded interest in 860 Charter Way—or any other Property.

c. Beach Pine, LP

Investors: Beach Pine, LP ("Beach Pine") has twelve Record Investors, including LFM (38.5735%) and KSMP (9.8994%). Thirteen Non-Record Investors have submitted Investor Claims against Beach Pine.

Investor Claims: Twenty-three Non-Insider Investors have Investor Claims against Beach Pine. Of these, 74% have Investor Claims against at least one other LFM Debtor and 78% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Beach Pine from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were not less than 67 Outbound 1059 Account Transactions totaling $247,142 with respect to Beach Pine. In addition, between May 1, 2017, and May 31, 2024, there were at least 4 Inbound 1380 Account Transactions totaling $3,802,274 and 465 Outbound 1380 Transactions totaling $700,616 with respect to Beach Pine.

Intercompany Transactions: As of the Petition Date, Beach Pine owes a total of $547,546 to five other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Beach Pine held title to one Property.[90] Beach Pine previously held (but, as of the Petition Date, no longer held) title to at least five additional Properties.[91]

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[90] 377 W. Spain Street, Napa, which KSMP transferred to Beach Pine in December 2022.

[91] Those Properties are: (a) Water's Edge Apartments (5959 Riverside Boulevard, Sacramento), which was transferred to Beach Pine by a group of TICs (including LFM and KSMP) in November 2018 and transferred from Beach Pine to Waters Edge in June 2020 in a purported 1031 Exchange; (b)

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d. Bishop Pine, LP

Investors: Bishop Pine, LP ("Bishop Pine") has fifteen Record Investors, including LFM (43.7134%). Four Non-Record Investors have submitted Investor Claims against Bishop Pine.

Investor Claims: Eighteen Non-Insider Investors have Investor Claims against Bishop Pine. Of these, 78% have Investor Claims against at least one other LFM Debtor and 61% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Bishop Pine from KSMP.

1059 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 202 Outbound 1059 Account Transactions totaling $147,651 with respect to Bishop Pine.

Intercompany Transactions: As of the Petition Date, Bishop Pine is owed a total of $1,114,100 from fifteen other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Bishop Pine did not have an interest in any Properties; Bishop Pine held an interest in at least one Property prior to the Petition Date.[92] Bishop Pine is also the sole member of non-Debtors Waters Edge Riverside Properties LLC ("Waters Edge") and Woodland Oaks Investments LLC ("Woodland Oaks Investments").

e. Black Walnut, LP

Investors: Black Walnut, LP ("Black Walnut") has five Record Investors, including LFM (56.801%). Three Non-Record Investors have submitted Investor Claims against Black Walnut.

Investor Claims: Seven Non-Insider Investors have Investor Claims against Black Walnut. Of these 71% have Investor Claims against at least one other LFM Debtor and 86% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Black Walnut from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 199 Outbound 1059 Account Transactions totaling $537,310 with respect to Black Walnut. In addition, between May 1, 2017, and May 31, 2024, there were at least 4 Inbound 1380 Account Transactions totaling $3,250,0000 with respect to Black Walnut.

4950 – 4970 Allison Parkway, Vacaville, which was transferred from Golden Tree to Beach Pine in August 2020 and transferred from Beach Pine to Windscape in November 2022; (c) 1220 E. Napa Street, Sonoma, which was transferred from KSMP to Beach Pine in December 2022 and sold by Beach Pine in July 2024; (d) 1200 Apple Tree Court, Sonoma, which was transferred from KSMP to Beach Pine in December 2022 and sold by Beach Pine in August 2024; and (e) 282 Patten Street, Sonoma, which was transferred from KSMP to Beach Pine in December 2022 and sold by Beach Pine in August 2024.

92 Sterling Pointe Apartments (2237/2257 Hurley Way, Sacramento), in which Bishop Pine held a 68.748% TIC interest, acquired from other TICs, from July 2019 until December 2019 (*see* Attachment F-29).

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Intercompany Transactions: As of the Petition Date, Black Walnut is owed a total of $39,787 from one other LFM Debtor on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Black Walnut held title to five Properties;[93] Black Walnut held interests in at least two additional Properties prior to the Petition Date.[94]

f. Buckeye Tree, LP

Investors: Buckeye Tree, LP ("Buckeye Tree") has twelve Record Investors, including LFM (16.203%). Three Non-Record Investors have submitted Investor Claims against Buckeye Tree.

Investor Claims: Fourteen Non-Insider Investors have Investor Claims against Buckeye Tree. Of these, 64% have Investor Claims against at least one other LFM Debtor and 36% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Buckeye Tree from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 14 Outbound 1059 Account Transactions totaling $9,000 with respect to Buckeye Tree.

Intercompany Transactions: As of the Petition Date, Buckeye Tree owes a total of $142,363 to five other LFM Debtors on account of Open Intercompany Transactions.

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93 Those Properties are: (a) 789 Cordilleras Drive, Sonoma, which KSMP transferred to Black Walnut in December 2022; (b) 20564 Broadway, Sonoma, which KSMP transferred to Black Walnut in December 2022; (c) 653 W. Third Street, Sonoma, which KSMP transferred to Black Walnut in December 2022; (d) 391 – 455 Oak Street/19173 Railroad Avenue, Sonoma, which KSMP transferred to Black Walnut in December 2022; and (e) 19020 – 19030 Railroad Avenue, Sonoma, which Black Walnut purchased in December 2022 (subject to a purported loan from Black Walnut to KSMP).

94 Those Properties are: (a) Spring Glenn Apartments (555 Elmira Road, Vacaville), in which Black Walnut held a 34.436% TIC interest acquired from a group of TICs in November 2014 until the Property was sold in December 2017 (*see* Attachment F-21); and (b) Woodcreek Plaza (7456 Foothills Boulevard, Roseville), which was transferred from Windtree to Black Walnut in March 2018 and transferred from Black Walnut to Windscape in November 2022 (*see* Attachment F-14).

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Property Interests: As of the Petition Date, Buckeye Tree held title to five Properties;[95] Buckeye Tree previously held (but, as of the Petition Date, no longer held) title to at least one additional Property.[96]

g. Bur Oak, LP

Investors: Bur Oak, LP ("Bur Oak") has fifteen Record Investors, including LFM (37.3166%).

Investor Claims: Fourteen Non-Insider Investors have Investor Claims against Bur Oak. Of these, 71% have Investor Claims against at least one other LFM Debtor and 57% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Bur Oak from KSMP.

Intercompany Transactions: As of the Petition Date, Bur Oak owes a total of $949,700 to 6 other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Bur Oak held title to one Property.[97]

h. Butcher Road Partners, LLC

Investors: Butcher Road Partners, LLC ("Butcher Road") is a Mattson Maintained Debtor.

Investor Claims: Eighty-two Non-Insider Investors have Investor Claims against Butcher Road. Of these, 76% have Investor Claims against at least one other LFM Debtor and 65% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Butcher Road from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 1,524 Outbound 1059 Account Transactions totaling $1,618,101 with respect to Butcher Road. In addition, between May 1, 2017, and May 31, 2024, there were at least six Outbound 1380 Transactions totaling $7,769 with respect to Butcher Road.

Property Interests: As of the Petition Date, Butcher Road did not have an interest in any Properties. Mattson represented to Investors that Butcher Road owned the Vaca Villa Apartments in Vacaville, California. However, Butcher Road has never owned any interest in the Vaca Villa Apartments; rather, between January 2013 (when the parcels were transferred from LFM) and

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[95] Those Properties are: (a) a 50% TIC interest in 635 Broadway, 645 – 651 Broadway, 1151 Broadway, and 1161 – 1167 Broadway in Sonoma, each of which was purchased from a third party in September 2022; and (b) 16721 Sonoma Highway, Sonoma, which KSMP transferred to Buckeye Tree in November 2022.

[96] Specifically, a 68.748% TIC interest in Carmichael Apartments (5800 Engle Road, Carmichael), which Buckeye Tree acquired from seven TICs in June 2022 and transferred to RTCM in July 2022 in a purported 1031 Exchange.

[97] Dana Drive Apartments (1190 Dana Drive, Fairfield), which it acquired from TICs in January 2022 (*see* Attachment F-3).

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November 2022 (when the parcels were transferred to Windscape), Butcher Road owned four undeveloped parcels adjacent to the Vaca Villa Apartments.

i. Cambria Pine, LP

Investors: Cambria Pine, LP ("Cambria Pine") has eight Record Investors, including LFM (28.7189%). Three Non-Record Investors have submitted Investor Claims against Cambria Pine.

Investor Claims: Ten Non-Insider Investors have Investor Claims against Cambria Pine. Of these, 90% have Investor Claims against at least one other LFM Debtor and 70% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Cambria Pine from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 215 Outbound 1059 Account Transactions totaling $111,150 with respect to Cambria Pine.

Intercompany Transactions: As of the Petition Date, Cambria Pine owes a total of $564,280 to thirteen other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Cambria Pine held title to one Property.[98]

j. Chestnut Oak, LP

Investors: Chestnut Oak, LP ("Chestnut Oak") has eight Record Investors, including LFM (2.3262%).

Investor Claims: Seven Non-Insider Investors have Investor Claims against Chestnut Oak. Of these, 57% have Investor Claims against at least one other LFM Debtor and 29% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Chestnut Oak from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 100 Outbound 1380 Transactions totaling $100,182 with respect to Chestnut Oak.

Intercompany Transactions: As of the Petition Date, Chestnut Oak owes a total of $709,750 to seven other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Chestnut Oak held title to one Property.[99]

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98 Camelia Square Apartments (1621 Hood Road, Sacramento), which it acquired from TICs in November 2018 (*see* Attachment F-2).

99 Walnut Crest Apartments (3217 Walnut Avenue, Carmichael), which it acquired from TICs in January 2022 (*see* Attachment F-10).

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k. Divi Divi Tree, LP

Investors: Divi Divi Tree, LP ("Divi Divi") has 4 Record Investors as of the Petition Date: LFM (17.6326%), KSMP (48.467%), Tim and Amy LeFever (19.4583%), and the Richard & Carolyn Treakle Revocable Trust (14.4421%). As detailed above, however, since approximately 2009, Mattson sold IRA Phantom Interests to Investors, which were never reflected in the LFM Debtors' Investment Records. Although Mattson has claimed that he only ever transferred KSMP's interest in Divi Divi, such a claim is mathematically impossible; among other things, even ownership reports that Mattson sent to certain IRA Custodians indicate that the Richard & Carolyn Treakle Revocable Trust had less than 14.4421% of Divi Divi's partnership interests. 204 Non-Record Investors have submitted Investor Claims against Divi Divi.

Investor Claims: Two hundred five Non-Insider Investors have Investor Claims against Divi Divi. Of these, 60% have Investor Claims against at least one other LFM Debtor and 68% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Divi Divi from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 1,615 1059 Account Transactions with respect to Divi Divi: 116 Inbound 1059 Account Transactions totaling $29,226,800 and 1,503 Outbound 1059 Account Transactions totaling $1,824,890. In addition, between May 1, 2017, and May 31, 2024, there were at least two Inbound 1380 Account Transactions totaling $5,500,000 and fourteen Outbound 1380 Transactions totaling $609,511 with respect to Divi Divi.

Property Interests: As of the Petition Date, Divi Divi did not have an interest in any Properties; rather, Divi Divi holds 100% of the membership interests in Sienna Pointe. Divi Divi previously held (but, as of the Petition Date, no longer held) title to at least five Properties.[100]

l. Firetree I, LP; Firetree II, LP; and Firetree III, LP

Investors: The only Record Investor in each of Firetree I, LP ("Firetree I"), Firetree II, LP ("Firetree II"), and Firetree III, LP ("Firetree III" and, together with Firetree I and Firetree II, the "Firetree Entities") is LFM. However, 20 Non-Record Investors have submitted Investor Claims

[100] Those Properties are: (a) Southwood Place Apartments (410 Buck Avenue, Vacaville), which was transferred by TICs to Divi Divi in January 2003 and transferred by Divi Divi to TICs in February 2003 (*see* Attachment F-17); (b) Vaca Villa Apartments (370 Butcher Road, Vacaville), which was transferred by TICs to Divi Divi in January 2003 and transferred by Divi Divi to TICs in February 2003 (*see* Attachment F-13); (c) Pinewoods Apartments (1995 Grande Circle, Fairfield), which was transferred by TICs to Divi Divi in January 2003 and transferred by Divi Divi to TICs in February 2003 (*see* Attachment F-20); (d) Dana Drive Apartments (1190 Dana Drive, Fairfield), which was transferred by TICs to Divi Divi in January 2003 and transferred by Divi Divi to TICs in February 2003 (*see* Attachment F-3); and (e) a 70.368% TIC interest in Sienna Pointe Apartments (13933 Chagall Court, Moreno Valley), which Divi Divi purchased from a third party in February 2003 and which, together with the remaining 29.632% TIC interest (which Divi Divi acquired from two TICs by Grant Deeds dated January 20, 2005, but recorded July 26, 2007) Divi Divi transferred to Sienna Pointe in September 2015.

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against Firetree I and 1 Non-Record Investor has submitted an Investor Claim against Firetree II (collectively, the "Non-Record Firetree Investors").

Investor Claims: Twenty-one Non-Insider Investors have Investor Claims against a Firetree Entity. Of these, 81% have Investor Claims against at least one other LFM Debtor and 62% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in a Firetree Entity from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 2,037 1059 Account Transactions with respect to a Firetree Entity: 9 Inbound 1059 Account Transactions totaling $775,000 and 2,038 Outbound 1059 Account Transactions totaling $2,310,326. In addition, between May 1, 2017, and May 31, 2024, there were at least 2 Inbound 1380 Account Transactions totaling $2,968,156 and 10 Outbound 1380 Transactions totaling $13,782 with respect to a Firetree Entity.

Property Interests: As of the Petition Date, Firetree I held title to six Properties,[101] Firetree II held title to one Property,[102] and Firetree III held title to four Properties.[103] Prior to the Petition Date, Firetree I held an interest in at least two additional Properties,[104] Firetree II held an interest in one additional Property,[105] and Firetree III held an interest in at least two additional Properties.[106]

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101 Those Properties are: (a) 18585 Manzanita Road, Sonoma, which it acquired from a third party in February 2022; (b) a vineyard on E. 8th Street in Sonoma, which it acquired from a third party in March 2022; (c) 786 Broadway, Sonoma, which was transferred from KSMP to Firetree I in April 2022; (d) 790 Broadway, Sonoma, which was transferred from KSMP to Firetree I in April 2022; (e) 24265 Arnold Drive, Sonoma, which was transferred from Napa Elm to Firetree I in July 2022; and (f) 24321 Arnold Drive, Sonoma, which was transferred from Napa Elm to Firetree I in July 2022.

102 Specifically, a 77% TIC interest in Seven Branches Inn (450 W. Spain Street, Sonoma), which it acquired from a third party in January 2019.

103 Those Properties are: (a) 18580 Sonoma Highway, Sonoma, which was purchased from a third party in February 2022; (b) 453 – 459 W. 2nd Street, Sonoma, which was transferred from KSMP to Firetree III in April 2022; (c) 17700 Sonoma Highway, Sonoma, which was transferred from KSMP to Firetree III in April 2022; and (d) 201 Meadowlark Lane, Sonoma, which was transferred from KSMP to Firetree III in May 2022.

104 Those Properties are: (a) a TIC interest (originally 75%, then 40%) in 902 Enterprise Way, Napa, which it acquired from a third party in November 2017 and sold to a third party in December 2018 (*see* Attachment F-28); and (b) a 24% TIC interest in Cornerstone (72/100/200 Wagner Road and 23570 Arnold Road, Sonoma), which it purchased in January 2019 from a third party and transferred to Heacock in January 2022.

105 A TIC interest (originally 75%, then 40%) in 908 Enterprise Way, Napa, which it acquired from a third party in November 2017 and sold to a third party in December 2018 (*see* Attachment F-30).

106 Those Properties are:(a) 860 Kaiser Road, Napa, which it purchased from a third party in November 2017 and sold to a third party in December 2018; and (b) a 40% TIC interest in Cornerstone

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m. Foxtail Pine, LP

Investors: Foxtail Pine, LP ("Foxtail Pine") has six Record Investors, including LFM (46.2719%). One Non-Record Investor has submitted an Investor Claim against Foxtail Pine.

Investor Claims: Of the six Non-Insider Investors have Investor Claims against Foxtail Pine. Of these, 67% have Investor Claims against at least one other LFM Debtor and 33% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Foxtail Pine from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least fourteen Outbound 1059 Account Transactions totaling $11,235 with respect to Foxtail Pine. In addition, between May 1, 2017, and May 31, 2024, there were at least forty-three Outbound 1380 Transactions totaling $49,813 with respect to Foxtail Pine.

Intercompany Transactions: As of the Petition Date, Foxtail Pine owes a total of $448,925 to 8 other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Foxtail Pine held title to one Property.[107]

n. Ginko Tree, LP

Investors: Ginko Tree, LP ("Ginko Tree") has thirteen Record Investors, including LFM (19.5702%).

Investor Claims: Twelve Non-Insider Investors have Investor Claims against Ginko Tree. Of these, 75% have Investor Claims against at least one other LFM Debtor and 50% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Ginko Tree from KSMP.

Intercompany Transactions: As of the Petition Date, Ginko Tree owes a total of $635,713 to 7 other LFM Debtors on account of Open Intercompany Transactions.

(72/100/200 Wagner Road and 23570 Arnold Road, Sonoma), which it purchased in January 2019 from a third party and transferred to Heacock in January 2022.

[107] Sharis Apartments (453 Fleming Avenue E., Vallejo), which it acquired from TICs in November 2018 (*see* Attachment F-8).

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Property Interests: As of the Petition Date, Ginko Tree held title to five Properties;[108] Ginko Tree previously held (but, as of the Petition Date, no longer held) title to at least one additional Property.[109]

o. Golden Tree, LP

Investors: Golden Tree, LP ("Golden Tree") is a Mattson Maintained Debtor.

Investor Claims: Sixty Non-Insider Investors have Investor Claims against Golden Tree. Of these, 78% have Investor Claims against at least one other LFM Debtor and 57% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Golden Tree from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 3,685 1059 Account Transactions with respect to Golden Tree: 2 Inbound 1059 Account Transactions totaling $75,000 and 3,683 Outbound 1059 Account Transactions totaling $3,824,135. In addition, between May 1, 2017, and May 31, 2024, there were at least 3 Inbound 1380 Account Transactions totaling $3,918,958 and 124 Outbound 1380 Transactions totaling $203,306 with respect to Golden Tree.

Property Interests: As of the Petition Date, Golden Tree held title to one Property;[110] Golden Tree previously held (but, as of the Petition Date, no longer held) title to at least three additional Properties.[111]

p. Hagar Properties, LP

Hagar Properties, LP ("Hagar") was formed as Hagar Properties, LLC on January 11, 2002. At its formation, Hagar had eight Record Investors (the "Original Hagar Investors"),[112] each of which held 12.5% of Hagar's membership interests. In February 2002, Hagar purchased the

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108 Those Properties are: (a) a 50% TIC interest in 635 Broadway, 645 – 651 Broadway, 1151 Broadway, and 1161 – 1167 Broadway in Sonoma, each of which was purchased from a third party in September 2022; and (b) 596 E. 3rd Street, Sonoma, which KSMP transferred to Ginko Tree in November 2022.

109 Specifically, the Courtyard Cottages (7337 Power Inn Road, Sacramento), which LFM transferred to Ginko Tree in June 2022 and Ginko Tree transferred to RTCM in July 2022.

110 19340 E. 7th Street, Sonoma, which KSMP transferred to Golden Tree in August 2020.

111 Those Properties are: (a) 4950 – 4970 Allison Parkway, Vacaville, which was transferred from TICs to Golden Tree in October 2018 and March 2020 and which was transferred from Golden Tree to Beach Pine in August 2020; (b) a 50% TIC interest in 19355 E. 7th Street, Sonoma, which KSMP transferred to Golden Tree in October 2020 and which Golden Tree sold to a third party in November 2020; and (c) 5120 Lovall Valley Loop Road, Sonoma, which was transferred from KSMP to Golden Tree in November 2020 and sold by Golden Tree to a third party in July 2024.

112 The Original Hagar Investors were LFM, Keith and Anne Gockel, Kathy Hamlin, Gladys Howerton, Kevin and Amy Kelly, Randy and Janet Marlette, Chris and Donna McCartney, and David and Iris Murphy.

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Heacock Park Apartments, located at 13325 Heacock Street in Moreno Valley (the "Heacock Park Apartments").

As of June 18, 2004 at least seven of the eight Original Hagar Investors (or their successor trusts) remained Record Investors in Hagar.[113] That month, LFM sent a letter to the Original Hagar Investors and the Original Redwoods TICs (as defined below), stating that LFM was "nearing the end of the process of the purchase of the Redwoods Apartments in Modesto, California," attaching Disclosures, a Co-Tenancy Agreement, a Property Management Agreement, and a Pro Forma Budget. In July 2004, Hagar transferred its interest in the Heacock Park Apartments to a group of TICs (including LFM). At the same time, Hagar and four other TICs (collectively, the "Original Redwoods TICs")[114] purchased Redwoods Apartments, located at 2805 Yosemite Boulevard in Modesto (the "Redwoods Apartments") for $14.6 million, which purchase was partially funded by an approximately $10.2 million mortgage from Chase.

As shown on Attachment G-3, between 2006 and 2012, the Redwoods Apartments could not sustain the $292,680 in annual distributions made to the Original Redwoods TICs or their successors. In fact, in 2009, 2011, and 2012, the Redwoods Apartments' net cash flow was negative even after accounting for inbound LFM Intercompany Transactions.

On December 19, 2012, Hagar converted from an LLC to an LP, with LFM serving as its general partner. As of the date of conversion, the Original Hagar Investors or their successors[115] remained the Record Investors of Hagar. In November 2014, the Original Redwoods TICs refinanced the Redwoods Apartments through AmericanWest Bank with an $11.774 million mortgage. The net proceeds of the refinancing went to Divi Divi (approximately $675,000), LFM ($200,000), and Hagar (approximately $1.3 million).

As shown on Attachment F-18, by grant deeds dated August 6, 2014, and recorded August 29, 2014, (a) each of the Original Redwoods TICs (except Hagar) transferred their TIC interests in the Redwoods Apartments to LFM and (b) LFM transferred those TIC interests to Hagar. The LFM Debtors' records reflect that LFM "bought out" each of the Original Redwoods TICs other than Hagar, meaning that the Redwoods Apartments were thereafter solely owned by Hagar, whose Record Investors were the Original Hagar Investors or their successors (albeit with LFM owning more of Hagar as a result of the buyout of the Original Redwoods TICs).

As shown on Attachment G-3, in 2013, 2015, 2016, and 2017, the Redwoods Apartments could not sustain the between $290,000 and $310,000 in annual distributions made to the Original Redwoods TICs or their successors. Indeed, for each of those years (except for 2017), the

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113 Documents obtained by the Plan Proponents are inconsistent as to whether Kathy Hamlin was a Record Investor in Hagar as of June 2004. While the "Schedule A" for Hagar suggests she was a Record Investor, she was not a signatory to the Amended and Restated Operating Agreement of Hagar dated June 18, 2004.

114 The Original Redwoods TICs, and their percentage TIC interest, are Hagar (76.978%), the Specht Trust (6.15%), the Fisher Trust (4.572%), the Suhonos Trust (6.15%), and the Alekna Trust (6.15%).

115 In 2009, Carolyn Grassi and Robert Heber each inherited 50% of Ms. Howerton's interest in Hagar.

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Redwoods Apartments' net cash flow was negative even after accounting for inbound LFM Intercompany Transactions. In July 2018, Hagar again refinanced the Redwoods Apartments, this time through Walker & Dunlop, with a $16.95 million mortgage, taking out approximately $5.66 million in cash in the process. Nearly all of the $5.66 million was transferred to other Properties—approximately $5.32 million to Sterling Pointe Apartments, $300,000 to Windscape Village Apartments, and $70,000 to Sharis Apartments.Between 2020 and 2023, the Record Investors in Hagar changed. In April 2020, LFM purchased the Kelly Trust's 9.622% LP interest in Hagar for approximately $470,000. In December 2021, LFM transferred 4.811% of its LP interest in Hagar to Tim and Amy LeFever for $250,000 (most of which was the cancellation of an alleged loan from the LeFevers to LFM). In December 2022, LFM sold a 1.080% LP interest in Hagar to the Clyde Trust for $250,000. In October 2022 and January 2023, the LP interests in Hagar of the Marlette Trust, Grassi, and Heber (collectively, the "Exchanged Hagar Investors") were each exchanged for interests in LFM Debtors Valley Oak and/or River Birch. According to the LFM Debtors' records, Mattson informed LMPM that KSMP purchased these interests from the Exchanged Hagar Investors (meaning that KSMP was, as of October 2022, a Record Investor in Hagar). However, the Transfer Agreements with the Exchanged Hagar Investors are between *LFM (not KSMP)* and each of the Exchanged Hagar Investors.

In May 2024, Hagar sold the Redwoods Apartments. All of the then-Record Investors in Hagar received distributions, including more than $6 million to LFM, $3.2 million to KSMP, and $802,000 to Tim and Amy LeFever.

Investors: Hagar has nine Record Investors, including LFM (36.376%), KSMP (19.245%), and Tim and Amy LeFever (4.811%). Twenty-three Non-Record Investors have submitted Investor Claims against Hagar.

Investor Claims: Twenty-nine Non-Insider Investors have Investor Claims against Hagar. Of these, 86% have Investor Claims against at least one other LFM Debtor and 66% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Hagar from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 1,816 1059 Account Transactions with respect to Hagar: 16 Inbound 1059 Account Transactions totaling $5,693,000 and 1,799 Outbound 1059 Account Transactions totaling $1,737,772. In addition, between May 1, 2017, and May 31, 2024, there were at least 7 Outbound 1380 Transactions totaling $8,186 with respect to Hagar.

Intercompany Transactions: As of the Petition Date, Hagar is owed a total of $11,280,982 from 22 other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Hagar did not have an interest in any Properties. Hagar directly held an interest in at least two Properties prior to the Petition Date.[116]

[116] Those Properties are: (a) Heacock Park Apartments, which Hagar purchased from a third party in February 2002 and which Hagar transferred to TICs in July 2004; and (b) Redwoods Apartments

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q. Heacock Park Apartments, LP

Investors: Heacock Park Apartments, LP ("Heacock") has seventeen Record Investors, including LFM (19.304%), KSMP (6.434%), and Tim and Amy LeFever (5.72%). Thirty-two Non-Record Investors have submitted Investor Claims against Heacock.

Investor Claims: Forty-six Non-Insider Investors have Investor Claims against Heacock. Of these, 83% have Investor Claims against at least one other LFM Debtor and 74% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Heacock from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 299 1059 Account Transactions with respect to Heacock: 23 Inbound 1059 Account Transactions totaling $2,519,800 and 277 Outbound 1059 Account Transactions totaling $308,996. In addition, between May 1, 2017, and May 31, 2024, there were at least 26 Outbound 1380 Transactions totaling $30,393 with respect to Heacock.

Intercompany Transactions: As of the Petition Date, Heacock is owed a total of $3,754,425 from nineteen other LFM Debtors and owes a total of $74,000 to two other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Heacock held title to one Property.[117] Heacock directly held an interest in at least one additional Property prior to the Petition Date.[118]

r. Live Oak Investments, LP

Live Oak has only held an interest in the Southwood Place Apartments, located at 410 Buck Avenue in Vacaville (the "Southwood Place Apartments"). As shown on the chart attached as Attachment F-17, since the Southwood Place Apartments were first acquired by the Debtors in 2000, three different groups of TICs have owned the Southwood Place Apartments,[119] with the latest group of TICs—who eventually became the Record Investors of Live Oak—acquiring their interests in the Southwood Place Apartments in 2004 (the "Final Southwood TICs"). The initial TICs purchased the Southwood Place Apartments for $2.7 million in September 2000, $2.07

(2805 Yosemite Boulevard, Modesto), which LFM transferred to Hagar in August 2014 and which Hagar sold to a third party in May 2024 (*see* Attachment F-18).

117 Cornerstone (72/100/200 Wagner Road and 23570 Arnold Road, Sonoma), which was transferred from LFM, Firetree I, and Firetree III to Heacock in January 2022.

118 Heacock Park Apartments (13325 Heacock Street, Moreno Valley), which was transferred from TICs to Heacock in September 2013 and sold by Heacock to a third party in July 2021.

119 The first group of TICs, which included LFM, conveyed their interests in the Southwood Place Apartments to Divi Divi by a grant deed dated January 15, 2003, but recorded on February 13, 2003. Divi Divi then conveyed the Southwood Place Apartments to a different group of TICs (by grant dated February 7, 2003, but also recorded on February 13, 2003) (the "Second Southwood TICs"), which then immediately conveyed the Southwood Place Apartments to Buck Avenue (by grant deed dated February 10, 2003, but also recorded on February 13, 2003). *See* Attachment F-17.

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million of which was financed by a secured loan provided by Washington Mutual. This loan was likely paid off in connection with Buck Avenue's acquisition of the Southwood Place Apartments from the Second Southwood TICs in February 2003 for $4.16 million, of which approximately $2.858 million was financed by a secured loan provided by Washington Mutual.

In November 2004, LFM sent a letter to the Final Southwood TICs, stating that LFM was "nearing the end of the process of the purchase of the Southwood Apartments in Vacaville, California," attaching Disclosures, a Co-Tenancy Agreement, a Property Management Agreement, and a Pro Forma Budget. In December 2004, the Final Southwood TICs purchased the Southwood Place Apartments from Buck Avenue for $5.2 million (a precisely 25% increase from the $4.16 million purchase price from 20 months earlier), of which $3.485 million was financed by a secured loan provided by Washington Mutual.

The Disclosures provided to the Final Southwood TICs included the fact that "[g]enerally the owners receive a monthly income that can not be sustained by initial cash flow alone but is supplemented by reserves and by actual increases over time." Indeed, the Original "Schedule A" provided to the Final Southwood TICs (which shows each such TIC's name, invested amount, investment percent, and annual and monthly payouts) showed total planned annual distributions to Investors of $129,390 (or 6% of total amount invested) as compared to the initial pro forma cash flow to the Final Southwood TICs, which showed projected annual net income of $44,980 (or 2.09% of total amount invested).[120] Therefore, it appears that LFM expected a net cash shortfall with respect to the Southwood Place Apartments of $84,410 for the first year of the Final Southwood TICs' investment in the Property. In fact, from 2005 to 2010, the Southwood Place Apartments incurred a cumulative net loss of $4,895 while making aggregate distributions to the Final Southwood TICs of $537,383. Between 2005 and 2023, the actual net income attributable to the Southwood Place Apartments only exceeded distributions made to the Final Southwood TICs (including the Record Investors in Live Oak, as applicable) in eight of the 19 years.[121]

In April 2015, the Final Southwood TICs conveyed their interests in the Southwood Place Apartments to Live Oak, becoming the Record Investors in Live Oak. Concurrently, Live Oak refinanced the previous Third-Party Loan with a $4.039 million secured loan provided by Americanwest Bank, later assigned to Grandpoint Bank and then Pacific Premier Bank.

As shown on Attachment I-1, on or about October 5, 2018, two LFM Intercompany Transactions occurred, with Live Oak in the middle: LFM paid Live Oak approximately $481,000 (which was reflected in the LFM Debtors' records as a loan to the Southwood Place Apartments), which $481,000 Live Oak used to pay Divi Divi (reflected in the LFM Debtors' records as a

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120 Southwood Place Apartments' actual net profit for 2005 was $52,182 and, in that same year, only $32,430 in distributions were made to the Final Southwood TICs.

121 The only years for which the actual net income for the Southwood Place Apartments exceeded distributions made to the Final Southwood TICs were 2005 ($19,752), 2011 ($26,083), 2017 ($27,556), 2018 ($108,957), 2020 ($101,772), 2021 ($179,652), 2022 ($307,677), and 2023 ($185,997). In each of the remaining years, distributions exceeded the net profit (or loss) for the Southwood Place Apartments: 2006 ($181,145), 2007 ($167,139), 2008 ($114,905), 2009 ($159,276), 2010 ($71,291), 2012 ($3,897), 2013 ($57,574), 2014 ($101,025), 2015 ($258,022), 2016 ($36,601), and 2019 ($5,986).

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repayment on an "interproperty loan" from the Sienna Pointe Apartments to the Southwood Place Apartments).

On or about August 7, 2019, Live Oak paid LFM approximately $445,000, which was reflected in the LFM Debtors' records as a repayment of a loan extended by LFM to the Southwood Place Apartments. As shown on Attachment I-2, the LFM Debtors' records reflect that the source of these funds were "interproperty loans" made by five other Properties to the Southwood Place Apartments. However, three of the five Properties that apparently made these "interproperty loans" had been sold by the LFM Debtors to third parties years earlier.

On December 6, 2019, Live Oak refinanced its existing mortgage with a $6.718 million secured loan provided by Walker & Dunlop, the proceeds of which were also used to close out $432,000 in then-outstanding Intercompany Transactions to six other LFM Debtors.[122] The net proceeds of the Walker & Dunlop refinancing available to Live Oak was approximately $2.45 million. Just four days later, on December 10, Live Oak made a $2.3 million "interproperty loan" to the Sterling Pointe Apartments, which were at that time owned by LFM (31.252%) and Bishop Pine (68.748%). As shown on Attachment I-3, the Sterling Pointe Apartments then used the $2.3 million to repay LFM on account of a prior LFM Intercompany Transaction. Concurrently, as shown on Attachment I-3, several other Investment Vehicles engaged in a confusing series of LFM Intercompany Transactions, making and repaying "interproperty loans." LFM also transferred $600,000 to the 1059 Account, which was used to make payments to KSMP, Socotra, and to a contractor.

Just days later on December 18, after the Sterling Pointe Apartments were sold to a third party, the $2.3 million "interproperty loan" was repaid. But, as shown on Attachment I-4, on or about December 31, 2019, the Southwood Place Apartments then made two "interproperty loans", totaling approximately $1.99 million, to the Carmichael Apartments and the Vaca Villa Apartments, each (at that point) owned by TICs, each of which then immediately repaid LFM on account of prior transactions.

Investors: Live Oak Investments, LP ("Live Oak") has eleven Record Investors, including LFM (21.6227%). One Non-Record Investor has asserted an Investor Claim against Live Oak (the "Non-Record Live Oak Investor").

Investor Claims: Ten Non-Insider Investors have Investor Claims against Live Oak. Of these, 90% have Investor Claims against at least one other LFM Debtor and 60% have asserted an Investor Claim against KSMP or a KSMP Investment Entity.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least sixty-six Outbound 1059 Account Transactions totaling $66,000 with respect to Live Oak, all of which appear to be monthly distribution payments to the Non-Record

[122] These six Intercompany Transactions are described in the LFM Debtors' Records as being "Notes Payable payoffs," which were transactions represented to Investors as being interest-bearing loans. All six of these Intercompany Transactions, however, are in round amounts ($60,000; $48,500; $107,000; $63,000; $150,000; and $3,500), which is inconsistent with the amount of principal plus interest that would be repaid on an interest-bearing loan.

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Live Oak Investor. In addition, between May 1, 2017, and May 31, 2024, there was at least one Outbound 1380 Transaction totaling $1,000 with respect to Live Oak.

Intercompany Transactions: As of the Petition Date, Live Oak is owed a total of $3,245,830 by seventeen other LFM Debtors on account of Open Intercompany Transactions. However, Live Oak (and the Southwood Place Apartments before it) only started being an "intercompany lender" in 2019. Between 2009 and 2019, not only did Live Oak not lend to any other Investment Vehicle, it borrowed a total of $2.18 million through Intercompany Transactions.

s. Monterey Pine, LP

Investors: Monterey Pine, LP ("Monterey Pine") has fourteen Record Investors, including LFM (38.816%). Six Non-Record Investors have submitted Investor Claims against Monterey Pine.

Investor Claims: Nineteen Non-Insider Investors have Investor Claims against Monterey Pine. Of these, 63% have Investor Claims against at least one other LFM Debtor and 58% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Monterey Pine from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least fifty-four Outbound 1059 Account Transactions totaling $164,250 with respect to Monterey Pine.

Intercompany Transactions: As of the Petition Date, Monterey Pine is owed a total of $896,150 by eight other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Monterey Pine held title to one Property.[123]

t. Napa Elm, LP

Investors: The only Record Investor in Napa Elm, LP ("Napa Elm") as of the Petition Date is LFM. However, nine Non-Record Investors have submitted Investor Claims against Monterey Pine.

Investor Claims: Of the nine Non-Insider Investors have Investor Claims against Napa Elm. Of these, 89% have Investor Claims against at least one other LFM Debtor and 78% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Napa Elm from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 303 1059 Account Transactions with respect to Napa Elm: 9 Inbound 1059 Account Transactions totaling $944,000 and 294 Outbound 1059 Account Transactions totaling $393,985. In addition, between May 1, 2017, and May 31, 2024, there were at least 9

[123] Country Glen Apartments (7575 Power Inn Road, Sacramento), which Monterey Pine acquired from TICs in November 2018.

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Inbound 1380 Account Transactions totaling $8,428,486 and 200 Outbound 1380 Transactions totaling $456,578 with respect to Napa Elm.

Property Interests: As of the Petition Date, Napa Elm did not have an interest in any Properties. Napa Elm held an interest in at least five Properties prior to the Petition Date.[124]

u. Nut Pine, LP

Investors: Nut Pine, LP ("Nut Pine") has thirteen Record Investors, including LFM (38.154%). Thirteen Non-Record Investors have submitted Investor Claims against Nut Pine.

Investor Claims: Twenty-five Non-Insider Investors have Investor Claims against Nut Pine. Of these, 76% have Investor Claims against at least one other LFM Debtor and 68% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Nut Pine from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least ninety-four 1059 Account Transactions with respect to Nut Pine: two Inbound 1059 Account Transactions totaling $4,039,467 and 92 Outbound 1059 Account Transactions totaling $285,408. In addition, between May 1, 2017, and May 31, 2024, there were at least nineteen Outbound 1380 Transactions totaling $34,203 with respect to Nut Pine.

Intercompany Transactions: As of the Petition Date, Nut Pine is owed a total of $238,000 from eight other LFM Debtors and owes a total of $54,000 to two other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Nut Pine held title to two Properties.[125] Nut Pine held an interest in at least one additional Property prior to the Petition Date.[126]

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124 Those Properties are: (a) Napa Elm Townhomes (1050 Elm Street, Napa), which it acquired in February 2003 and transferred to TICs in July 2005 (*see* Attachment F-5); (b) a 21.348 TIC interest in Boulder Springs Apartments (3515 W. San Jose Avenue, Fresno), which Napa Elm acquired from a third party in July 2005 and sold to a third party in March 2020 (*see* Attachment F-23); (c) 24265 Arnold Drive, Sonoma, which KSMP transferred to Napa Elm in April 2020 and which Napa Elm transferred to Firetree I in July 2022; (d) 24321 Arnold Drive, Sonoma, which KSMP transferred to Napa Elm in April 2020 and which Napa Elm transferred to Firetree I in July 2022; and (e) 1549 E. Napa Street, Sonoma, which KSMP transferred to Napa Elm in April 2020 and which Napa Elm transferred to LFM in July 2022.

125 Those Properties are: (a) 103/105 Commerce Court, Fairfield, which Nut Pine acquired from LFM in August 2020 (*see* Attachment F-31); and (b) 50% TIC interest in 2280 Bates Avenue, Concord, which Nut Pine acquired from LFM in October 2020 (*see* Attachment F-11).

126 Woodland Oaks Apartments (724 Cottonwood Street, Woodland), which Nut Pine acquired from TICs in November 2018 and which Nut Pine transferred to Woodland Oaks Investments in October 2023.

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v. Pinecone, LP

Investors: Pinecone, LP ("Pinecone") has two record investors—LFM (77.786%) and KSMP (22.214%).

Investor Claims: No Non-Record Investors have submitted Investor Claims against Pinecone. As of the Petition Date, Pinecone is owed a total of $233,075 from fifteen other LFM Debtors on account of Open Intercompany Transactions.

1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least twenty-eight Outbound 1380 Transactions totaling $82,748 with respect to Pinecone.

Property Interests: As of the Petition Date, Pinecone held title to one Property.[127]

w. Pinewood Condominiums, LP

Investors: Pinewood Condominiums, LP ("Pinewood") has nineteen Record Investors, including LFM (18.923%). Fifteen Non-Record Investors have submitted Investor Claims against Pinewood.

Investor Claims: Thirty-three Non-Insider Investors have Investor Claims against Pinewood. Of these, 79% have Investor Claims against at least one other LFM Debtor and 70% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Pinewood from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 410 1059 Account Transactions with respect to Pinewood: 7 Inbound 1059 Account Transactions totaling $1,370,000 and 403 Outbound 1059 Account Transactions totaling $574,238. In addition, between May 1, 2017, and May 31, 2024, there were at least 85 Outbound 1380 Transactions totaling $198,170 with respect to Pinewood.

Intercompany Transactions: As of the Petition Date, Pinewood is owed a total of $1,000 from one other LFM Debtor and owes a total of $956,751 to fourteen other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Pinewood held title to one Property.[128] Pinewood held an interest in at least two additional Properties prior to the Petition Date.[129]

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127 Napa Elm Townhomes (1050 Elm Street, Napa), which LFM and KSMP transferred to Pinecone in February 2019 (*see* Attachment F-5).

128 A 22.9% TIC interest in Salvio Pacheco Square (2151 Salvio Street, Concord), which it purchased from a third party in November 2017.

129 Those Properties are: (a) Pinewood Apartments (1995 Grande Circle, Fairfield), which was transferred to Pinewood from TICs in February 2003 and transferred from Pinewood to TICs in September 2007 (*see* Attachment F-20); and (b) Willowbrook Apartments (2306/2376 Fairfield

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x. Ponderosa Pines, LP

Investors: Ponderosa Pines, LP ("Ponderosa Pines") is a Mattson Maintained Debtor.

1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 1,763 Outbound 1380 Transactions totaling $2,532,285 with respect to Ponderosa Pines.

Investor Claims: Twenty-seven Non-Insider Investors have Investor Claims against Ponderosa Pines. Of these, 89% have Investor Claims against at least one other LFM Debtor and 85% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Ponderosa Pines from KSMP. Mattson represented to Investors that Ponderosa Pines owned Woodcreek Plaza (7456 Foothills Boulevard, Vacaville). However, Ponderosa Pines has never owned any recorded interest in Woodcreek Plaza—or any other Property.

y. Red Oak Tree, LP

Investors: Red Oak Tree, LP ("Red Oak Tree") has four Record Investors, including LFM (70.0520%). 1 Non-Record Investor has submitted an Investor Claim against Red Oak Tree.

Investor Claims: Four Non-Insider Investors have Investor Claims against Red Oak Tree. Of these, 25% have Investor Claims against at least one other LFM Debtor and 25% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Red Oak Tree from KSMP.

Intercompany Transactions: As of the Petition Date, Red Oak Tree is owed a total of $208,475 by eleven other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Red Oak Tree held title to three Properties.[130] Red Oak Tree held an interest in at least one additional Property prior to the Petition Date.[131]

z. Red Oak, LP

Investors: Red Oak, LP ("Red Oak") has twelve Record Investors, including LFM (12.9191%). One Non-Record Investor has submitted an Investor Claim against Red Oak.

Avenue, Fairfield), in which LFM and Windscape I transferred a 61.173% TIC interest to Pinewood in October 2007 and which Pinewood sold to a third party in October 2017 (*see* Attachment F-27).

[130] Those Properties are: (a) Jackson Street Apartments (500 Jackson Street, Fairfield), which was transferred by TICs to Red Oak Tree in October 2022 (*see* Attachment F-6); (b) Marpel Apartments (501 – 523 Carpenter Street, Fairfield), which was transferred by TICs to Red Oak Tree in October 2022 (*see* Attachment F-7); and (c) Broadway Street Apartments (905 Broadway Street, Fairfield), which was transferred by TICs to Red Oak Tree in October 2022 (*see* Attachment F-1).

[131] Pinewood Apartments (1995 Grande Circle, Fairfield), which was transferred by TICs to Red Oak Tree in October 2022 and sold by Red Oak Tree to a third party in August 2024 (*see* Attachment F-20).

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Investor Claims: Eleven Non-Insider Investors have Investor Claims against Red Oak. Of these, 91% have Investor Claims against at least one other LFM Debtor and 73% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Red Oak from KSMP.

1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least three Outbound 1380 Transactions totaling $2,586 with respect to Red Oak.

Intercompany Transactions: As of the Petition Date, Red Oak owes a total of $374,260 to eight other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Red Oak held title to one Property.[132]

aa. Red Spruce Tree, LP

Investors: Red Spruce Tree, LP ("Red Spruce") has nine Record Investors, including LFM (41.4865%).

Investor Claims: Eight Non-Insider Investors have Investor Claims against Red Spruce. Of these, 88% have Investor Claims against at least one other LFM Debtor and 50% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Red Spruce from KSMP.

Intercompany Transactions: As of the Petition Date, Red Spruce owes a total of $195,500 to seven other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Red Spruce held title to two properties.[133] Red Spruce held an interest in at least one additional Property prior to the Petition Date.[134]

bb. River Birch, LP

Investors: River Birch, LP ("River Birch") has twelve Record Investors, including LFM (6.8483%). Twenty-six Non-Record Investors have submitted Investor Claims against River Birch.

Investor Claims: Thirty-seven Non-Insider Investors have Investor Claims against River Birch. Of these, 84% have Investor Claims against at least one other LFM Debtor and 59% have

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132 Gold Oak Apartments (3310 – 3336 Cimmarron Road, Cameron Park), which was transferred by TICs to Red Oak in January 2022.

133 Those Properties are 446 W. 3rd Street and 454 W. 3rd Street in Sonoma, both of which were acquired by Red Spruce from a third party in December 2022.

134 A group of TICs transferred their interests in the Vaca Villa Apartments (370 Butcher Road, Vacaville) to Red Spruce in November 2022. Red Spruce immediately transferred such interest to Windscape Apartments. *See* Attachment F-13.

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asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in River Birch from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 312 1059 Account Transactions with respect to River Birch: 11 Inbound 1059 Account Transactions totaling $2,250,000 and 301 Outbound 1059 Account Transactions totaling $627,193. In addition, between May 1, 2017, and May 31, 2024, there were at least 1 Inbound 1380 Account Transactions totaling $1,750,000 and 5 Outbound 1380 Transactions totaling $7,010 with respect to River Birch.

Intercompany Transactions: As of the Petition Date, River Birch is owed a total of $60,425 from three other LFM Debtors and owes a total of $221,513 to one other LFM Debtor on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, River Birch held title to two Properties.[135] River Birch held an interest in at least one additional Property prior to the Petition Date.[136]

cc. The River Tree Entities

(1) *Country Oaks I, LP*

Investors: Country Oaks I, LP ("Country Oaks I") has twenty-six Record Investors, including LFM (10.263%) and KSMP (3.117%). Forty-one Non-Record Investors have submitted Investor Claims against Country Oaks I.

Investor Claims: Sixty-five Non-Insider Investors have Investor Claims against Country Oaks I. Of these, 74% have Investor Claims against at least one other LFM Debtor and 63% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Country Oaks I from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 2,626 1059 Account Transactions with respect to Country Oaks I: 2 Inbound 1059 Account Transactions totaling $160,500 and 2,624 Outbound 1059 Account Transactions totaling $3,037,648. In addition, between May 1, 2017, and May 31, 2024, there were at least 19 Outbound 1380 Transactions totaling $20,677 with respect to Country Oaks I.

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135 Those Properties are: (a) French Quarter Apartments (170 – 182 E. 1st Street, Sonoma), which KSMP transferred to River Birch in June 2021; and (b) a 93.143% TIC interest in Auberge Sonoma (151 E. Napa Street, Sonoma), which Property KSMP transferred to River Birch in June 2021 (subsequent to this transfer, River Birch conveyed a 6.857% TIC interest in the Property to an Investor).

136 Specifically, in January and April 2021, River Birch acquired an interest in the Carmichael Gardens Apartments (4727 Hackberry Lane, Carmichael) from a group of TICs, with Yellow Poplar having been transferred the remaining TIC interest. River Birch and Yellow Poplar sold the Property to a third party in April 2021. *See* Attachment F-24.

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Intercompany Transactions: As of the Petition Date, Country Oaks I is owed a total of $60,100 from 7 other LFM Debtors and owes a total of $1,043,250 to eight other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Country Oaks I did not have a direct interest in any Properties; rather, Country Oaks I held 43.2% of RTGH and 43.2% of RTCM, each of which holds interests in Property. Country Oaks I directly held an interest in at least one Property prior to the Petition Date.[137]

(2) *Red Cedar Tree, LP*

Investors: Red Cedar Tree, LP ("Red Cedar") has two Record Investors—RTCM (99%) and LFM (1%).

Investor Claims: No Non-Record Investors have submitted Investor Claims against Red Cedar.

1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 1 Outbound 1380 Transactions totaling $381 with respect to Red Cedar.

Intercompany Transactions: As of the Petition Date, Red Cedar owes a total of $527,000 to 3 other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Red Cedar held title to two Properties.[138]

(3) *Red Mulberry Tree, LP*

Investors: Red Mulberry Tree, LP ("Red Mulberry") has two Record Investors—RTCM (99%) and LFM (1%).

Investor Claims: No Non-Record Investors have submitted Investor Claims against Red Mulberry.

Intercompany Transactions: As of the Petition Date, Red Mulberry owes a total of $2,170,000 to one other LFM Debtor on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Red Mulberry held title to one Property.[139]

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137 Specifically, Country Oaks I held a 47.737% TIC interest in the Country Oaks Apartments (333 E. Enos Drive, Santa Maria) from September 2007 until August 2016, when it transferred its interest to River Tree. *See* Attachment F-22.

138 Those Properties are: (a) Carmichael Apartments (5800 Engle Road, Carmichael), which was transferred from RTCM to Red Cedar in August 2022 (*see* Attachment F-24); and (b) 5818 Engle Road, Carmichael, which was transferred from the Laurel Wreath Foundation, Inc. to Red Cedar in March 2024.

139 Courtyard Cottages (7337 Power Inn Road, Sacramento), which RTCM transferred to Red Mulberry in August 2022.

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(4) *River Tree Partners, LP*

Investors: River Tree Partners, LP ("River Tree") has seventeen Record Investors, including LFM (20.8735%). Sixty-six Non-Record Investors have submitted Investor Claims against River Tree.

Investor Claims: Eighty-two Non-Insider Investors have Investor Claims against River Tree. Of these, 85% have Investor Claims against at least one other LFM Debtor and 61% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in River Tree from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 2,425 1059 Account Transactions with respect to River Tree: 26 Inbound 1059 Account Transactions totaling $5,007,600 and 2,399 Outbound 1059 Account Transactions totaling $2,942,280. In addition, between May 1, 2017, and May 31, 2024, there were at least 18 Outbound 1380 Transactions totaling $24,999 with respect to River Tree.

Intercompany Transactions: As of the Petition Date, River Tree owes a total of $792,500 to 10 other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, River Tree did not have a direct interest in any Properties; rather, River Tree held 56.8% of RTGH and 56.8% of RTCM, each of which holds interests in Property. River Tree directly held an interest in at least one Property prior to the Petition Date.[140]

(5) *RT Capitol Mall, LP*

Investors: The only Record Investors in RT Capitol Mall, LP ("RTCM") are River Tree (56.8%) and Country Oaks I (43.2%). However, six Non-Record Investors have submitted Investor Claims against RTCM.

Investor Claims: Eight Non-Insider Investors have Investor Claims against RTCM. Of these, 75% have Investor Claims against at least one other LFM Debtor and 50% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in RTCM from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 3 Inbound 1059 Account Transactions totaling $2,600,000 with respect to RTCM. In addition, between May 1, 2017, and May 31, 2024, there were at least two Inbound 1380 Account Transactions totaling $4,975,000 with respect to RTCM.

Intercompany Transactions: As of the Petition Date, RTCM owes a total of $36,245 to 1 other LFM Debtor on account of Open Intercompany Transactions.

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[140] Country Oaks Apartments (333 E. Enos Drive, Santa Maria), which was transferred from TICs (including Country Oaks I and LFM) to River Tree in August 2016 and sold by River Tree to a third party in August 2016. *See* Attachment F-22.

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Property Interests: As of the Petition Date, RTCM held title to four Properties.[141] Prior to the Petition Date, RTCM held an interest in at least five additional Properties.[142]

(6) *RT Golden Hills, LP*

Investors: The only Record Investors in RT Golden Hills, LP ("RTGH") are River Tree (56.8%) and Country Oaks I (43.2%). However, twelve Non-Record Investors have submitted Investor Claims against RTGH.

Investor Claims: Fourteen Non-Insider Investors have Investor Claims against RTGH. Of these, 100% have Investor Claims against at least one other LFM Debtor and 71% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in RTGH from KSMP.

1059 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least eight 1059 Account Transactions with respect to RTGH: five Inbound 1059 Account Transactions totaling $300,000 and three Outbound 1059 Account Transactions totaling $4,480.

Property Interests: As of the Petition Date, RTGH held title to one Property.[143]

dd. The River View Entities

(1) *Buck Avenue Apartments, LP*

Investors: Buck Avenue Apartments, LP ("Buck Avenue") has forty Record Investors, including LFM (10.1585%). Twenty-two Non-Record Investors have submitted Investor Claims against Buck Avenue.

Investor Claims: Sixty Non-Insider Investors have Investor Claims against Buck Avenue. Of these, 78% have Investor Claims against at least one other LFM Debtor and 70% have asserted

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141 Those Properties are: (a) 19450 Old Winery Road, Sonoma, which was transferred from KSMP to RTCM in May 2022; (b) 921 Broadway, Sonoma, which was transferred from KSMP to RTCM in September 2022; (c) 222 – 226 W. Spain Street, Sonoma, which was transferred from KSMP to RTCM in September 2022; and (d) 1870 Thornsberry Road, Sonoma, which was transferred from LFM to RTCM in November 2023.

142 Those Properties are: (a) 520 Capitol Mall, Sacramento, which RTCM acquired from a third party in October 2016 and transferred to Sienna Pointe in January 2022; (b) 1549 E. Napa Street, Sonoma, which LFM transferred to RTCM in July 2022 and which RTCM transferred to KSMP in November 2023; (c) 282 Patten Street, Sonoma, which KSMP presumably transferred to RTCM (the Real Property Records reflect KSMP's purchase of the Property by KSMP but not the transfer of the Property to RTCM) and which RTCM transferred to KSMP in September 2022; (d) Courtyard Cottages (7337 Power Inn Road, Sonoma), which was transferred from Ginko Tree to RTCM in July 2022 and transferred from RTCM to Red Mulberry in August 2022; and (e) Carmichael Apartments (5800 Engle Road, Carmichael), which was transferred by Buckeye Tree to RTCM in July 2022 and transferred from RTCM to Red Cedar in August 2022 (*see* Attachment F-24).

143 The Shops at Golden Hills (941 – 1017 Alamo Drive, Vacaville), which RTGH purchased from a third party in September 2016.

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an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Buck Avenue from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 721 1059 Account Transactions with respect to Buck Avenue: 7 Inbound 1059 Account Transactions totaling $2,205,000 and 714 Outbound 1059 Account Transactions totaling $1,385,047. In addition, between May 1, 2017, and May 31, 2024, there were at least 19 Outbound 1380 Transactions totaling $19,261 with respect to Buck Avenue.

Intercompany Transactions: As of the Petition Date, Buck Avenue is owed a total of $1,405,448 from ten other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Buck Avenue did not have a direct interest in any Properties; rather, Buck Avenue held 100% of the membership interests in RVSC 1, which holds an interest in a Property. Buck Avenue directly previously held (but, as of the Petition Date, no longer held) title to at least four Properties.[144]

(2) *River View Shopping Center 1, LLC and River View Shopping Center 2, LLC*

Investors: River View Shopping Center 1, LLC ("RVSC 1") and River View Shopping Center 2, LLC ("RVSC 2" and, together with RVSC 1, the "RVSC Entities") do not have any non-Debtor Record Investors. Rather, Buck Avenue owns 100% of the membership interests in RVSC 1 and Sequoia owns 100% of the membership interests in RVSC 2.

Property Interests: As of the Petition Date, the RVSC Entities held title to one Property.[145]

(3) *Sequoia Investment Properties, LP*

Investors: Sequoia Investment Properties, LP ("Sequoia") has twenty-four Record Investors, including LFM (36.5710%). Two Non-Record Investors have submitted Investor Claims against Sequoia.

Investor Claims: Twenty-five Non-Insider Investors have Investor Claims against Sequoia. Of these, 48% have Investor Claims against at least one other LFM Debtor and 28%

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144 Those Properties are: (a) Southwood Apartments (410 Buck Avenue, Vacaville), which was transferred to Buck Avenue from five TICs in February 2003 and from Buck Avenue to 11 TICs (including LFM) in December 2004 (*see* Attachment F-17); (b) 1081 Scott Street, Fairfield, which it acquired from a third party in March 2003 and transferred to an Investor in March 2003; (c) a 72% TIC interest in Willow Glen Apartments (2052 Wilkins Avenue, Napa), which it purchased from a third party in December 2004 and sold to a third party in May 2015; and (d) a portion of 300 Chadbourne Road, Fairfield as a 76.9% TIC, which was transferred to Buck Avenue from KSMP in July 2015 and sold to a third party in August 2021 (*see* Attachment F-19).

145 Riverview Shopping Center (9407 – 9471 N. Fort Washington Road, Fresno), which RVSC1 (76.914%) and RVSC 2 (23.086%) acquired as TICs from a third party in June 2015.

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have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Sequoia from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 138 1059 Account Transactions with respect to Sequoia: 2 Inbound 1059 Account Transactions totaling $93,291 and 136 Outbound 1059 Account Transactions totaling $388,065. In addition, between May 1, 2017, and May 31, 2024, there were at least 2 Outbound 1380 Transactions totaling $1,655 with respect to Sequoia.

Intercompany Transactions: As of the Petition Date, Sequoia is owed a total of $501,604 from eleven other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Sequoia did not have a direct interest in any Properties; rather, Sequoia held 100% of the membership interests in RVSC 2, which holds interest in a Property. Sequoia directly previously held (but, as of the Petition Date, no longer held) title to at least three Properties.[146]

ee. Scotch Pine, LP

Investors: Scotch Pine, LP ("Scotch Pine") has eleven Record Investors, including LFM (26.733%). One Non-Record Investor has submitted an Investor Claim against Scotch Pine.

Investor Claims: Ten Non-Insider Investors have Investor Claims against Scotch Pine. Of these, 30% have Investor Claims against at least one other LFM Debtor and 20% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Scotch Pine from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there was at least one Outbound 1059 Account Transaction totaling $130,000 with respect to Scotch Pine. In addition, between May 1, 2017, and May 31, 2024, there were at least 1 Outbound 1380 Transactions totaling $3,250 with respect to Scotch Pine.

Intercompany Transactions: As of the Petition Date, Scotch Pine owes a total of $1,888,461 to twelve other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Scotch Pine held title to one Property.[147]

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146 Those Properties are: (a) Sharis Apartments (453 E. Fleming Avenue, Vallejo), which was transferred from TICs to Sequoia in December 2004 and which was transferred from Sequoia to TICs in December 2004 (*see* Attachment F-8); (b) a 72% TIC interest in Willow Glen Apartments (2052 Wilkins Avenue, Napa), which it purchased from a third party in December 2004 and sold to a third party in May 2015; and (c) a portion of 300 Chadbourne Road, Fairfield as a 23.1% TIC, which was transferred to Sequoia from KSMP in July 2015 and sold to a third party in August 2021 (*see* Attachment F-19).

147 Shelfield Apartments (5800 Fair Oaks Boulevard, Carmichael), which TICs transferred to Scotch Pine in September 2021. *See* Attachment F-9.

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ff. Sienna Pointe, LLC

Investors: The only Record Investor of Sienna Pointe, LLC ("Sienna Pointe") is Divi Divi.

Investor Claims: Two Non-Record Investors have submitted Investor Claims against Sienna Pointe.

1059 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 121 1059 Account Transactions with respect to Sienna Pointe: 1 Inbound 1059 Account Transaction totaling $500,000 and 120 Outbound 1059 Account Transactions totaling $159,166.

Intercompany Transactions: As of the Petition Date, Sienna Pointe owes a total of $8,725,335 to thirteen other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Sienna Pointe held title to eighteen Properties.[148] Sienna Pointe directly previously held (but, as of the Petition Date, no longer held) title to at least two additional Properties.[149]

gg. Spruce Pine, LP

Investors: Spruce Pine, LP ("Spruce Pine") is a Mattson Maintained Debtor.

Investor Claims: Only one Non-Insider Investor asserted an Investor Claim against Spruce Pine.

Property Interests: Other than a brief TIC interest in a single Property,[150] neither the LFM Debtors' Records nor the 1059 Account Records reflect any activity with respect to Spruce Pine.

hh. Tradewinds Apartments, LP

Investors: Tradewinds Apartments, LP ("Tradewinds") has seven Record Investors, including LFM (15.016%), KSMP (42.57%), and Tim and Amy LeFever (7.74%). Six Non-Record Investors have submitted Investor Claims against Tradewinds.

Investor Claims: Ten Non-Insider Investors have Investor Claims against Tradewinds. Of these, 80% have Investor Claims against at least one other LFM Debtor and 60% have asserted an

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148 A list of such Properties is attached as Attachment E.

149 Those Properties are: (a) the Sienna Pointe Apartments (13933 Chagall Court, Moreno Valley), which Divi Divi transferred to Sienna Pointe in September 2015 and which Sienna Pointe sold to a third party in July 2021; and (b) Ravenswood Winery (18701 Gehricke Road, Sonoma), which KSMP transferred to Sienna Pointe in December 2021 and which Sienna Pointe transferred to Windscape Apartments in November 2022.

150 Specifically, (a) by grant deeds dated February 11, 2019 and recorded on October 30, 2019, five of the TICs of the Napa Elm Townhomes (1050 Elm Street, Napa) transferred their interests therein to Spruce Pine and (b) by grant deeds dated February 11, 2019, and recorded on October 30, 2019, Spruce Pine transferred its interest in the Napa Elm Townhomes to LFM. *See* Attachment F-5.

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Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Tradewinds from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 117 Outbound 1059 Account Transactions totaling $262,700 with respect to Tradewinds. In addition, between May 1, 2017, and May 31, 2024, there were at least 9 Outbound 1380 Transactions totaling $8,311 with respect to Tradewinds.

Intercompany Transactions: As of the Petition Date, Tradewinds is owed a total of $227,898 from four other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Tradewinds did not have an interest in any Properties. Tradewinds held an interest in at least three Properties prior to the Petition Date.[151]

ii. Vaca Villa Apartments, LP

Investors: Vaca Villa Apartments, LP ("Vaca Villa") has four Record Investors, including LFM (37.5556%). One Non-Record Investor has submitted Investor Claims against Vaca Villa.

Investor Claims: Four Non-Insider Investors have Investor Claims against Vaca Villa. Of these, 50% have Investor Claims against at least one other LFM Debtor.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least sixty-nine Outbound 1059 Account Transactions totaling $214,068 with respect to Vaca Villa. In addition, between May 1, 2017, and May 31, 2024, there was at least one Outbound 1380 Transaction totaling $204 with respect to Vaca Villa.

Intercompany Transactions: As of the Petition Date, Vaca Villa is owed a total of $14,141 from one other LFM Debtor and owes a total of $1,539,114 to fourteen other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Vaca Villa held title to one Property.[152] Vaca Villa previously held (but, as of the Petition Date, no longer held) title to at least two additional Properties.[153]

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151 Those Properties are: (a) Tradewinds Apartments (1189 Dana Drive, Fairfield), which Tradewinds acquired from TICs in February 2003 and which Tradewinds transferred to TICs in April 2005 (*see* Attachment F-4); (b) Spring Glenn Apartments (555 Elmira Road, Vacaville), in which Black Walnut held a 28.091% TIC interest acquired from a group of TICs in November 2014 until the Property was sold in December 2017 (*see* Attachment F-21); and (c) 430 W. Napa Street, Sonoma, which KSMP transferred to Tradewinds in February 2018 and which Tradewinds transferred to LFM in November 2022.

152 A 27.6% TIC interest in Salvio Pacheco Square (2151 Salvio Street, Concord), which it purchased from a third party in November 2017.

153 Those Properties are: (a) Vaca Villa Apartments (370 Butcher Road, Vacaville), which TICs transferred to Vaca Villa in February 2003 and which Vaca Villa transferred to TICs in April 2005 (*see* Attachment F-13); and (b) Spring Glenn Apartments (555 Elmira Road, Vacaville), in which

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jj. Valley Oak Investments, LP

Investors: Valley Oak Investments, LP ("Valley Oak") has fourteen Record Investors, including LFM (22.819%) and KSMP (13.452%). Forty-four Non-Record Investors have submitted Investor Claims against Valley Oak.

Investor Claims: Fifty-six Non-Insider Investors have Investor Claims against Valley Oak. Of these, 68% have Investor Claims against at least one other LFM Debtor and 34% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Valley Oak from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 843 1059 Account Transactions with respect to Valley Oak: 16 Inbound 1059 Account Transactions totaling $3,164,454 and 827 Outbound 1059 Account Transactions totaling $1,475,622. In addition, between May 1, 2017, and May 31, 2024, there were at least 59 Outbound 1380 Transactions totaling $73,675 with respect to Valley Oak.

Intercompany Transactions: As of the Petition Date, Valley Oak owes a total of $1,217,838 to one other LFM Debtor on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Valley Oak held title to twenty-five Properties. Valley Oak directly previously held (but, as of the Petition Date, no longer held) title to at least eleven additional Properties.[154]

kk. Watertree I, LP

Investors: Watertree I, LP ("Watertree I") is a Mattson Maintained Debtor.

Investor Claims: Thirty-five Non-Insider Investors have Investor Claims against Watertree I. Of these, 80% have Investor Claims against at least one other LFM Debtor and 74% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Watertree I from KSMP.

1059 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 2,279 1059 Account Transactions with respect to Watertree I: 4 Inbound 1059 Account Transactions totaling $291,000 and 2,275 Outbound 1059 Account Transactions totaling $1,997,994.

Intercompany Transactions: As of the Petition Date, Watertree I is owed total of $238,000 from eight other LFM Debtors on account of Open Intercompany Transactions.

Vaca Villa held a 28.091% TIC interest acquired from a group of TICs in November 2014 until the Property was sold in December 2017 (*see* Attachment F-21).

[154] A list of such Properties is attached as Attachment D.

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Property Interests: As of the Petition Date, Watertree I held title to one Property.[155]

ll. Willow Oak, LP

Investors: Willow Oak, LP ("Willow Oak") has fifteen Record Investors, including LFM (37.3166%). One Non-Record Investor has submitted an Investor Claim against Willow Oak.

Investor Claims: Fourteen Non-Insider Investors have Investor Claims against Willow Oak. Of these, 79% have Investor Claims against at least one other LFM Debtor and 64% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Willow Oak from KSMP.

1059 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 2 Outbound 1059 Account Transactions totaling $4,866 with respect to Willow Oak.

Intercompany Transactions: As of the Petition Date, Willow Oak owes a total of $265,300 to five other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Willow Oak held title to one Property.[156]

mm. The Windscape Entities

(1) *Douglas Fir Investments, LP*

Investors: Douglas Fir Investments, LP ("Douglas Fir") has three Record Investors, including LeFever Mattson (60.791%). As shown on the chart attached as Attachment F-25, Douglas Fir previously held an interest in the Windscape Village Apartments (1300 N. L Street, Lompoc).

Property Interests: As of the Petition Date, Douglas Fir does not hold any direct interest in any Properties; rather, Douglas Fir holds 18.7872% of the membership interests of Windscape Holdings.

(2) *Windscape Apartments I, LP*

Investors: Windscape Apartments I, LP ("Windscape I") has eighteen Record Investors, including LFM (13.19%) and Tim and Amy Mattson (6.238%). Fourteen Non-Record Investors have submitted Investor Claims against Windscape I.

Investor Claims: Thirty Non-Insider Investors have Investor Claims against Windscape I. Of these, 80% have Investor Claims against at least one other LFM Debtor and 63% have

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155 A 50% TIC interest in 2280 Bates Avenue, Concord, which Watertree I acquired from LFM in October 2020. *See* Attachment F-11.

156 Tradewinds Apartments (1189 Dana Drive, Fairfield), which Willow Oak acquired from TICs in January 2022 (*see* Attachment F-4).

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asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Windscape I from KSMP.

1059 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least fifteen 1059 Account Transactions with respect to Windscape I: Two Inbound 1059 Account Transactions totaling $6,500,000 and thirteen Outbound 1059 Account Transactions totaling $9,400.

Property Interests: As shown on the chart attached as Attachment F-25, Windscape I previously held an interest in the Windscape Village Apartments (1300 N. L Street, Lompoc). As of the Petition Date, Windscape I does not hold any direct interest in any Properties; rather, Windscape I holds 19.7296% of the membership interests of Windscape Holdings. Prior to the Petition Date, Windscape I previously held (but as of the Petition Date no longer held) title to two Properties.[157]

(3) *Windscape Apartments II, LP*

Investors: Windscape Apartments II, LP ("Windscape II") has twenty-two Record Investors, including LFM (16.631%), Perris Freeway Plaza (24.653%), and Tim and Amy LeFever (4.155%). Sixteen Non-Record Investors have submitted Investor Claims against Windscape II.

Investor Claims: Thirty-five Non-Insider Investors have Investor Claims against Windscape II. Of these, 74% have Investor Claims against at least one other LFM Debtor and 51% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Windscape II from KSMP.

1059 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 2,265 Outbound 1059 Account Transactions totaling $2,697,890 with respect to Windscape II.

Property Interests: As shown on the chart attached as Attachment F-25, Windscape II previously held an interest in the Windscape Village Apartments (1300 N. L Street, Lompoc). As of the Petition Date, Windscape II does not hold any direct interest in any Properties; rather, Windscape II holds 34.3586% of the membership interests of Windscape Holdings.

(4) *Windscape Apartments, LLC*

Investors: The only Record Investor of Windscape Apartments, LLC ("Windscape Apartments") is Windscape Holdings. However, twenty-two Non-Record Investors have submitted Investor Claims against Windscape Apartments.

Investor Claims: 23 Non-Insider Investors have Investor Claims against Windscape Apartments. Of these, 83% have Investor Claims against at least one other LFM Debtor and 65%

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157 Specifically, (a) the Windscape Village Apartments (1300 N. L Street, Lompoc) (*see* Attachment F-25); and (b) Willowbrook Apartments (2306/2376 Fairfield Avenue, Fairfield) (*see* Attachment F-27).

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have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Windscape Apartments from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 397 1059 Account Transactions with respect to Windscape Apartments: 1 Inbound 1059 Account Transaction totaling $50,000 and 396 Outbound 1059 Account Transactions totaling $432,062. In addition, between May 1, 2017, and May 31, 2024, there were at least 9 Inbound 1380 Account Transactions totaling $20,866,000 and 29 Outbound 1380 Transactions totaling $62,486 with respect to Windscape Apartments.

Intercompany Transactions: As of the Petition Date, Windscape Apartments is owed a total of $207,825 from 5 other LFM Debtors and owes a total of $5,414,461 to twelve other LFM Debtors on account of Open Intercompany Transactions.

Property Interests: As of the Petition Date, Windscape Apartments held title to twenty-one Properties.[158] Windscape Apartments directly previously held (but, as of the Petition Date, no longer held) title to at least one additional Property.[159]

(5) *Windscape Holdings, LLC*

Investors: Windscape Holdings, LLC ("Windscape Holdings") has four Record Investors: Douglas Fir (18.7872%), Perris Freeway Plaza (27.1246%), Windscape I (19.7296%), and Windscape II (34.3586%). Eight Non-Record Investors have submitted Investor Claims against Windscape Holdings.

Investor Claims: Twelve Non-Insider Investors have Investor Claims against Windscape Holdings. Of these, 75% have Investor Claims against at least one other LFM Debtor and 42% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Windscape Holdings from KSMP.

1059 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least sixty-one Outbound 1059 Account Transactions totaling $69,388 with respect to Windscape Holdings.

Property Interests: As shown on the chart attached as Attachment F-25, Windscape Holdings previously held an interest in the Windscape Village Apartments (1300 N. L Street, Lompoc). As of the Petition Date, Windscape Holdings does not hold any direct interest in any Properties; rather, Windscape Holding holds 100% of the membership interests of Windscape Apartments.

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158 A list of such Properties is attached as Attachment C.

159 Windscape Village Apartments (1300 N. L Street, Lompoc), which was transferred from Windscape Holdings to Windscape Apartments in August 2018 and which was sold by Windscape Apartments to a third party in May 2022. *See* Attachment F-25.

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nn. Windtree, LP

Investors: Windtree, LP ("Windtree") is a Mattson Maintained Debtor.

Investor Claims: Thirty-two Non-Insider Investors have Investor Claims against Windtree. Of these, 84% have Investor Claims against at least one other LFM Debtor and 91% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Windtree from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 69 Outbound 1059 Account Transactions totaling $183,876 with respect to Windtree. In addition, between May 1, 2017, and May 31, 2024, there were at least 404 Outbound 1380 Transactions totaling $917,048 with respect to Windtree.

Property Interests: As of the Petition Date, Windtree held title to four Properties.[160]

oo. Yellow Poplar, LP

Investors: Yellow Poplar, LP ("Yellow Poplar") has three Record Investors, including LFM (34.7478%). Eleven Non-Record Investors have submitted Investor Claims against Yellow Poplar.

Investor Claims: Thirteen Non-Insider Investors have Investor Claims against Yellow Poplar. Of these, 54% have Investor Claims against at least one other LFM Debtor and 69% have asserted an Investor Claim against KSMP or a KSMP Investment Entity, including that they purchased an interest in Yellow Poplar from KSMP.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 173 1059 Account Transactions with respect to Yellow Poplar: 5 Inbound 1059 Account Transactions totaling $550,000 and 168 Outbound 1059 Account Transactions totaling $135,515. In addition, between May 1, 2017, and May 31, 2024, there were at least 2 Outbound 1380 Transactions totaling $2,913 with respect to Yellow Poplar.

Intercompany Transactions: As of the Petition Date, Yellow Poplar is owed a total of $114,575 from two other LFM Debtors and owes a total of $181,238 to one other LFM Debtor on account of Open Intercompany Transactions.

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[160] Those Properties, each of which were last transferred by KSMP to Windtree in March 2023, are 333 Wilkerson Avenue, 371 Wilkerson Avenue, 411 Wilkerson Avenue, and an adjoining parcel, each in Perris. As shown on the chart attached as Attachment F-12, these Properties passed among different Debtors on numerous occasions.

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Property Interests: As of the Petition Date, Yellow Poplar held title to one Property.[161] Yellow Poplar held an interest in at least one additional Property prior to the Petition Date.[162]

4. The KSMP Investment Entities

a. Perris Freeway Plaza, LP

Investors: Perris Freeway Plaza, LP ("Perris Freeway Plaza") was formed as an LLC on September 18, 2001. According to documents filed with the California Secretary of State (the "SOS"), as of December 2001, Perris Freeway Plaza had six members (i.e., Investors).[163] Based on an August 10, 2009 filing with the SOS, Perris Freeway Plaza represented that its Investors had not changed since the prior filing with the SOS. However, Third-Party Discovery obtained through the Joint Investigation appears to contradict this representation.[164]

On December 27, 2013, Perris Freeway Plaza converted from an LLC to an LP, with KSMP serving as its general partner. The Plan Proponents have obtained documents through the Joint Investigation that relate to the potential Record Investors in Perris Freeway Plaza, such as unsigned limited partnership agreements and Excel spreadsheets that may have been maintained by Mattson. However, the Plan Proponents cannot verify whether such documents accurately reflect the Record Investors in Perris Freeway Plaza because, among other things, the Plan Proponents do not know how ownership records were maintained and there is inconsistency in the documents that have been obtained.

Investor Claims: Forty-eight Investors filed Investor Claims in the LFM Debtors' Cases that assert claims against and/or interests in Perris Freeway Plaza. Of these, 65% have asserted an Investor Claim against at least one LFM Debtor and 96% have asserted an Investor Claim against one other KSMP Debtor.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least six 1059 Account Transactions with respect to Perris Freeway Plaza: twj Inbound 1059 Account Transactions totaling $100,000 and four Outbound 1059 Account Transactions totaling $651,500. In addition, between May 1, 2017, and May 31, 2024, there was

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161 A 96.077% TIC interest in 21855 E. 8th Street, Sonoma, which Property KSMP transferred to Yellow Poplar in June 2021 (subsequent to this transfer, Yellow Poplar conveyed a 3.923% TIC interest in the Property to an Investor).

162 Specifically, in January and April 2021, Yellow Poplar acquired an interest in the Carmichael Gardens Apartments (4727 Hackberry Lane, Carmichael) from a group of TICs, with River Birch having been transferred the remaining TIC interest. River Birch and Yellow Poplar sold the Property to a third party in April 2021. *See* Attachment F-24.

163 Specifically KSMP, Mukesh and Aneeta Taneja, Subhasm and Usha Kapoor, Billy Riley and Patricia Riley as Trustees of the Riley 1994 Revocable Trust, David and Kimberly Deluca, and Dale T. Boutiette and Alla Gershberg as Trustees of the Dale T. Boutiette and Alla Gershberg Living Trust.

164 For example, the Third-Party Discovery includes signed documents indicating that KSMP bought and sold Interests in Perris Freeway Plaza in 2004 and 2005, some of which are themselves contradicted by later tax records.

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at least one Inbound 1380 Account Transaction totaling $500,000 and 100 Outbound 1380 Transactions totaling $74,494 with respect to Perris Freeway Plaza.

Property Interests: As of the Petition Date, Perris Freeway Plaza did not hold title any Property.

b. Specialty Properties Partners, LP

Investors: Specialty Properties Partners, LP ("SPP") was formed on January 27, 2011 as an LLC, with KSMP serving as its sole manager. SPP converted to an LP on December 27, 2013, with KSMP serving as its general partner.[165] Based on information obtained through the Joint Investigation, it appears that beginning in 2011, Mattson (through KSMP) generally sold Interests in SPP to Investors through IRA Custodians, specifically PENSCO (which became Pacific Premier) and Polycomp. Some Investors, however, may have invested in SPP directly (i.e., not through an IRA Custodian) or by purportedly purchasing an Interest in SPP from LFM, which owned no such interests.

The information obtained through the Joint Investigation, which includes documents produced by the IRA Custodians, does not consistently or reliably show the Record Investors in SPP as of the Petition Date—or at any point prior. In fact, even from SPP's formation, Mattson inconsistently reported its ownership to different third parties. For instance, according to documents provided to an IRA Custodian on January 26, 2011, there were three initial members of SPP (including KSMP), whereas in a document submitted to the IRS dated just one day later, Mattson represented that KSMP was the only member of SPP.

Investor Claims: Twenty-one Investors filed Investor Claims in the LFM Debtors' Cases that assert claims against and/or interests in SPP. Of these, 67% have asserted an Investor Claim against at least one LFM Debtor and 95% have asserted an Investor Claim against one other KSMP Debtor.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there was at least 1 Outbound 1059 Account Transactions totaling $750 with respect to SPP. In addition, between May 1, 2017, and May 31, 2024, there were at least 304 Outbound 1380 Transactions totaling $1,360,204 with respect to SPP.

Property Interests: Since SPP's formation in 2011, Mattson falsely represented to Investors that SPP held title to a Property located at 300 Chadbourne Road in Fairfield (the "Chadbourne Property"). The Chadbourne Property, which KSMP purchased in January 2011, consisted of six parcels, each with a separate APN.[166] As shown on the chart attached as Attachment F-19, KSMP owned all six parcels of the Chadbourne Property until January 2013, when KSMP transferred three of the six parcels to SPP. KSMP continued to own the other three

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165 It appears that KSMP did not obtain the consent of the then-members of Specialty Properties Partners, LLC to convert SPP to an LP.

166 An assessor's parcel number ("APN") is a unique number assigned to a parcel of real property by the tax assessor for the jurisdiction in which the property is located. A piece of real property with a single street address may consist of multiple parcels, each with their own APN.

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parcels of the Chadbourne Property until July 2015, when they were transferred to LFM Debtors Buck Avenue and Sequoia. The entirety of the Chadbourne Property was sold in August 2021.

As of the Petition Date, SPP does not hold title to any Property. Other than a portion of the Chadbourne Property, SPP has never held title to any Properties.

c. Treehouse Investments, LP

Investors and Property Interests: Treehouse Investments, LP ("Treehouse") was formed on October 20, 2014, with KSMP serving as its general partner. Based on the Joint Investigation (including both documents produced and interviews with Investors), it appears that Treehouse had twelve partners as of June 2015 (the "2015 Treehouse Partners"),[167] none of whom transferred their interests in Treehouse back to KSMP. Much to the contrary, the Plan Proponents have obtained documents through the Joint Investigation that show that Mattson was representing to most of the 2015 Treehouse Partners that they continued to hold limited partnership interests in Treehouse as late as 2023.

By grant deeds dated August 20, 2020 but recorded on June 16, 2021, Treehouse deeded its interest in the Commerce Court Property to LFM, who, in turn, deeded the Commerce Court Property to Nut Pine. As of the Petition Date, Treehouse does not own any Property.

Investor Claims: Sixteen Investors filed Investor Claims in the LFM Debtors' Cases that assert claims against and/or interests in Treehouse. Of these, 94% have asserted an Investor Claim against at least one LFM Debtor and 100% have asserted an Investor Claim against one other KSMP Debtor.

1059 Account and 1380 Account Transactions: Between May 1, 2017, and May 31, 2024, there were at least 59 Outbound 1059 Account Transactions totaling $76,963 with respect to Treehouse. In addition, between May 1, 2017, and May 31, 2024, there were at least 1,779 Outbound 1380 Transactions totaling $3,198,662 with respect to Treehouse.

5. The Property Manager and CIP

a. Home Tax Service of America, Inc.

Investors: LMPM, was, as of the Petition Date, owned 66.67% by LFM and 33.33% by Mark Bennett ("Bennett"). Immediately prior to the Petition Date, LeFever served as LMPM's Chief Executive Officer and Bennett served as its chief financial officer; LeFever and Bennett were the two directors of LMPM.

[167] Those partners, along with their apparent Interest in Treehouse as of June 2015, are: KSMP, Kenneth & Jennifer Hultgren, Mark C. & Deborah G. Long Revocable Trust, Audrey McCoy Trust; Fisher Family Residual Trust, The Suhonos Family Trust, Alekna 2000 Revocable Trust, Specht Living Trust, Mullin Family Trust, Carolyn J. Carlson Declaration of Trust, Trinidad Family Trust, and Laurence Skegg.

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b. California Investment Properties, a California corporation

Investors: California Investment Properties, a California corporation ("CIP"), was, as of the Petition Date, 100% owned by LMPM. Prior to the Petition Date, CIP operated as a real estate brokerage that provided services in connection with the Properties and others purchased or sold by the Debtors.

6. The Non-Operating Entities

a. Apan Partners LLC

Investors: Apan Partners, LLC ("Apan") was formed in 2002 and was suspended by the California Franchise Tax Board in 2014. Apan had three members, including managing member LFM (20%), although no Non-Insider Investors asserted an Investor Claim with respect to Apan.

Property Interests: As of the Petition Date, Apan had no interest in any Properties, although it previously held an interest in one Property.[168]

b. LeFever Mattson I, LLC

Investors: LeFever Mattson I, LLC ("LFM I") was the original co-general partner of Divi Divi starting in December 2022. LFM, which is the sole member of LFM I, replaced LFM I as the sole general partner of Divi Divi in September 2015.

Property Interests: LFM I has never had any direct interest in any Properties.

c. Redbud Tree, LP

Investors: Redbud Tree, LP ("Redbud Tree"), which was formed in May 2022, has never owned any Properties.

Investor Claims: No Non-Insider Investors asserted an Investor Claim with respect to Redbud Tree.

[168] Specifically, as shown on the chart attached as Attachment F-26, Apan may have held an interest in 395 – 397 Coombs Street and 1203 – 1219 Laurel Street in Napa; Apan was the borrower under a loan secured by such Property but the Real Property Records are not clear as to the Property's actual ownership.

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III. RATIONALE FOR GLOBAL SETTLEMENT

A. Substantive Consolidation Is Appropriate Under Applicable Law

As explained in section I.B of this Investigation Report, substantive consolidation is appropriate when related entities are so intertwined that it would be impractical or impossible to separate them. Courts recognize that substantive consolidation may be implemented either when "'the time and expense necessary even to attempt to unscramble [them] is so substantial as to threaten the realization of any net assets for all the creditors' or where no accurate identification and allocation of assets is possible."[169]

The Joint Investigation confirms that this is exactly the situation here. First, the Debtors' and the KSMP Investment Entities' records are so incomplete and inconsistent that no accurate identification or allocation of assets is possible: thousands of transfers between and among the Debtors and the KSMP Investment Entities—as well as Interests "sold" to Investors—were undocumented, poorly documented, or inconsistently documented; the Yardi accounting system did not consistently maintain records at the entity level; and hundreds of millions of dollars flowed through commingled accounts like the 1059 Account and the 1380 Account without regard to which Debtor owned the funds. Second, even if an attempt were made to unscramble these affairs, the effort would be prohibitively costly. Reconstructing decades of inter-Debtor and Investor transactions across more than sixty entities would require extensive forensic work, which professionals estimate would cost tens of millions of dollars—an amount that would come directly out of Investor recoveries.

Moreover, if substantive consolidation of the Debtors were contested, the litigation itself would be a lengthy and costly fight, consuming millions of dollars in additional professional fees. That cost would also come out of Investor recoveries. ***For these reasons, the Plan Proponents believe the best course is a Global Settlement through the Plan that provides for Substantive Consolidation. Such a settlement is fair, equitable, and—most importantly—protects value for Creditors and Investors by avoiding years of wasteful and costly litigation and accounting exercises. In short, it is in the best interests of the Debtors' estates.***

B. The Alternative to Substantive Consolidation Is a Lengthy, Wasteful, and Likely Impossible Accounting Exercise

If substantive consolidation is not approved, however, the Plan Proponents would be forced to attempt to "unscramble" the inter-Debtor accounting of each Debtor as to every other Debtor. As discussed below, that process would fall into two broad categories: (a) Forensic Reconstruction, to determine the true assets and liabilities of each of the Debtors, including inter-Debtor claims; and (b) Investor Claim Reconciliation, to determine the validity, priority, and amount of each Investor Claim, as well as which Debtor or Debtors (or KSMP Investment Entity) are properly liable for each such claim. Both exercises would be extraordinarily burdensome, expensive—possibly consuming all Investor recoveries—and, in many cases, likely impossible.

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169 *Bonham*, 229 F.3d at 766 (quoting *In re Augie/Restivo*, 860 F.2d at 519).

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1. Forensic Reconstruction

The starting point for accurate financial records is knowing what an entity actually owns and owes—its assets and liabilities. This becomes especially complicated when there are intercompany transactions because they directly affect the assets and liabilities of each entity involved. When a company's books and records—which identify assets, liabilities, and intercompany claims—are unreliable or incomplete, the resulting financial records cannot be trusted to show the true picture, especially when it comes to intercompany liabilities.

Importantly, when assessing intercompany liabilities, the liability from one entity to another may not be limited to the value of cash or value of property transferred between them. If a transaction was not at arm's length and caused harm to the related entity, the liability could also include additional damages—amounts that would likely need to be determined through litigation.

In this case, the Debtors' records—especially their financial records on an entity-by-entity basis—are unreliable and, in many cases, incomplete. In some cases, the Debtors' records do not accurately reflect the assets an entity owns or obligations it has to lenders or other third parties. More often, they fail to properly reflect and reconcile Intercompany Transfers. As a result, to determine each Debtor's true assets and liabilities, forensic accountants would need to reconstruct individual financial records—sometimes going back decades. Aside from the significant delay to Investor distributions, the forensic accounting costs alone would be extraordinarily high—***likely exceeding $35 million***. These costs would only increase in cases requiring substantial legal involvement and, potentially, costly litigation.

Even if the Debtors were to spend that time and money, a reliable Forensic Reconstruction may still not be possible. The information *needed* to complete a Forensic Reconstruction is not the same as what is *available*. And based on the Joint Investigation to date, the Plan Proponents believe that much of the information needed simply does not exist: records are missing, transfers were undocumented, and bank accounts were commingled in ways that make tracing asset ownership nearly impossible. In other words, this is not only an exercise that would waste resources—it is one that cannot deliver accurate results.

Below, we discuss what we view as the most substantial roadblocks to an accurate Forensic Reconstruction.

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a. Validation of Debtors' Financial Records

As noted above, accurate financial records begin with a clear picture of what an entity owns and what it owes. That picture normally comes from the company's "system of record," [170] which should be complete and reliable. Here, however, that foundation is missing or flawed, such that it cannot be relied upon to provide an accurate picture of each Debtor's assets and liabilities.

As an initial matter, it is well-documented that the Plan Proponents have been unable to identify or obtain financial records maintained by KSMP, the Mattson Maintained Debtors, or the KSMP Investment Entities, or LFM's complete financial records maintained by Mattson. Forensic Reconstruction of these Entities' finances, therefore, means starting from scratch.

For the LFM Debtors (other than the Mattson Maintained Debtors and LFM), although financial records were maintained in Yardi earlier, the LFM Debtors' Yardi records only date back to 2005. While the Plan Proponents have not identified anything that would call into question the general reliability of the Yardi records, the way Yardi was used creates major problems when attempting to determine finances at the Debtor level. Because transactions were not consistently recorded at the Debtor level (as opposed to the Property level), the Yardi Codes assigned to them cannot be assumed to correctly show which Debtor was actually involved in a transaction. As a result, even where records exist, they cannot be relied upon to provide an accurate picture of each Debtor's finances. This means that each transaction needs to be validated, which essentially means that each transaction recorded in Yardi would need to be reconciled to source documents (for example, invoices, contracts, and bank statements) to confirm their completeness and accuracy.

b. Intercompany Transactions

Absent Substantive Consolidation, each Debtor must have its own set of financial records. Rebuilding those records requires more than high-level balances; it depends on knowing the details of every Intercompany Transaction—specifically, which legal entities were involved and the terms of the transaction—so that each Debtor's books can be made accurate. And because the amounts owed between Debtors are cumulative, those balances must be traced back to the very first Intercompany Transaction.

In practice, this means reconstructing each Intercompany Transaction from scratch. Forensic accountants would have to piece together the true nature and purpose of the nearly 13,000 cash transactions between Debtors. That process generally begins by tracing the flow of funds and answering critical questions: where the money came from before the transfer, where it went after, why it was transferred in the first place, and whether the transaction had any real economic

[170] In accounting, a company's "system of record" is that company's authoritative and definitive source of financial data. A system of record serves as the company's main repository where financial transactions are recorded, updated, and maintained.

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substance.[171] Only then could each Intercompany Transaction be confirmed or, if necessary, reclassified.[172]

(1) *The LFM Intercompany Transactions*

The LFM Debtors' Open Intercompany Transactions lack the detail needed to be settled as-is and therefore cannot be assumed to reflect each legal entity's finances.[173] Indeed, because these transactions do not reconcile on a Debtor-by-Debor basis, the records are unreliable—even if one were to assume that every "closed" LFM Intercompany Transaction is properly recorded. To determine what each LFM Debtor actually owes to or is owed by another, every LFM Intercompany Transaction from 2006 to the Petition Date would have to be reviewed. That would be a herculean undertaking—and may not even be possible—for a number of reasons, including:

- **Unclear Purpose of Transactions**: Because the Sub-Ledgers do not reflect the purpose of each LFM Intercompany Transaction, a forensic accounting would have to be performed on the general ledger of the "borrowing" Investment Vehicle to determine the purpose of the transfer. Even then, the purpose (e.g., operating needs, property tax payments, or distributions to Investors) may not be obvious.

- **Challenges in Tracing Property vs. Entity Transactions**: Some groups of Investors originally owned a Property directly as TICs. Later, the Property was placed into a newly formed Entity, and those same Investors became partners or members of that Entity.[174] This history creates a major tracing problem. An Entity's financial records can only be reconstructed back to its formation date, but Intercompany Transfers may have occurred with respect to the Property before the Entity even existed. Those earlier transactions would have been recorded at the Property level, making it difficult—if not impossible—to connect them cleanly to the Entity's later records. As a result, to reconcile these transactions, the Plan Proponents would not only have to verify and/or reconstruct every transaction, but

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171 For example, whether (a) the Intercompany Transaction a loan, an equity contribution, a gift, or something else or (b) the Intercompany Transaction was at arms' length.

172 Reclassification refers to the process of moving a financial transaction from one accounting category to another, reassigning the transaction to ensure accurate financial reporting and alignment with accounting standards. For example, after reviewing an intercompany transaction that was reflected in a company's financial records as a "loan," it may be determined that such transaction is properly reclassified as an "equity contribution."

173 To illustrate the point, on September 9, 2025, the LFM Debtors filed their Amended Schedules, in part to update their best estimate of the amount of the Open Intercompany Transactions. During this process, the Debtors were only able to correct for initial errors in mapping certain Yardi Property Codes to certain Debtors and identified the complexity of the issues related to completing a full reconciliation.

174 For example, the TICs of the Camelia Square Apartments became the limited partners of Cambria Pine, the TICs of the Sharis Apartments became the limited partners of Foxtail Pine, and the TICs of the Southwood Apartments became the limited partners of Live Oak.

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would also have to determine—as a matter of law—which Debtor should be treated was the one owed money and which was the one owing it.[175]

- **Ownership Changes Over Time**: Ownership of many Properties passed among different Debtors over the past twenty-five years. For example: (a) the Napa Elm Apartments were owned (in whole or in part) at various times by KSMP, LFM, Napa Elm, Pinecone, and Spruce Pine;[176] (b) the Southwood Apartments were owned at various times by Buck Avenue, Divi Divi, LFM, and Live Oak;[177] and (c) Woodcreek Plaza was owned, in whole or in part, by Black Walnut, KSMP, LFM, Windscape Apartments, and Windtree.[178] As a result, each LFM Intercompany Transaction tied to a Property must be allocated to whichever Debtor actually owned that Property (or an interest therein) at the time.

- **Transfers Subject to Existing Obligations**: Certain Properties were transferred from one LFM Debtor to another while already *subject to* an existing LFM Intercompany Transaction. This makes it difficult to validate whether the Intercompany Transaction is reflected on the correct Debtor's Sub-Ledger as of the Petition Date.

- **Missing or Altered Records**: Historical Intercompany Transactions are not centralized in one place. LMPM personnel sometimes removed "closed" Intercompany Transactions from Sub-Ledgers. For example, the Sub-Ledger for the Redwoods Apartments (as of September 2024) includes a reference to 380 LFM Intercompany Transactions, of which 188 are still open. Yet only 188 line items are shown, meaning 192 "closed" LFM Intercompany Transactions are missing. LMPM personnel have also indicated that the number of LFM Intercompany Transactions for Redwoods Apartments was far higher than 380, making it unclear how many "closed" transactions are missing in total. Although older versions of Sub-Ledgers exist, reviewing and reconciling all LFM Intercompany Transactions would require time-intensive (and therefore expensive) work.

- **Inconsistent Accounting Treatment**: In certain years (generally before the mid-2000s), LFM Intercompany Transactions were recorded inconsistently in the general ledgers. In some cases, the discrepancies were addressed through year-end adjustments rather than by verifying and restating each transaction.

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175 A piece of property cannot loan money to another piece of property. Therefore, as a legal matter, what is an "inter-property loan"? Should it be viewed as an Intercompany Transaction to which the yet-formed Entity is a party? Should it be viewed as a transaction between groups of TICs? And, if it is the latter, what are the rights and obligations of each TIC that is an Investor in a Property that was party to an "inter-property loan"?

176 *See* Attachment F-5.

177 *See* Attachment F-17.

178 *See* Attachment F-14.

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- **Jointly Owned Properties**: Some Properties are or were owned by multiple Debtors, requiring careful allocation of related Intercompany Transactions. But allocation is not always as simple as dividing by ownership percentage. For example, Salvio Pacheco Square is owned by three LFM Debtors—Autumn Wood (49.5%), Pinewood (22.9%), and Vaca Villa (27.6%). If its Sub-Ledger reflected a $1,000 payment, the allocation of that payment would differ if the payment was for property taxes (which follow ownership percentages) versus a distribution to Autumn Wood's investors (which follows investor-level arrangements).

(2) *The LFM/KSMP Cash Transfers*

As discussed, between January 1, 2017, and September 30, 2024, LFM and KSMP engaged in more than 11,500 individual cash transfers totaling approximately $176 million, including:

- more than $39 million (carried out through more than 1,800 individual transactions) was transferred back and forth between LFM and KSMP and recorded in the LFM Debtors' financial records

- more than $19 million in cash transfers (spread across more than 8,400 discrete entries) between LFM and KSMP tied to KSMP Properties that are recorded in the LFM Debtors' financial records

- more than $92 million moved between LFM and KSMP through the 1059 Account carried out by more than 950 checks and wire transfers

- approximately $25 million was disbursed from the 1059 Account in connection with KSMP-owned Properties, through more than 375 checks and wire transfers

Yardi records show that between 2005 and 2016, approximately $1.9 million was transferred from the LFM Debtors to KSMP, mostly as "owner withdrawals." However, as with all other activity in the 1059 Account, the Plan Proponents have no visibility into the cash transfers between LFM and KSMP that flowed through the account from its opening in December 2002 through the end of 2016. Even for transfers that are known to have occurred through the 1059 Account prior to 2017, few, if any, appear to correspond to any known obligation.

c. The Commingled Bank Accounts

The 1059 Account has been open for over 20 years and, throughout that time, has been held in LFM's name. Yet not a single transaction from the account was ever recorded in Yardi. To reconstruct the LFM Debtors' financial records, every 1059 Account transaction would have to be assigned to the correct Debtor. The problem is that the Plan Proponents only have 1059 Account Records beginning in 2017—15 years after the account was opened—and are unlikely to obtain anything earlier. Without the ability to reconcile those missing years, the existing books and records will remain inaccurate—off by potentially hundreds of millions of dollars—and a full reconstruction of the LFM Debtors' financial records is effectively impossible.

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Similarly, the 1380 Account has been open in KSMP's name for nearly twenty-five years. Reconstructing KSMP's financial records would require reconciliation of each 1380 Account Transaction—an impossible task given that the Plan Proponents have records only from 2017 onwards. The same is true for all Commingled Bank Accounts. And even if the Debtors spent the millions of dollars necessary to use the available bank records to create a framework for KSMP's more recent financial activity, the records would nonetheless remain incomplete and inaccurate due to the lack of source material.

d. Real Property Transfers

At least 148 Properties have changed hands between Debtors, in some cases more than once.[179] Some of these transfers—known as Insider Property Transfers—are reflected in the LFM Debtors' financial records, but others are not. And even when a transfer is recorded, the records still need to be checked to confirm that it was captured correctly. To do this, the Plan Proponents would need to review and evaluate each Insider Property Transfer, including:

- **Validation of Consideration**: Each Insider Property Transfer should be recorded in the financial records of both the Debtor that transferred the Property and the Debtor that received it. Those records should show the true economic impact of the transfer. Because real property has value, a change in legal ownership should be a matched by an exchange of value—such as cash or debt.[180]

- **Retrospective Value Opinions**: Insider Property Transfers were not arm's length transactions. In many cases, Mattson unilaterally assigned a value to a Property and signed on behalf of both Debtors without ever obtaining an independent valuation. To now determine whether each stated "sales price" was appropriate, the Plan Proponents would need to obtain a retrospective value opinion for each transfer—or in other words an appraisal of each Property's value as of the transfer date, based on market conditions and property characteristics at that time.

- **Third-Party Loans**: Many Properties transferred between Debtors were pledged as collateral for Third-Party Loans. This creates major complications for any Forensic Reconstruction. In many cases, Mattson caused an LFM Debtor to transfer a Property to KSMP, then caused KSMP to take out or refinance a Third-Party Loan secured by that Property, and then caused KSMP to transfer the Property—often newly or materially more encumbered—back to the LFM Debtor. Each time this happened, the Property's value materially changed and those changes should have been reflected in the Debtors' financial records.[181]

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179 *See, e.g.,* Jeremiassen Declaration ¶ 20 and Exhibit C thereto.

180 In this context, "value" can be negative. For example, if Company A transferred a piece of property with a value of $1,000 to Company B, for which Company B paid Company A nothing, but the transfer was subject to $100,000 of liens against that property, the "value" of that property after it was transferred to Company B is negative $99,000.

181 For example, assume Debtor A owned an unencumbered (i.e., not subject to any loan) Property worth $1,000,000. Debtor A then transfers the Property to Debtor B, which takes out a $500,000

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e. Transactions Through Third-Party Closing Agents

Through the Joint Investigation, the Committee has obtained over 25,000 documents from the Closing Agents that historically handled the Debtors Property transactions.[182] These include final settlement statements prepared by the Closing Agent (the "Settlement Statements") showing both the sources of funds paid, such as buyer deposits and loan proceeds, and how those funds were used, such as purchase price payments, property tax payments, and broker fees.

Review and validation of these materials has already revealed at least thirty-one Property purchases where an *LFM Debtor*—not KSMP—paid a buyer deposit to the Closing Agent for a purchase *by KSMP*.[183] For this subset of thirty-one Properties, LFM paid more than $18.3 million towards these purchases, including approximately $12.9 million from the 1059 Account and $5.4 million from other bank accounts. The Settlement Statements for these Properties also show an additional $2.27 million in deposits from LFM that the Plan Proponents have been unable to verify, in part because account records for the 1059 Account are missing for the relevant periods.

These thirty-one Properties, however, represent only what has been identified so far. The Plan Proponents have not yet reviewed all Settlement Statements produced to date, and the Closing Agents have not yet completed their production. In particular, Stewart Title—the Closing Agent most frequently used by the Debtors—has been working constructively with the Committee, producing documents multiple times a week for several months. But given the sheer volume of transactions, Stewart Title is not expected to complete its production anytime soon. This means that the total number of similar transactions—those where LFM paid a deposit for a KSMP purchase transaction—is almost certainly greater than the thirty Properties already identified.

Reconciliation of additional Settlement Statements will not be straightforward, because the Settlement Statements themselves are not always reliable. For example, three of the thirty-one Closing Statements discussed above showed deposits coming from KSMP when, in reality, they came from LFM. To ensure their accuracy, every payment and use reflected on every Settlement Statement would need to be independently verified. But that level of verification may not be possible using the actual source of each deposit, as many deposits appear to have originated from the 1059 or 1380 Accounts—accounts for which pre-2017 records are missing. Closing Agents may have limited ability to trace. In short, the exercise—even if it could be completed—would be enormously time-consuming and cost-intensive, further reducing the value available for Investors.

* * *

Third-Party Loan on the Property, which it then transfers back to Debtor A subject to the Third-Party Loan. From one day to another, the value of that Property to Debtor A has gone from $1,000,000 to $500,000. This, however, would not end the analysis—how Debtor B uses that $500,000 it received through the Third-Party Loan is important.

182 Certain of these documents are also in the LFM Debtors' Records.

183 *See* Jeremiassen Declaration, ¶ 19 and Exhibit B.

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Given the facts of these Cases (summarized above in section II) and the experience of their professionals in other complicated fraud and Ponzi matters,[184] the Plan Proponents believe that trying to reconstruct each Debtors' financial records would cost tens of millions of dollars—and still fail to provide a complete picture. ***In practical terms, that means that money that should go to Investors would instead go to lawyers and accountants—with little chance of success***.

The law on substantive consolidation directly addresses this problem: courts allow substantive consolidation—as a matter of law—where "'the time and expense necessary even to attempt to unscramble [the Debtors] is so substantial as to threaten the realization of any net assets for all the creditors' or where no accurate identification and allocation of assets is possible."[185] For these reasons, the Plan Proponents are confident that they would prevail in any proceeding where the litigated the merits of substantive consolidation. But that litigation itself would be slow and expensive. Instead, a settlement under Bankruptcy Rule 9019 achieves the same result—substantive consolidation—while avoiding the added cost and delay of litigation, leaving more money for Investors and getting it into their hands more quickly.[186]

2. Investor Claim Reconciliation

The discussion now turns from reconstructing the Debtors' books to the separate but related challenge of reconciling Investor Claims. Absent Substantive Consolidation, every Investor Claim would have to be reviewed one by one to confirm that it is asserted against the proper Debtor or Debtors. This is not a straightforward exercise. It would likely involve litigation to resolve the difficult factual and legal issues—delaying distributions to investors and driving up costs.

As discussed extensively herein, Investor Claims come in many forms. Some reflect an ownership interest in a Debtor, such as a limited partnership or membership interest in a Debtor (an "Investment Interest"). Others are in the nature of claims (usually a fraud claim) often tied to the sale of Phantom Interests or situations where liens or other encumbrances were secretly placed on a Property owned by an Investor (an "Investment Damage Claim"). While these claims can be grouped into broad categories (i.e., Record Investor, Type I Phantom Interest, Type II Phantom Interest, Type III Phantom Interest, and Type IV Phantom Interest), the details matter. Even a small factual distinction might change which Debtor—or how many Debtors—are legally responsible. As a result, absent Substantive Consolidation, each Investor Claim would need to be analyzed separately—as opposed to the largely categorical analysis undertaken to date.

Consider this hypothetical example. Mattson sells Investor X a 3% limited partnership interest in Beach Pine for $100,000. The deal is documented in a Transfer Agreement stating that

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184 Among other cases, the Plan Proponents' professionals have been involved with *In re Professional Financial Investors, Inc.*, No. 20-30604 (Bankr. N.D. Cal.); *In re Woodbridge Group of Companies, LLC*, No. 17-12560 (Bankr. D. Del.); *In re 1 GC Collections*, No. 18-19121 (Bankr. S.D. Fla.); *In re EPD Investment Co., LLC*, No. 10-62208 (Bankr. C.D. Cal.); and *In re Reed E. Slatkin*, No. 01-11549 (Bankr. C.D. Cal.).

185 *Bonham*, 229 F.3d at 766 (quoting *In re Augie/Restivo*, 860 F.2d at 519).

186 *See, e.g., Means*, 2012 U.S. Dist. LEXIS 62456, at *9 (C.D. Cal. May 3, 2012) (citing cases).

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LFM is selling the interest. Investor X deposits the $100,000 into the 1059 Account. But the transfer is never recorded in the LFM Debtors' official Investment Records.

- ***Does Investor X have an Investment Interest in Beach Pine?*** This turns on both the facts and the law.

  - Factual: At the time of the sale, did LFM own actually own the 3% of the partnership interest in Beach Pine it purported to sell? This would require reconstructing ownership records.

  - Legal (if LFM did not own the interest): What is the legal consequence of LFM purporting to sell an interest it did not actually hold—e.g., is the transfer void, and does Investor X instead hold only an Investment Damage Claim (not equity)?

  - Legal (if LFM did own the interest): Was Mattson authorized to sign the Transfer Agreement and convey the interest, and were the requirements under the partnership agreement and applicable law satisfied so that Investor X was validly admitted as a partner?

- ***Does Investor X have an Investment Damage Claim—and if so, against whom?*** This also requires both factual and legal analysis.

  - Factual/Legal (connection to ownership): Whether Investor X has an Investment Damage Claim (and for how much) may depend on whether they actually acquired an Investment Interest in Beach Pine.

  - Factual/Legal (nature of claim): Investment Damage Claims have been asserted in various different forms—most often fraud, but also misrepresentation, breach of contract, financial elder abuse, and civil theft.

  - Factual/Legal (who is liable?): If Investor X has a valid Investment Damage Claim, who is responsible for paying it? Possibilities here would include Beach Pine, LFM, or Mattson.

While many Investor Claims follow the basic fact pattern described above, just as many (if not more) diverge in material ways. Even small factual distinctions can materially alter the outcome of the two questions above—meaning each Investor Claim must be analyzed on its own facts:

- ***What if Investor X deposited the $100,000 into the 1380 Account instead of the 1059 Account?*** In that case, Investor X's investment contract is with LFM, but its payment went into an account owned by KSMP at Mattson's direction. Does Investor X's right to an Investment Interest in Beach Pine depend on whether KSMP actually held interests in Beach Pine to sell? And if the interest was not valid, does Investor X has an Investment Damage Claim against KSMP, against LFM or against both?

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- ***What if the Transfer Agreement shows that KSMP, not LFM, is selling the interest in Beach Pine?*** At first blush, this might suggest that any Investment Damage Claim lies against KSMP rather than LFM. But the analysis is not so straightforward. Indeed, some Investors have asserted—under penalty of perjury—that they believed that KSMP was a part of LFM, or that their Investment Interests were acquired from LFM, not KSMP.

- ***What if, instead of Beach Pine, the Transfer Agreement stated that LFM was selling Investor X an interest under the "Agreement of Limited Partners of Country Oaks Partners, LLC"—an entity that does not actually exist?*** In this case, Investor X was not buying into a real entity at all, but rather a Type III Phantom Interest (i.e., an interest in a nonexistent entity, albeit here one with a name similar to a real Debtor). The question then becomes whether Investor X has an Investment Interest in Country Oaks I, LP—the actual LFM Debtor with a similar name—or no Investment Interest at all?

- ***What if, instead of Beach Pine, the Transfer Agreement stated that LFM was selling Investor X an interest created pursuant to the "Agreement of Co-Tenants of Folsom Village Partners"?*** In this case, Investor X was sold a Type III Phantom Interest tied to the real Property, Folsom Village on Natoma, which was owned by other parties as a tenancy in common. But because Investor X's name was never recorded on title, this raises several questions: (1) did LFM have a TIC interest in Folsom Village it could sell; (2); if so, could the Transfer Agreement transfer LFM's interest to Investor X when "Folsom Village Partners" does not exist; (3) if it could, did the failure to record the interest render it void or voidable; (4) in that case, can Investor X assert an Investment Interest in any Debtor, or is the clam purely an Investment Damage Claim; and (5) if it is an Investment Damages Claim, whom it is against?

To resolve these types of questions, the Plan Proponents would need to review each of the over 3,000 Investor Claims one by one. This would not be a simple bookkeeping exercise, but an intensive fact-and-law process requiring forensic accountants and lawyers. For each, the analysis would involve: (1) determining whether the Investor actually received an Investment Interest in a real Investment Vehicle or whether the Investor was sold a Phantom Interest; (2) if the interest was real, confirming whether the transfer agreement was validly executed and that the transfer was properly recorded in the Debtors' books and title records; (3) if the interest was not real, determining whether the Investor has an Investment Damage Claim and against whom—LFM, an LFM Debtor, KSMP, a KSMP Investment Entity, Mattson personally, or some combination; (4) tracing where the Investor's money actually went—into the 1059 Account, the 1380 Account, or elsewhere—and how that affects the Investor's rights and interests; and (5) addressing legal questions about rights of third parties, including whether recognizing one Investor's claim or interest impacts the rights of others.

For any one claim, several of these issues—and possibly all of them—could end up in litigation. Each dispute could also draw in third parties whose rights may hinge on the outcome. ***This process would be costly, time-consuming, and unpredictable. And because distributions***

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cannot be made until all claims against a Debtor are resolved, Investor recoveries likely would be delayed for years while the Court sorts through these disputes.

As a matter of law, these facts directly implicate the standard for substantive consolidation. Courts have held that consolidation is appropriate when "the time and expense necessary even to attempt to unscramble [the Debtors] is so substantial as to threaten the realization of any net assets for all the creditors" or when "no accurate identification and allocation of assets is possible." Here, both principles apply: in many cases, the records are so unreliable that accurate reconciliation may be impossible, and regardless, the sheer cost and burden of claim-by-claim reconciliation—and the litigation it could generate—would consume value that should go to Investors. For these reasons, the Plan Proponents believe that substantive consolidation is not only justified under the law but is also in the best interest of Investors**.**

C. The Debtors Operated as a Ponzi Scheme

1. The Debtors Operated as a Ponzi Scheme for Decades

The evidence uncovered by the Joint Investigation supports a finding that the Debtors operated as a Ponzi scheme from at least 2008 to 2024. Most fundamentally, because the Debtors' Investment Vehicles did not generate sufficient profits to sustain Investor payments, they constantly relied on obtaining new investments to fund them. Mattson principally accomplished that through the Commingled Bank Accounts, including the 1059 Account and the 1380 Account, inducing Investors to deposit hundreds millions of dollars into these bank accounts and then using the commingled funds to pay other Investors, among other improper purposes. The Debtors also sustained regular distributions to Investors by shifting funds from one Investment Vehicle to another through Intercompany Transactions.

Courts "have identified badges that weigh in favor of finding a Ponzi scheme, including (1) the absence of any legitimate business connected to the investment program; (2) the unrealistic promises of low risk and high returns; (3) commingling investor money; (4) the use of agents and brokers paid high commissions to perpetuate the scheme; (5) misuse of investor funds; (6) the payment of excessively large fees to the perpetrator; and (7) the use of false financial statements."[187] As detailed above, through the Mattson Transactions and his misuse of the Commingled Bank Accounts, Mattson caused the Debtors to bear virtually all of those badges.

2. Investor Recovery Calculation

As discussed above, the Plan Proponents have concluded that the Debtors operated as a Ponzi scheme from at least 2008 to 2024. As a result, the Plan Proponents intend to seek a Ponzi Finding from the Bankruptcy Court in connection with confirmation of the Plan.

In accordance with applicable Ponzi scheme case law, and for the reasons discussed in detail above, the Plan provides that Investor claims will be "netted" to make sure all Investors are treated fairly. Specifically, each Investor will receive (a) a claim for money (or value of property) it invested in the Debtors over time *less* any returns of principal *less* monthly distributions the

[187] *EPD*, 114 F.4th at 1159 (citing cases).

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Investor received over the *seven years* prior to September 12, 2024 (the "Investor Tranche 1 Claim"), and (b) a claim for the monthly distributions deducted in calculating the Tranche 1 Claim (the "Investor Tranche 2 Claim"). The Plan provides that Investors will first receive their pro rata distribution of available assets on account of their Investor Tranche 1 Claim. If and when each Investor Tranche 1 Claim is paid in full, Investors will then receive their pro rata distribution of available assets on account of their Investor Tranche 2 Claim.

An important compromise embodied in the Plan and Global Settlement is that the Plan only nets Investor claims for distributions received over the *seven years* prior to September 12, 2024, despite the Joint Investigation supporting a Ponzi scheme start date in or around 2008. As a result of this compromise, legacy Investor claims will not be netted to the fullest extent permitted by law.

For example, assume Investor A invested $100,000 in September 2009 and received annualized 6% monthly distributions, totaling $90,000 over the ensuing 15 years. Under applicable Ponzi scheme case law, Investor A's net claim in the bankruptcy case would be $10,000 ($100,000 - $90,000).

Under the Plan and Global Settlement, however, only distributions received in the *seven years* before September 12, 2024 are netted. That equals $42,000 (6% x $100,000 x 7 years), resulting in an Investor Tranche 1 Claim of $58,000 ($100,000 - $42,000) and Investor A's Tranche 2 Claim is $42,000. Any distributions the Investor received before September 12, 2017 are disregarded for this calculation.

The Plan Proponents, including the Committee, believe this compromise is fair and equitable under the circumstances. Specifically, this treatment ensures that legacy Investors, who may not have any other source of income or assets, retain a reasonable claim and generally do not risk being netted to $0.

In order to facilitate the resolution of Investor claims as efficiently and expeditiously as possible, the Bankruptcy Court has approved an Investor claims settlement procedure that will run in parallel to solicitation of the Plan. Specifically, on November [●], 2025, the Bankruptcy Court entered the Investor Claim Procedures Order. Pursuant to the Investor Claim Procedures Order:

- The Committee will send a settlement offer letter to each holder of an Investor Claim, which will include the Investor's proposed Tranche 1 Claim and proposed Tranche 2 Claim.

- Investors will be given an opportunity to accept or reject the proposal in the settlement letter.

- If an Investor disagrees with or has questions about the proposed claim amounts, the Investor may email LMCommittee@pszjlaw.com and request to meet and confer with counsel for the Committee to discuss the contents of the letter, including the calculations contained therein.

- After meeting and conferring with an Investor, the Committee may, in consultation with the Debtors and without further order of the Court, in its sole discretion, send

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a new settlement offer letter with modified proposed allowed claim amounts. The Investor will then have seven calendar days to respond to the revised offer letter.

- An Investor that does not accept an original or modified settlement offer letter will have its Investor Claim deemed disputed for purposes of the Plan. The Plan Proponents anticipate that the Plan Supplement will set forth proposed procedures for the Plan Recovery Trust to resolve any such remaining disputes post-confirmation.

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Attachment A: LFM Property Ownership

a) Properties Owned as of the Petition Date

Seven Branches (450 W. Spain Street, Sonoma)	• Acquired 23% TIC interest from third party in January 2019
110 Fordham Circle, Vallejo	• Transferred to LFM from third party (subject to existing mortgage) in December 2014
6359 Auburn Boulevard, Citrus Heights	• Acquired 50% TIC interest from third party in October 2021
157 James River Road, Vallejo	• Transferred to LFM from third party in January 2014 (subject to existing mortgage); previously owned by LFM between December 2000 and February 2001
258 Lorraine Boulevard, San Leandro	• Transferred to LFM from third party (subject to existing mortgage) in January 2012
533 Bella Vista Drive, Suisun City	• Transferred to LFM from third party (subject to existing mortgage) in December 2011
5601 Walnut Avenue #4, Orangevale	• Transferred to LFM from third party (subject to existing mortgage) in December 2011
5701/5703 Orange Avenue, Sacramento	• Transferred to LFM from third party (subject to existing mortgage) in November 2021; LFM conveyed 50% TIC interest to Investor in July 2024 • Previously owned by LFM from September 2005 to November 2005
830 Illinois Street #1-4, Fairfield	• Transferred to LFM from third party (subject to existing mortgage) in May 2017; previously owned by LFM from January 2006 to July 2006 and from March 2011 to August 2012
1173 Araquipa Court, Vacaville	• Transferred to LFM from third party (subject to existing mortgage) in December 2014
1191 Araquipa Court, Vacaville	• Transferred to LFM from third party (subject to existing mortgage) in October 2009
1864 Quail Meadows Circle, Vacaville	• Transferred to LFM from third party (subject to existing mortgage) in October 2010
4920 Samo Lane, Fairfield	• Transferred from KSMP to LFM in November 2016
101 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
102 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
103 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
104 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
107 Quail Court, Truckee	• Transferred from KSMP to LFM in March 2022; transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018
108 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
109 Quail Court, Truckee	• Transferred from KSMP to LFM in March 2022; transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018

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110 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10335 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in March 2021; transferred from KSMP to LFM in May 2018
10298 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10300 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10306 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in May 2021; transferred from KSMP to LFM in May 2018
10308 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10316 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10318 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10326 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10328 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in May 2021; transferred from KSMP to LFM in May 2018
10333 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10334 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2023; transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018
10336 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2023; transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in March 2021 • Transferred from KSMP to LFM in May 2018
10342 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2023; transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018
10344 Badger Lane, Truckee	• Transferred from KSMP to LFM in March 2022; transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018
10350 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10352 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018

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10358 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10360 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10366 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10368 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10378 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10379 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10380 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10381 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10386 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10388 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10393 Badger Lane, Truckee	• Transferred from KSMP to LFM on November 27, 2023 • Transferred from LFM to KSMP on November 22, 2023 • Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018
10394 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
10395 Badger Lane, Truckee	• Transferred from KSMP to LFM on November 27, 2023 • Transferred from LFM to KSMP on November 22, 2023 • Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in March 2021 • Transferred from KSMP to LFM in May 2018
10396 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021; transferred from LFM to KSMP in February 2021; transferred from KSMP to LFM in May 2018
7332/7334 Arleta Court, Sacramento	• Transferred from third party (subject to mortgage) to LFM in December 2011 • Previously owned by LFM from September 2005 to October 2005

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b) Properties Owned Prior to the Petition Date

Cornerstone (72/100/200 Wagner Road; 23570 Arnold Drive, Sonoma)	• Acquired 36% TIC interest from third party in January 2019; transferred to Heacock Park in January 2022
Cottage Inn (302/310 E. 1st Street, Sonoma)	• Transferred from KSMP to LFM in January 2020 • Transferred from LFM to Sienna Pointe in October 2021
103/105 Commerce Court, Fairfield	• Transferred from Treehouse to LFM and again from LFM to Nut Pine on August 20, 2020;
1870 Thornsberry Road, Sonoma	• Transferred from KSMP to LFM and again from LFM to RTCM on November 13, 2023
Broadway Street Apartments (905 Broadway Street, Fairfield)	• See chart attached as Attachment F-1
Camelia Square Apartments (1621 Hood Road, Sacramento)	• See chart attached as Attachment F-2
Carmichael Apartments (5800 Engle Road, Carmichael)	• Acquired 7.75% TIC interest from third party in January 2007 (and additional TIC interest transfers between 2017 and 2021); eventually all TIC interests transferred to Buckeye Tree in June 2022
Country Glen Apartments (7575 Power Inn Road, Sacramento)	• Acquired 19.242% TIC interest from third party in December 2005 (and additional TIC interest transfers between 2006 and 2018); eventually all TIC interests transferred to Monterey Pine in Nov. 2018
Courtyard Cottages (7337 Power Inn Road, Sacramento)	• Acquired 6.348% TIC interest from third party in July 2006 (and additional TIC interest transfers between 2016 and 2022); eventually all TIC interests transferred to Ginko Tree in June 2022
Dana Drive Apartments (1190 Dana Drive, Fairfield)	• See chart attached as Attachment F-3
Tradewinds Apartments (1189 Dana Drive, Fairfield)	• See chart attached as Attachment F-4
Napa Elm Apartments (1050 Elm Street, Napa)	• See chart attached as Attachment F-5
Gold Oak Apartments (3310 – 3336 Cimmarron Road, Cameron Park)	• Acquired 9.709% TIC interest from third party in April 2004 (plus additional transfer of 5.825% interest from TIC in March 2018); all TIC interests transferred to Red Oak in April 2022
Jackson Street Apartments (500 Jackson Street, Fairfield)	• See chart attached as Attachment F-6
Marpel Apartments (501 – 523 Carpenter Street; 1035 – 1037 Washington Street, Fairfield)	• See chart attached as Attachment F-7
Sharis Apartments (453 E. Fleming Avenue, Vallejo)	• See chart attached as Attachment F-8
Shelfield Apartments (5800 Fair Oaks Boulevard, Carmichael)	• See chart attached as Attachment F-9
Walnut Crest Apartments (3217 Walnut Avenue, Carmichael)	• See chart attached as Attachment F-10
2280 Bates Avenue, Concord	• See chart attached as Attachment F-11

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9120 Polhemus Drive / 9300 Mazatlan Way, Elk Grove	• Transferred from third party to LFM (subject to mortgage) in December 2011; transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7210/7212 Grady Drive, Citrus Heights	• Transferred from third party to LFM (subject to mortgage) in March 2010; transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7300 Berna Way / 7235 Arleta Court, Sacramento	• Transferred from third party to LFM (subject to mortgage) in August 2019; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to October 2005
7303/7305 Berna Way, Sacramento	• Transferred from third party to LFM (subject to mortgage) in December 2012; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to January 2006
7304/7306 Berna Way, Sacramento	• Transferred from third party to LFM (subject to mortgage) in June 2011; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to October 2005
7308/7310 Arleta Court, Sacramento	• Transferred from third party to LFM (subject to mortgage) in August 2019; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to December 2005
7312/7314 Berna Way, Sacramento	• Transferred from third party to LFM (subject to mortgage) in October 2017; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to October 2005
7316/7318 Arleta Court, Sacramento	• Transferred from third party to LFM (subject to mortgage) in September 2007; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to October 2005
7319 Arleta Court / 7301 Berna Way, Sacramento	• Transferred from third party to LFM (subject to mortgage) in November 2009; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to October 2005
7320/7322 Arleta Court, Sacramento	• Transferred from third party to LFM (subject to mortgage) in August 2012; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to October 2005
7319/7321 Berna Way, Sacramento	• Transferred from third party to LFM (subject to mortgage) in December 2011; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to November 2005
7324/7326 Arleta Court, Sacramento	• Transferred from third party to LFM (subject to mortgage) in June 2011; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to November 2005
7327/7329 Berna Way, Sacramento	• Transferred from third party to LFM (subject to mortgage) in November 2010; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to October 2005

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7328/7330 Arleta Court, Sacramento	• Transferred from third party to LFM (subject to mortgage) in February 2017; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to November 2005
7339/7341 Arleta Court, Sacramento	• Transferred from third party to LFM (subject to mortgage) in October 2017; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to December 2005
6346/6348 Sorrell Court, Citrus Heights	• Transferred from third party to LFM (subject to mortgage) in December 2012; transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5509 Orange Avenue / 7343 Arleta Court, Sacramento	• Transferred from third party to LFM (subject to mortgage) in December 2012; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to October 2005
5513/5515 Missie Way, Sacramento	• Transferred from third party to LFM (subject to mortgage) in December 2011; transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5521/5523 Missie Way, Sacramento	• Transferred from third party to LFM in July 2007; transferred from LFM to Valley Oak in July 2020
5335/5337 Gibbons Drive, Carmichael	• Transferred from third party to LFM (subject to mortgage) in November 2010; transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5537/5539 Missie Way, Sacramento	• Transferred from third party to LFM (subject to mortgage) in January 2014; transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5605 Orange Avenue / 7320 Berna Way, Sacramento	• Transferred from third party to LFM (subject to mortgage) in February 2017; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to December 2005
5601/5603 Orange Avenue, Sacramento	• Transferred from third party to LFM (subject to mortgage) in May 2007; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to December 2005
7335/7337 Arleta Court, Sacramento	• Transferred from third party to LFM (subject to mortgage) in August 2018; transferred from LFM to Valley Oak (subject to mortgage) in July 2020 • Previously owned by LFM from September 2005 to October 2005
General's Daughter Barn & Lot (430 W. Spain Street, Sonoma)	• Transferred from KSMP to LFM in January 2020; transferred from LFM to Sienna Pointe in December 2021
General's Daughter (400 W. Spain Street, Sonoma)	• Transferred from LFM to Windscape Apartments in November 2022; purchased by LFM in January 2019
Vaca Villa Apartments (370 Butcher Road, Vacaville)	• See chart attached as Attachment F-13
280 Butcher Road, Vacaville	• Acquired by LFM from third party in August 2007; transferred by LFM to Butcher Road Partners in January 2013
310 Butcher Road, Vacaville	• Acquired 33.34% TIC interest from third party in October 2001 (and the remaining 66.67% TIC interest from other TICs in March 2003; transferred by LFM to Butcher Road Partners in January 2013

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312 Butcher Road, Vacaville	• Acquired 33.34% TIC interest from third party in October 2001 (and the remaining 66.67% TIC interest from other TICs in March 2003; transferred by LFM to Butcher Road Partners in January 2013
350 Butcher Road, Vacaville	• Acquired from third party in November 2003; transferred by LFM to Butcher Road Partners in January 2013
Woodcreek Plaza (7456 Foothills Boulevard, Roseville)	• See chart attached as Attachment F-14
430 W. Napa Street, Sonoma	• Transferred from Tradewinds to LFM on November 8, 2022; transferred by LFM to Windscape Apartments on November 9, 2022
5818 Engle Road, Carmichael	• Acquired by LFM from third party in January 2007; transferred by LFM to Tim LeFever in February 2024
1549 E. Napa Street, Sonoma	• Transferred from Napa Elm to LFM on July 6, 2022; transferred from LFM to RTCM on July 7, 2022
62 Farragut Avenue, Piedmont	• Acquired by LFM from third party in July 1999 • Transferred APN 51-4786-7 to Ken Mattson in July 1999; transferred 51-4786-8 to LFM in November 2014
236 King Avenue, Piedmont	• Transferred from LFM to KSMP in September 1999
320 – 324 E. C Street, Dixon	• Acquired by LFM from third party on November 7, 2003; transferred from LFM to Tim LeFever on November 26, 2003
414 Manzanita Avenue, Fairfield	• Acquired by LFM from third party in January 2011; sold by LFM to third party in June 2024
Southwood Place Apartments (410 Buck Avenue, Vacaville)	• See chart attached as Attachment F-17
2755 Baltic Drive, Fairfield	• Transferred to LFM by Investor in April 2004 • Transferred from LFM to Investor in May 2004; transferred from Investor to LFM in January 2011 • Sold by LFM to third party in July 2024
594 Lewis Court, Fairfield	• Transferred to LFM by Investor in December 1999 • Transferred from LFM to Investor in April 2000; transferred from different Investor to LFM in July 2008 • Sold by LFM to third party in June 2024
5224 – 5226 Karm Way, Sacramento	• Acquired by LFM from third party in January 2002; transferred by LFM to Investor in March 2002 • Transferred to LFM from Investor in October 2012; transferred from LFM to Valley Oak in June 2014
The Redwoods Apartments (2805 Yosemite Boulevard, Modesto)	• See chart attached as Attachment F-18
1881 Quail Meadows Circle, Vacaville	• Transferred to LFM from Investor in February 2000; transferred by LFM to Investor in March 2000 • Transferred to LFM from Investor in February 2017; sold by LFM to third party in April 2024
7340/7342 Arleta Court, Sacramento	• Acquired by LFM from third party in September 2005; transferred by LFM to Investor in November 2005 • Transferred by Investor to LFM in October 2018; sold by LFM to third party in February 2024
2787 Woodmont Drive, Fairfield	• Transferred from LFM to Investor in June 1997; transferred from different Investor to LFM in February 2017 • Transferred from LFM to Valley Oak in May 2021
7315/7317 Arleta Court, Sacramento	• Acquired by LFM from third party in September 2005; transferred by LFM to Investor in October 2005 • Transferred by Investor to LFM in November 2010; transferred from LFM to Valley Oak in July 2020

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7336/7338 Arleta Court, Sacramento	• Acquired by LFM from third party in September 2005; transferred by LFM to Investor in September 2005 • Transferred from LFM to Valley Oak in July 2020
6024 Vista Avenue, Sacramento	• Acquired by LFM from third party in August 2005; transferred to Investor in November 2005 • Transferred from LFM to Valley Oak in July 2020
755 W. H Street, Dixon	• Acquired by LFM from third party in September 2011; sold by LFM to third party in December 2023
781 Beechwood Avenue, Vallejo	• Transferred to LFM from Investor in January 2011; transferred from LFM to Valley Oak in November 2020
9244/9246 Corinthian Circle, Sacramento	• Transferred to LFM from Investor in January 2010; transferred from LFM to Valley Oak in July 2020
1435 Bell Street, Sacramento	• Transferred to LFM from Investor in December 2012; transferred from LFM to Valley Oak in July 2020
33 Village Park Square, Bluffton, SC	• Acquired by LFM from third party in July 2006; sold by LFM to third party in August 2023
300 Chadbourne Road, Fairfield	• See chart attached as Attachment F-19
Pinewood Apartments (1995 Grande Circle, Fairfield)	• See chart attached as Attachment F-20
Water's Edge Apartments (5959 Riverside Boulevard, Sacramento)	• Acquired 8.447% TIC interest from third party in March 2007 (and additional TIC interest transfers between 2016 and 2018); eventually all TIC interests transferred to Nut Pine in November 2018
Woodland Oaks Apartments (724 Cottonwood Street, Woodland)	• Acquired 10.821% TIC interest from third party in December 2006 (and additional TIC interest transfers between 2016 and 2018); eventually all TIC interests transferred to Beach Pine in November 2018
1841 Quail Meadows Circle, Vacaville	• Acquired by LFM from third party in December 2009; transferred by LFM to Investor in October 2010
Spring Glenn Apartments (555 Elmira Road, Vacaville)	• See chart attached as Attachment F-21
Country Oaks Apartments (333 E. Enos Drive, Santa Maria)	• See chart attached as Attachment F-22
Heacock Park Apartments (13325 Heacock Street, Moreno Valley)	• Hagar transferred 10.145% TIC interest to LFM in July 2004 (LFM made subsequent transfer of 4.29% TIC interest to Investor); eventually all TIC interests transferred to Heacock Park in March 2018.
Boulder Springs Apartments (3515 W. San Jose Avenue, Fresno)	• See chart attached as Attachment F-23
Carmichael Gardens Apartments (4727 Hackberry Lane, Carmichael)	• See chart attached as Attachment F-24
1118 Araquipa Court, Vacaville	• Transferred to LFM in July 2010; sold by LFM to third party in April 2013
1214 Araquipa Court, Vacaville	• Transferred to LFM in October 2009; sold by LFM to third party in April 2013
1220 Araquipa Court, Vacaville	• Transferred to LFM in October 2009; sold by LFM to third party in April 2013
1209 Araquipa Court, Vacaville	• Transferred to LFM in October 2009; sold by LFM to third party in April 2013
1226 Araquipa Court, Vacaville	• Transferred to LFM in October 2009; sold by LFM to third party in April 2013
3557 Golf View Terrace, Santa Rosa	• Transferred to LFM in July 2011; transferred by LFM to KSMP in August 2020
249 Woodhaven Drive, Vacaville	• Transferred to LFM from Investor in February 2017; transferred from LFM to Valley Oak in July 2020
21219 Heron Drive, Bodega Bay	• 99% TIC interest transferred to LFM by Investor in October 2013 and remaining 1% TIC interest transferred to LFM by Investor in August 2020; transferred from LFM to KSMP in October 2020

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395 – 397 Coombs Street / 1203 – 1219 Laurel Street, Napa	• See chart attached as Attachment F-26
Willowbrook Apartments (2306/2376 Fairfield Avenue, Fairfield)	• See chart attached as Attachment F-27
7 Autumn Creek Court, Napa	• Acquired by LFM from third party in December 1996; transferred from LFM to Investor in April 2000
902 Enterprise Way, Napa	• See chart attached as Attachment F-28
908 Enterprise Way, Napa	• See chart attached as Attachment F-30
Sterling Pointe Apartments (2237/2257 Hurley Way, Sacramento)	• See chart attached as Attachment F-29
2605 Yuma Circle, Sacramento	• Transferred to LFM from Investor in December 2012; transferred from LFM to Valley Oak in July 2020
306 Buck Avenue, Vacaville	• Acquired by LFM from third party in November 1997; transferred from LFM in May 1998
346 E. 2nd Street, Sonoma	• Acquired by LFM in June 2016; transferred from LFM in December 2016
720 Cortlandt Drive, Sacramento	• Acquired by LFM in July 2011; transferred from LFM in March 2013 • Transferred to LFM in January 2019; sold by LFM to third party in December 2021
1081 Scott Street, Fairfield	• Transferred to LFM by Investor in May 2019; sold by LFM to third party in December 2019
1149 Araquipa Court, Vacaville	• Acquired by LFM in August 1996; transferred by LFM in July 1997 • Transferred to LFM by Investor in December 2011; sold by LFM to third party in December 2019
1140 Dawson Drive, Dixon	• Acquired by LFM in May 2015; sold by LFM to third party in September 2023
210 Rua Esparanza, Lincoln	• Acquired by LFM in September 2015; sold by LFM to third party in October 2020
95 Manchester Drive, Fairfield	• Acquired by LFM from third party in July 2002; transferred by LFM to Investor in September 2005 • Transferred to LFM from Investor in November 2014; sold by LFM to third party in July 2022
1675 Vernon Street #21, Roseville	• Acquired by LFM in March 2001; transferred by LFM to Investor in May 2001 • Transferred to LFM from Investor in October 2014; sold by LFM to third party in September 2020
646 Marlin Court, Redwood City	• Transferred to LFM in May 2010; transferred by LFM to Investor in July 2014 • Transferred to LFM from Investor in March 2015; sold by LFM to third party in June 2016
806 Cameron Court, Vacaville	• Transferred to LFM in January 2011; sold by LFM to third party in July 2020
1072 Sparrow Lane, Fairfield	• Transferred to LFM in February 2012; sold by LFM to third party in January 2021
5286 Minerva Avenue, Sacramento	• Transferred to LFM in September 2011; sold by LFM to third party in January 2021
446 Banning Way, Vallejo	• Transferred to LFM in January 2011; sold by LFM to third party in May 2021 • Previously owned by LFM between December 1995 and August 1996, and February 2002 and April 2002
10416 Autumn Breeze Way, Rancho Cordova	• Transferred to LFM in March 2011; sold by LFM to third party in May 2021
1119 Araquipa Court, Vacaville	• Transferred to LFM in January 2011; sold by LFM to third party in May 2021
1422 Monitor Avenue, Suisun City	• Transferred to LFM in November 2007; sold by LFM to third party in August 2021
5 Avenue Alhambra, El Granada	• Acquired by LFM in April 1997 (but recorded in September 2000); transferred from LFM in August 2009
4820 40th Avenue, Sacramento	• Transferred to LFM in August 2005; transferred from LFM to Investor in November 2005 • Transferred to LFM from Investor in February 2011; transferred from LFM to Valley Oak in July 2020

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1743 46th Avenue, San Francisco	• Acquired by LFM in July 1997; transferred by LFM to Timothy LeFever and Amy LeFever in November 1998 (then transferred from Timothy LeFever and Amy LeFever to Kenneth Mattson in December 1998)
3117 B Street, Sacramento	• Acquired by LFM in January 2002; transferred from LFM in January 2002 • Transferred from 4Liberty Investments, LLC to LFM in January 2013 (recorded in March 2015); sold by LFM to third party in October 2020
2821 Belhaven Place, Davis	• Transferred to LFM in February 2017; sold by LFM to third party in July 2018 • Previously owned by LFM between November 13, 2001 and November 29, 2001 and between February 2006 and July 2006
260 Caldecott Lane #306, Oakland	• Transferred to LFM in December 2011; sold by LFM to third party in October 2019
764 Gold Coast Drive, Fairfield	• Transferred to LFM in September 2011; sold by LFM to third party in August 2020 • Previously owned by LFM between September 15, 1997 and September 16, 1997
337 Honeysuckle Way, Fairfield	• Transferred to LFM in July 2012 (but recorded in May 2016); transferred by LFM back to same party in May 2016
1110 Lee Street, Santa Rosa	• Transferred to LFM in May 2011; sold by LFM to third party in October 2019
2736 Lupin Court, Fairfield	• Transferred to LFM in January 2011; sold by LFM to third party in March 2020
129 McAfee Court, Thousand Oaks	• Transferred to LFM in July 2010 (but recorded in December 2012); sold by LFM to third party in April 2019
1403 New England Drive, Roseville	• Transferred to LFM in October 2010 (but recorded in December 2012); sold by LFM to third party in October 2018
260 Peachtree Lane, Vacaville	• Transferred to LFM in April 2015; sold by LFM in June 2015 (but recorded in August 2017)
776 Sequoia Drive, Fairfield	• Transferred to LFM in November 2007 (but recorded in April 2012); sold by LFM to third party in April 2021 • Previously owned by Timothy and Amy LeFever from June 1997 to March 1999
7504 Sunspring Lane, Sacramento	• Transferred to LFM in July 2010; sold by LFM to third party in May 2022
380 Neil Street, Vacaville	• Transferred to LFM in March 2018; sold by LFM to third party in October 2020 • Previously owned by LFM from April 10, 2009 to April 16, 2009

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Attachment B: KSMP Property Ownership

a) Properties Owned as of the Petition Date

Comstock Building (8340/8350 Auburn Boulevard, Citrus Heights) *(2.391% TIC interest)*	• See chart attached as Attachment F-15
1549 E. Napa Street, Sonoma	• Transferred from RTCM to KSMP in November 2023 • Acquired by KSMP from third party in January 2020; transferred from KSMP to Napa Elm in April 2020
19357 Sonoma Highway, Sonoma *(40% TIC interest)*	• Acquired by KSMP from third party in September 2022; transferred total of 60% TIC interest to two Investors in November 2022 (recorded in June 2023) and April 2023 (recorded in June 2023)
18590 Sonoma Highway, Sonoma *(40% TIC interest)*	• Acquired by KSMP from third party in November 2022; transferred total of 60% TIC interest to two Investors in November 2022 (recorded in June 2023) and April 2023 (recorded in June 2023)
18275 Sonoma Highway, Sonoma	• Acquired by KSMP from third party in December 2015
18010 Sonoma Highway, Sonoma *(55% TIC interest)*	• Acquired by KSMP from third party in December 2015; transferred 45% TIC interest to Investor in February 2019 (recorded in February 2020)
450 E. 1st Street #J, Sonoma *(60% TIC interest)*	• Acquired by KSMP from third party in May 2018; transferred 40% TIC interest to Investor in August 2020 (recorded June 2021)
450 E. 1st Street #A, B, K, Sonoma *(44% TIC interest)*	• Acquired by KSMP from third party in April 2020; transferred total of 56% TIC interest to Investors
22 Boyes Boulevard, Boyes Hot Springs	• Acquired by KSMP from third party in December 2020
414 W. Napa Street, Sonoma *(31.813% TIC interest)*	• Acquired by KSMP from third party in April 2022; transferred total of 68.187% TIC interests to five Investors
531 – 533 Camino Del Mar, Del Mar	• Transferred from Investor to KSMP in January 2017 • Acquired by Stacy Mattson in September 2004 and transferred to Investor in May 2007
62 Farragut Avenue, Piedmont (APN 51-4786-008)	• Transferred from LFM to KSMP in November 2014 • Acquired by LFM from third party in July 1999
415 Pacific Avenue, Piedmont	• Transferred from third party to KSMP in April 2012 • Acquired by KSMP from third party in January 2002; transferred from KSMP to third party in December 2002
3200 Castle Road, Sonoma	• Acquired by KSMP from third party in July 2021
3003 Castle Road, Sonoma	• Acquired by KSMP from third party in July 2021
969 Rachel Road, Sonoma	• Acquired by KSMP from third party in June 2017
856 E. 4th Street, Sonoma	• Acquired by KSMP from third party in April 2022
450 E. 1st Street #G, Sonoma *(50% TIC interest)*	• Acquired by KSMP from third party in July 2020 • KSMP transferred 50% TIC interest to Investor in Parcel 5 in February 2023
23105 Millerick Road, Sonoma	• Acquired by KSMP from third party in December 2022

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22666 Broadway, Sonoma *(42% TIC interest)*	• Acquired by KSMP from third party in January 2023; transferred total of 36% TIC interests to three Investors in May 2024 and 22% TIC interest to one of the same Investors in March 2025
1014 W. 1st Street, Sonoma	• Acquired by KSMP from third party in April 2022
230 E. Napa Street, Sonoma	• Transferred to KSMP from Investor in October 2022 • Acquired by KSMP from third party in October 2015; KSMP transferred to Investor in February 2021
19179 Railroad Avenue, Sonoma	• Acquired by KSMP from third party in September 2022
18285 Sonoma Highway, Sonoma	• Acquired by KSMP from third party in December 2015
443 Casabonne Lane, Sonoma	• Acquired by KSMP from third party in March 2019
Folsom Village (47 – 49 Natoma Street, Folsom) *(3.328% TIC interest)*	• See chart attached as Attachment F-16
3557 Golf View Terrace, Santa Rosa	• Transferred by LFM to KSMP in August 2020[188]
405/407 London Way, Agua Caliente	• Acquired by KSMP from third party in November 2020
904 Highway 121, Sonoma	• Acquired by KSMP from third party in December 2022
2500 Castle Road, Sonoma	• Acquired by KSMP from third party in July 2021
454 15th Street, Del Mar	• Transferred to KSMP from Ken and Stacy Mattson in October 2006
5202 Gateway Plaza Drive, Benicia *(67% TIC interest)*	• Purchased by KSMP in December 2010; 33% TIC interest transferred to Investor in October 2021
1834 – 1836 Ocean Front, Del Mar	• Transferred from Mattson to KSMP in May 2005; transferred (evidently erroneously) from KSMP to Equitable Ocean Front, LLC in July 2024, but transferred back to KSMP in 2025

b) Properties Owned Prior to the Petition Date

Cottage Inn (302/310 E. 1st Street, Sonoma)	• Purchased by KSMP from third party in February 2019 • Transferred from KSMP to LFM in January 2020 • Transferred from Sienna Pointe to KSMP on May 9, 2023 • Transferred from KSMP to Sienna Pointe on May 9, 2023
Cottage Inn (304 E. 1st Street, Sonoma)	• Purchased by KSMP from third party in July 2019; transferred from KSMP to Sienna Pointe in October 2021
An Inn to Remember (171 W. Spain Street, Sonoma)	• Purchased by KSMP from third party in July 2021 • Transferred from KSMP to Sienna Pointe in August 2021
103/105 Commerce Court, Fairfield	• Purchased by KSMP from third party in October 2014

[188] On or about May 9, 2025, in violation of the automatic stay, Deutsche Bank Trust Company Americas as Trustee for Residential Accredit Loans, Inc., Mortgage Asset-Backed Pass-Through Certificates, Series 2007-Q01 ("Deutsche Bank") purported to foreclose on and sell this Property. The Committee, on behalf of KSMP, is pursing imminent action to address this automatic stay violation.

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	• Transferred 81.713% TIC interests to 14 TICs between June 2015 and October 2018 (plus 2.237% additional TIC interest to another TIC in May 2020) • Transferred remaining TIC interest to Treehouse in May 2020
1870 Thornsberry Road, Sonoma	• Purchased by KSMP from third party in August 2020 • Transferred by KSMP to LFM in November 2023
921 Broadway, Sonoma	• Purchased by KSMP from third party in April 2018 • Transferred by KSMP to RTCM in September 2022
596 E. 3rd Street, Sonoma	• Purchased by KSMP from third party in August 2022 • Transferred from KSMP to Ginko Tree in November 2022
789 Cordilleras Drive, Sonoma	• Purchased by KSMP from third party in September 2022 • Transferred from KSMP to Black Walnut in December 2022
Napa Elm Apartments (1050 Elm Street, Napa)	• See chart attached as Attachment F-5
French Quarter Apartments (170 – 182 E. 1st Street, Sonoma)	• Purchased by KSMP from third party in May 2021 • Transferred by KSMP to River Birch in June 2021
19450 Old Winery Road, Sonoma	• Purchased by KSMP from third party in January 2021 • Transferred by KSMP to RTCM in May 2022
222 – 226 W. Spain Street, Sonoma	• Purchased by KSMP from third party in March 2020 • Transferred by KSMP to RTCM in June 2022 • Transferred by RTCM to KSMP on September 15, 2022; transferred by KSMP to RTCM on September 28, 2022
24265 Arnold Drive, Sonoma	• Purchased by KSMP from third party in December 2019 • Transferred by KSMP to Napa Elm in April 2020
24321 Arnold Drive, Sonoma	• Purchased by KSMP from third party in December 2019 • Transferred by KSMP to Napa Elm in April 2020
786 Broadway, Sonoma	• Purchased by KSMP from third party on April 18, 2022; transferred from KSMP to Firetree I on April 29, 2022
790 Broadway, Sonoma	• Purchased by KSMP from third party on April 18, 2022; transferred from KSMP to Firetree I on April 29, 2022
453 – 459 W. 2nd Street, Sonoma	• Purchased by KSMP from third party in June 2021; transferred by KSMP to Firetree III in April 2022
17700 Sonoma Highway, Sonoma	• Purchased by KSMP from third party in March 2022; transferred by KSMP to Firetree III in April 2022
377 W. Spain Street, Sonoma	• Purchased by KSMP from third party in September 2021; transferred by KSMP to Black Walnut in December 2022
20564 Broadway, Sonoma	• Purchased by KSMP from third party in September 2022; transferred by KSMP to Black Walnut in December 2022
653 W. 3rd Street, Sonoma	• Purchased by KSMP from third party in October 2022; transferred by KSMP to Black Walnut in December 2022

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391 – 455 Oak Street / 19173 Railroad Avenue, Sonoma	• Purchased by KSMP from third party in September 2022; transferred by KSMP to Black Walnut in December 2022
APN 128-381-027 (E. 8th Street, Sonoma)	• Purchased by KSMP from third party in July 2021 subject to seller note; seller/lender foreclosed on Property in November 2024
21885 E. 8th Street, Sonoma	• Purchased by KSMP from third party on July 7, 2021; transferred by KSMP to Yellow Poplar on July 27, 2021
Sojourn Tasting Room (141 – 145 E. Napa Street, Sonoma)	• Purchased by KSMP from third party in October 2018; transferred by KSMP to Sienna Pointe in September 2021 • Transferred from Sienna Pointe to KSMP on September 15, 2022; transferred from KSMP to Sienna Pointe on September 21, 2022
Auberge Sonoma (151 E. Napa Street, Sonoma)	• Purchased by KSMP from third party on June 1, 2021; transferred by KSMP to River Birch on June 10, 2021
23250 Maffei Road, Sonoma	• Purchased by KSMP from third party in March 2021; transferred from KSMP to Sienna Pointe in September 2021
925 – 927 Broadway, Sonoma	• Purchased by KSMP from third party in November 2018; transferred from KSMP to Sienna Pointe in August 2021 • Transferred from Sienna Pointe to KSMP on September 15, 2022; transferred from KSMP to Sienna Pointe on September 28, 2022
101 Meadowlark Lane, Sonoma	• Purchased by KSMP from third party on July 21, 2021; transferred from KSMP to Sienna Pointe on July 21, 2021
24101 Arnold Drive, Sonoma	• Purchased by KSMP from third party on July 21, 2021; transferred from KSMP to Sienna Pointe on July 21, 2021
24151 Arnold Drive, Sonoma	• Purchased by KSMP from third party on July 21, 2021; transferred from KSMP to Sienna Pointe on July 21, 2021
310 Meadowlark Lane, Sonoma	• Purchased by KSMP from third party on July 21, 2021; transferred from KSMP to Sienna Pointe on July 21, 2021
16721 Sonoma Highway, Sonoma	• Purchased by KSMP from third party in October 2022; transferred from KSMP to Buckeye Tree in November 2022
4920 Samo Lane, Fairfield	• Purchased by KSMP from third party in June 2016; transferred from KSMP to LFM in November 2016
333 Wilkerson Avenue, Perris	• See chart attached as Attachment F-12
371 Wilkerson Avenue, Perris	• See chart attached as Attachment F-12
411 Wilkerson Avenue, Perris	• See chart attached as Attachment F-12
APN 310-070-077 (Wilkerson Avenue, Perris)	• See chart attached as Attachment F-12
19340 E. 7th Street, Sonoma	• Purchased by KSMP from third party in July 2018; transferred from KSMP to Golden Tree in August 2020
101 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018

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	• Purchased by KSMP from Socotra affiliate in January 2018
102 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
103 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
104 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
107 Quail Court, Truckee	• Transferred from KSMP to LFM in March 2022 • Transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
108 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
109 Quail Court, Truckee	• Transferred from KSMP to LFM in March 2022 • Transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
110 Quail Court, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10335 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in March 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018

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10298 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10300 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10306 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in May 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10308 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10316 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10318 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10326 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10328 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in May 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10333 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10334 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2023

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	• Transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10336 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2023 • Transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in March 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10342 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2023 • Transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10344 Badger Lane, Truckee	• Transferred from KSMP to LFM in March 2022 • Transferred from LFM to KSMP in February 2022 • Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10350 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10352 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10358 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10360 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021

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	• Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10366 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10368 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10378 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10379 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10380 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10381 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10386 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10388 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10393 Badger Lane, Truckee	• Transferred from KSMP to LFM on November 27, 2023 • Transferred from LFM to KSMP on November 22, 2023 • Transferred from KSMP to LFM in July 2021

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	• Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10394 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10395 Badger Lane, Truckee	• Transferred from KSMP to LFM on November 27, 2023 • Transferred from LFM to KSMP on November 22, 2023 • Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in March 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
10396 Badger Lane, Truckee	• Transferred from KSMP to LFM in July 2021 • Transferred from LFM to KSMP in February 2021 • Transferred from KSMP to LFM in May 2018 • Purchased by KSMP from Socotra affiliate in January 2018
Ceres West Mobile Home Park (2030 E. Grayson Road, Ceres)	• Purchased by KSMP from third party in August 2007 • Transferred by KSMP to Valley Oak in July 2020
General's Daughter Barn & Lot (430 W. Spain Street, Sonoma)	• Transferred from KSMP to LFM in January 2020; transferred from LFM to Sienna Pointe in December 2021 • Purchased by KSMP in March 2019
Woodcreek Plaza (7456 Foothills Boulevard, Roseville)	• See chart attached as Attachment F-14
4950 – 4970 Allison Parkway, Vacaville	• Purchased by KSMP from third party in February 2016; TIC interests transferred by KSMP to TICs from February 2016 to October 2018 • All TICs (including KSMP) conveyed interests to Golden Tree in October 2018
Sonoma Chalet (18935 W. 5th Street, Sonoma)	• Purchased by KSMP from third party in July 2022; transferred by KSMP to Windscape Apartments on August 3, 2022
430 W. Napa Street, Sonoma	• Purchased by KSMP in January 2017; transferred from KSMP to Tradewinds in February 2018
446 W. Napa Street, Sonoma	• Purchased by KSMP from third party in July 2022; transferred by KSMP to Windscape Apartments in August 2022
454 W. Napa Street, Sonoma	• Purchased by KSMP from third party in July 2022; transferred by KSMP to Windscape Apartments in August 2022
462 W. Napa Street, Sonoma	• Purchased by KSMP from third party in July 2022; transferred by KSMP to Windscape Apartments in August 2022
24160 Turkey Road / 24237 Arnold Road, Sonoma	• Purchased by KSMP from third party in March 2022; transferred by KSMP to Windscape Apartments in July 2022

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Fence Post (1025 Napa Street, Sonoma)	• Purchased by KSMP from third party in September 2017;transferred by KSMP to Windscape Apartments in October 2022
900 E. Napa Street, Sonoma	• Purchased by KSMP from third party in December 2018; 35% TIC interests transferred to Investor in July 2021 and back to KSMP in September 2022 • Transferred by KSMP to Windscape Apartments in September 2022
424 W. 2nd Street, Sonoma	• Purchased by KSMP from third party in January 2021; transferred by KSMP to Windscape Apartments in October 2022
The Post (24120 Arnold Drive, Sonoma)	• Purchased by KSMP from third party in February 2019; transferred by KSMP to Windscape Apartments in September 2022
Duggan's Mission Chapel (525 W. Napa Street, Sonoma)	• Purchased by KSMP from third party in September 2022; transferred by KSMP to Windscape Apartments in November 2022
520/530/532 Studley Street, Sonoma	• Purchased by KSMP from third party in September 2022; transferred by KSMP to Windscape Apartments in November 2022
18701 Gehricke Road, Sonoma	• Purchased by KSMP from third party in December 2019; transferred from KSMP to Sienna Pointe in December 2021
1045 Bart Road, Sonoma	• Purchased by KSMP from third party in May 2022; transferred by KSMP to Windscape Apartments in September 2022
452 E. 1st Street #C, Sonoma	• Purchased by KSMP from third party in July 2018 • Conveyed 105% TIC interest to four different Investors between August 2020 and August 2022
4321 1st Street, Pleasanton	• Sold by KSMP to third party in October 2024 • Purchased by KSMP from third party in November 2010; 70% TIC interests conveyed by KSMP to two TICs in August 2018 and back to KSMP in July 2020
1819 Coast Boulevard, Del Mar	• Sold by KSMP to third party in March 2024 • Transferred from Ken Mattson to KSMP in September 1999; transferred from KSMP to Ken and Stacy Mattson in October 2005; transferred from Ken and Stacy Mattson to KSMP in May 2007
210 La Salle Avenue, Piedmont	• Transferred from KSMP to Stacy Mattson in August 2003 • Purchased by Ken and Stacy Mattson from third party in January 2000; transferred to KSMP in February 2000
236 King Avenue, Piedmont	• Transferred from Ken Mattson to KSMP in June 2001; transferred from KSMP to Stacy Mattson in March 2003
1745 Grand Avenue, Del Mar	• Transferred from Ken Mattson to KSMP in September 1999; transferred by KSMP to Ken Mattson in June 2000
68359 Jolon Road, Bradley	• Acquired by KSMP from Socotra affiliate in July 2017; sold by KSMP to third party in June 2024
1220 E. Napa Street, Sonoma	• Acquired by KSMP from third party in May 2021; transferred by KSMP to Beach Pine in December 2022
1200 Apple Tree Court, Sonoma	• Acquired by KSMP from third party in March 2016; transferred by KSMP to Beach Pine in December 2022
1221 Apple Tree Court, Sonoma	• Acquired by KSMP from third party in May 2019; sold by KSMP to third party in May 2024

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282 Patten Street, Sonoma	• Acquired by KSMP from third party in February 2020; transferred from KSMP to Beach Pine in December 2022
5120 Lovall Valley Loop Road, Sonoma	• Acquired by KSMP from third party in October 2020; transferred by KSMP to Golden Tree in November 2020
821 Lovall Valley Loop Road, Sonoma	• Acquired by KSMP from third party in August 2017; sold by KSMP to third party in December 2019
528 W. 3rd Street, Sonoma	• Acquired by KSMP from third party in February 2021; 73.75% TIC interests conveyed by KSMP to four TICs between July and October 2021; all TICs sold to third party in May 2024
870 E. Napa Street, Sonoma	• Acquired by KSMP from third party in September 2018; sold by KSMP to third party in October 2020
19355 E. 7th Street, Sonoma	• Acquired by KSMP from third party in August 2017; 50% TIC interest conveyed by KSMP to Golden Tree in October 2020; sold to third party in November 2020
Sonoma Cheese Factory (2 W. Spain Street, Sonoma)	• Acquired by KSMP from third party in August 2020; sold by KSMP to third party in May 20204
72 Moon Mountain Road, Sonoma	• Acquired by KSMP from Socotra affiliate in August 2015; sold by KSMP to third party in May 2024
74 Moon Mountain Road, Sonoma	• Acquired by KSMP from Socotra affiliate in August 2015; sold by KSMP to third party in May 2024
771 E. 5th Street, Sonoma	• Acquired by KSMP from third party in October 2019; transferred from KSMP to Tim LeFever in November 2020
860 Charter Way, Redwood City	• Acquired by KSMP from third party in April 2012; sold by KSMP to third party in November 2017
9244/9246 Corinthian Circle, Sacramento	• Transferred from Ken Mattson to KSMP in April 2000; transferred from KSMP to Investor in April 2000
300 Chadbourne Road, Fairfield	• See chart attached as Attachment F-19
1176 Castle Road, Sonoma	• Acquired by KSMP in September 2023; sold by KSMP to third party in May 2024
1720 – 1722 The Strand, Manhattan Beach	• Acquired 50% TIC interest from two Investors (each of whom retained 25% TIC interest) in October 2010; sold to third party in June 2024
1170 Castle Road, Sonoma	• Acquired by KSMP in August 2022; sold by KSMP to third party in May 2024
1823/1825 Coast Boulevard, Del Mar	• Acquired by KSMP from Investor in March 2008; sold by KSMP to third party in May 2023 • KSMP previously owned from December 2000 to March 2001 and held 50% TIC interest from March 2001 to November 2002
721 Camino Del Mar, Del Mar	• Acquired by KSMP in October 2017; sold by KSMP to third party in July 2023
5819 Filaree Heights, Malibu	• Acquired by KSMP from third party in October 2012; sold by KSMP to third party in June 2021
21219 Heron Drive, Bodega Bay	• Transferred from LFM to KSMP on October 30, 2020; sold by KSMP to third party on October 30, 2020
1230 E. Napa Street, Sonoma	• Acquired by KSMP in January 2021; transferred from KSMP to Mattson's son in January 2021 and back to KSMP in May 2023; sold by KSMP to third party in May 2024
834 Donner Avenue, Sonoma	• Acquired by KSMP in November 2021; transferred by KSMP to Investor in December 2021 • 42% TIC interest transferred to KSMP from Investor in March 2023 and 58% TIC interest transferred to KSMP from Investor in April 2024; sold by KSMP to third party in May 2024
2377 Lovall Valley Road, Sonoma	• Acquired by KSMP from third party in August 2020; transferred from KSMP to Investor in June 2021 • Transferred to KSMP from Investor on May 9, 2023 and from Investor to KSMP on May 9 2023
E. 3rd Street, Sonoma (APN 018-363-004)	• Acquired by KSMP in November 2021; sold by KSMP to third party in May 2024

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7385 Greenhaven Drive, Sacramento	• Acquired by KSMP from third party in May 2013; transferred by KSMP to Investor in July 2015 (possibly through a settlement with that Investor)
902 Enterprise Way, Napa	• See chart attached as Attachment F-28
908 Enterprise Way, Napa	• See chart attached as Attachment F-30
Sonoma's Best (1190 E. Napa Street, Sonoma)	• Acquired by KSMP from third party in March 2016; sold by KSMP to third party in May 2024
456 W. 5th Street, Sonoma	• Acquired by KSMP from third party in March 2022; transferred 55% TIC interest to Investor in April 2022, which was transferred back to KSMP in May 2024 • Sold to third party in May 2024
731 E. 5th Street, Sonoma	• Acquired by KSMP from third party in February 2023; sold by KSMP to third party in November 2023
219 Tokay Court, Fairfield	• Acquired by KSMP from third party in April 2023; sold by KSMP to third party in August 2023
306 Buck Avenue, Vacaville	• Transferred to KSMP in May 2001; transferred from KSMP to Investor in November 2002
332 E. 2nd Street, Sonoma	• Acquired by KSMP in July 2018; transferred from KSMP to Investor in August 2020
19021 E. 7th Street, Sonoma	• Acquired by KSMP in August 2022; sold by KSMP to third party in May 2024
25 Spyglass Court, Half Moon Bay	• Transferred to KSMP from Investor in February 2011 (recorded in August 2013); foreclosed on in May 2014 (previously owned by Ken and/or Stacy Mattson)
2479 Courage Drive, Fairfield	• Acquired 50% TIC interest from third party in June 2004 (remaining 50% TIC interest transferred to KSMP by Investor in December 2010); sold by KSMP to third party in September 2014
462 15th Street, Del Mar	• Transferred from Ken and Stacy Mattson to KSMP in February 2014; sold by KSMP to third party in February 2014
310/312 Kentucky Street, Vacaville	• Transferred from Ken Mattson to KSMP in September 1999 • Transferred from KSMP to Investor in August 2005; transferred to KSMP from Investor in May 2013 • Sold by KSMP to third party in May 2024
193 E. B Street, Dixon	• Transferred from Ken Mattson to KSMP in February 2003; transferred from KSMP to Tim and Amy LeFever in February 2003
1904 S. 19th Street, Waco, TX	• Transferred to KSMP in April 2011; sold by KSMP in May 2018
1743 46th Avenue, San Francisco	• Transferred from Ken Mattson to KSMP in September 1999; sold by KSMP to third party in March 2001
5200, 5210, and 5218 Gateway Plaza, Benicia	• Purchased by KSMP in December 2010; various parcels transferred to Investors between 2019 and 2021

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Attachment C: Windscape Apartments Property Ownership

General's Daughter (400 W. Spain Street, Sonoma)	• Transferred from LFM to Windscape Apartments in November 2022
Vaca Villa Apartments (370 Butcher Road, Vacaville)	• Transferred from Red Spruce to Windscape Apartments in November 2022 (*see also* chart attached as Attachment F-13)
280 Butcher Road, Vacaville	• Transferred by Butcher Road Partners to Windscape Apartments in November 2022
310 Butcher Road, Vacaville	• Transferred by Butcher Road Partners to Windscape Apartments in November 2022
312 Butcher Road, Vacaville	• Transferred by Butcher Road Partners to Windscape Apartments in November 2022
350 Butcher Road, Vacaville	• Transferred by Butcher Road Partners to Windscape Apartments in November 2022
Woodcreek Plaza (7456 Foothills Boulevard, Roseville)	• See chart attached as Attachment F-14
4950 – 4970 Allison Parkway, Vacaville	• Transferred by Beach Pine to Windscape Apartments in November 2022
Sonoma Chalet (18935 W. 5th Street, Sonoma)	• Transferred by KSMP to Windscape Apartments on August 3, 2022; Windscape Apartments transferred a 5.25% TIC interest to an Investor on August 30, 2022
430 W. Napa Street, Sonoma	• Transferred by LFM to Windscape Apartments on November 9, 2022
446 W. Napa Street, Sonoma	• Transferred by KSMP to Windscape Apartments in August 2022
454 W. Napa Street, Sonoma	• Transferred by KSMP to Windscape Apartments in August 2022
462 W. Napa Street, Sonoma	• Transferred by KSMP to Windscape Apartments on August 3, 2022; Windscape Apartments transferred a 6% TIC interest to an Investor on August 30, 2022
24160 Turkey Road/24237 Arnold Road, Sonoma	• Transferred by KSMP to Windscape Apartments in July 2022
Fence Post (1025 Napa Street, Sonoma)	• Transferred by KSMP to Windscape Apartments in October 2022
900 E. Napa Street, Sonoma	• Transferred by KSMP to Windscape Apartments in September 2022
424 W. 2nd Street, Sonoma	• Transferred by KSMP to Windscape Apartments in October 2022
The Post (24120 Arnold Drive, Sonoma)	• Transferred by KSMP to Windscape Apartments in September 2022
Duggan's Mission Chapel (525 W. Napa Street, Sonoma)	• Transferred by KSMP to Windscape Apartments in November 2022
520/530/532 Studley Street, Sonoma	• Transferred by KSMP to Windscape Apartments in November 2022
18701 Gehricke Road, Sonoma	• Transferred by Sienna Pointe to Windscape Apartments in November 2022
1045 Bart Road, Sonoma	• Transferred by KSMP to Windscape Apartments in September 2022

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Attachment D: Valley Oak Property Ownership

a) Properties Owned as of the Petition Date

Ceres West Mobile Home Park (2030 E. Grayson Road, Ceres)	• Transferred by KSMP to Valley Oak in July 2020
9120 Polhemus Drive / 9300 Mazatlan Way, Elk Grove	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7210/7212 Grady Drive, Citrus Heights	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7300 Berna Way / 7235 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7303/7305 Berna Way, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7304/7306 Berna Way, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7308/7310 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7312/7314 Berna Way, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7316/7318 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7319 Arleta Court/7301 Berna Way, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7320/7322 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7319/7321 Berna Way, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7324/7326 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7327/7329 Berna Way, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7328/7330 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7339/7341 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
6346/6348 Sorrell Court, Citrus Heights	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5509 Orange Avenue / 7343 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5513/5515 Missie Way, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5521/5523 Missie Way, Sacramento	• Transferred from LFM to Valley Oak in July 2020
5335/5337 Gibbons Drive, Carmichael	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5537/5539 Missie Way, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5605 Orange Avenue / 7320 Berna Way, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
5601/5603 Orange Avenue, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020
7335/7337 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak (subject to mortgage) in July 2020

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b) Properties Owned Prior to the Petition Date

5224 – 5226 Karm Way, Sacramento	• Transferred from LFM to Valley Oak in June 2014; sold by Valley Oak to third party in June 2024
2787 Woodmont Drive, Fairfield	• Transferred from LFM to Valley Oak in May 2021; sold by Valley Oak to third party in March 2024
7315/7317 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak in July 2020; sold by Valley Oak to third party in February 2024
7336/7338 Arleta Court, Sacramento	• Transferred from LFM to Valley Oak in July 2020; sold by Valley Oak to third party in February 2024
6024 Vista Avenue, Sacramento	• Transferred from LFM to Valley Oak in July 2020; sold by Valley Oak to third party in February 2024
781 Beechwood Avenue, Vallejo	• Transferred from LFM to Valley Oak in November 2020; sold by Valley Oak to third party in October 2023
9244/9246 Corinthian Circle, Sacramento	• Transferred from LFM to Valley Oak in July 2020; sold by Valley Oak to third party in September 2023
1435 Bell Street, Sacramento	• Transferred from LFM to Valley Oak in July 2020; sold by Valley Oak to third party in September 2023
Boulder Springs Apartments (3515 W. San Jose Avenue, Fresno)	• See chart attached as Attachment F-23
249 Woodhaven Drive, Vacaville	• Transferred from LFM to Valley Oak in July 2020; sold by Valley Oak to third party in April 2021
2605 Yuma Circle, Sacramento	• Transferred from LFM to Valley Oak in July 2020; sold by Valley Oak to third party in October 2020
4820 40th Avenue, Sacramento	• Transferred from LFM to Valley Oak in July 2020; sold by Valley Oak to third party in January 2024

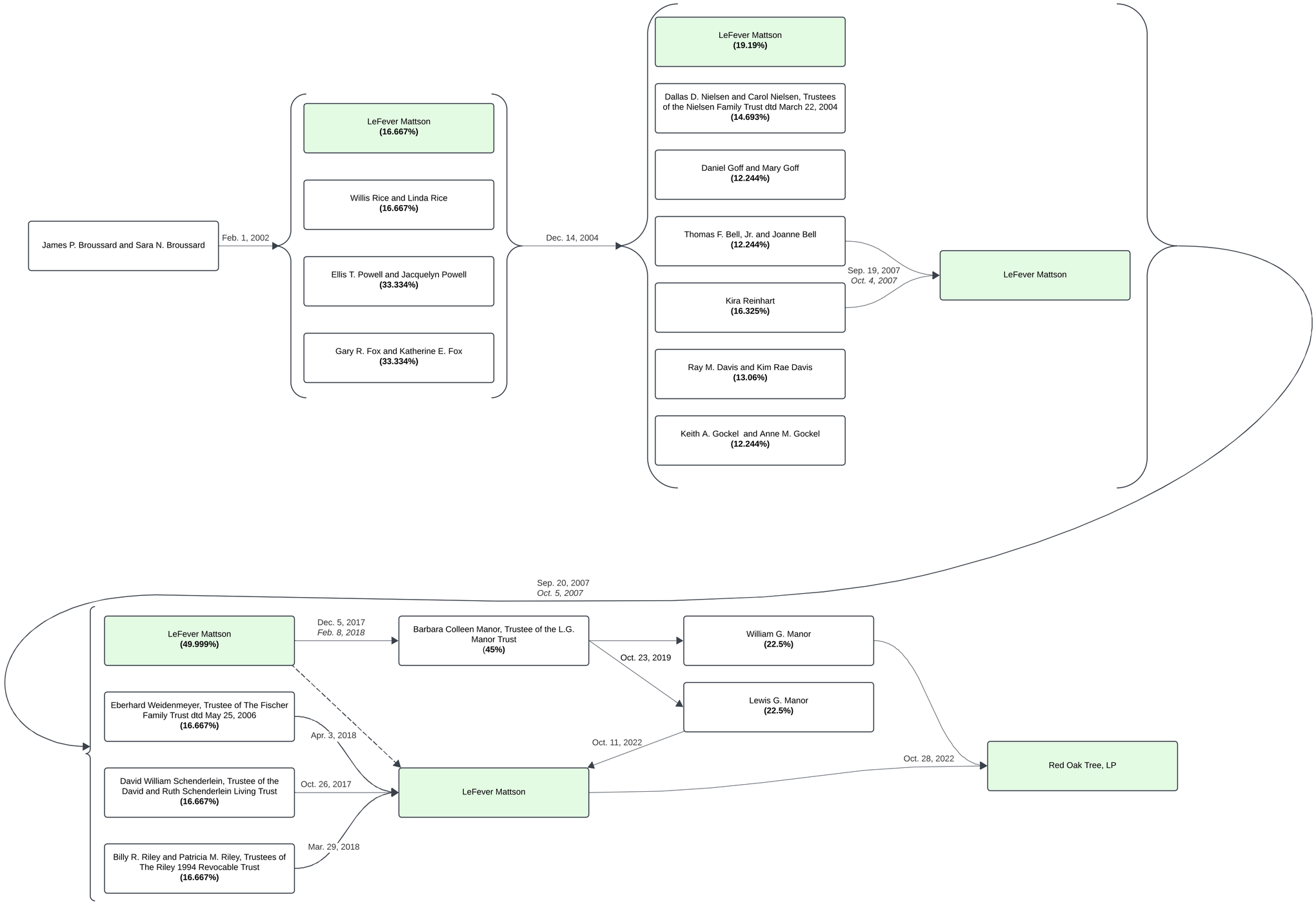
Case 24-10545 Doc#2592-2 Filed 10/15/25 Entered 10/15/25 16:09:15 Page 15 of 15
Case 24-10545 Doc#2592 Filed 10/15/25 Entered 10/15/25 22:15 Page 15 of 37

Attachment E: Sienna Pointe Property Ownership

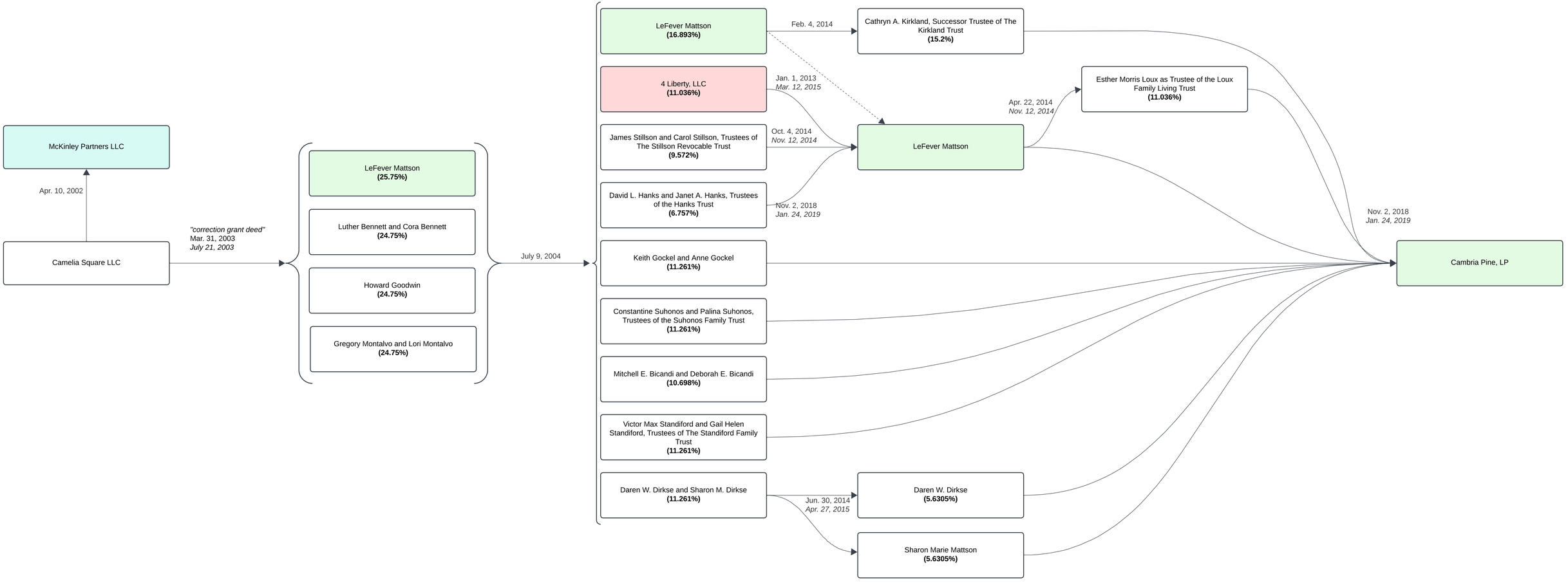
Cottage Inn (302/310 E. 1st Street, Sonoma)	• Transferred from LFM to Sienna Pointe in October 2021 • Transferred from Sienna Pointe to KSMP on May 9, 2023 • Transferred from KSMP to Sienna Pointe on May 9, 2023
Cottage Inn (304 E. 1st Street, Sonoma)	• Purchased by KSMP from third party in July 2019; transferred from KSMP to Sienna Pointe in October 2021
An Inn to Remember (171 W. Spain Street, Sonoma)	• Transferred from KSMP to Sienna Pointe in August 2021
801 W. Napa Street / 802 Studley Street, Sonoma	• Purchased by Sienna Pointe from third party in September 2022
830 – 848 Studley Street, Sonoma	• Purchased by Sienna Pointe from third party in November 2022
1383 Larkin Drive, Sonoma	• Purchased by Sienna Pointe from third party in November 2022
520 Capitol Mall, Sacramento	• Transferred from RTCM to Sienna Pointe in January 2022
Sojourn Tasting Room (141 – 145 E. Napa Street, Sonoma)	• Transferred from KSMP to Sienna Pointe in September 2021 • Transferred from Sienna Pointe to KSMP on September 15, 2022; transferred from KSMP to Sienna Pointe on September 21, 2022
The Depot (241 W. 1st Street, Sonoma)	• Purchased by Sienna Pointe from third party in October 2021
23250 Maffei Road, Sonoma	• Transferred from KSMP to Sienna Pointe in September 2021
20490 Broadway, Sonoma	• Purchased by Sienna Pointe from third party in October 2021
925 – 927 Broadway, Sonoma	• Transferred from KSMP to Sienna Pointe in August 2021 • Transferred from Sienna Pointe to KSMP on September 15, 2022; transferred from KSMP to Sienna Pointe on September 28, 2022
967 Broadway, Sonoma	• Purchased by Sienna Pointe from third party in July 2021
101 Meadowlark Lane, Sonoma	• Transferred from KSMP to Sienna Pointe in July 2021
24101 Arnold Drive, Sonoma	• Transferred from KSMP to Sienna Pointe in July 2021
24151 Arnold Drive, Sonoma	• Transferred from KSMP to Sienna Pointe in July 2021
310 Meadowlark Lane, Sonoma	• Transferred from KSMP to Sienna Pointe in July 2021
General's Daughter Barn & Lot (430 W. Spain Street, Sonoma)	• Transferred from LFM to Sienna Pointe in December 2021

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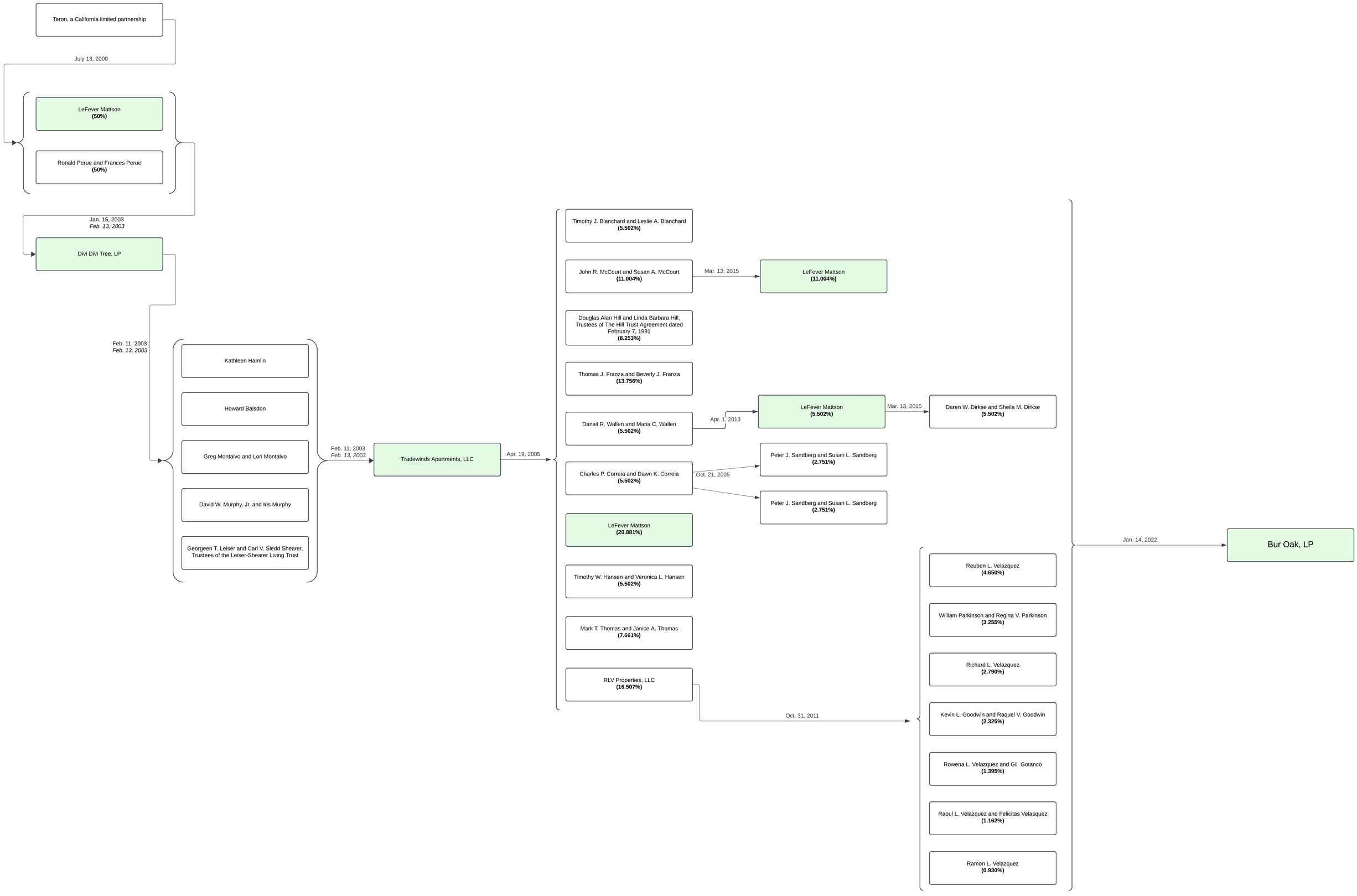
Attachment F-1



Attachment F-2

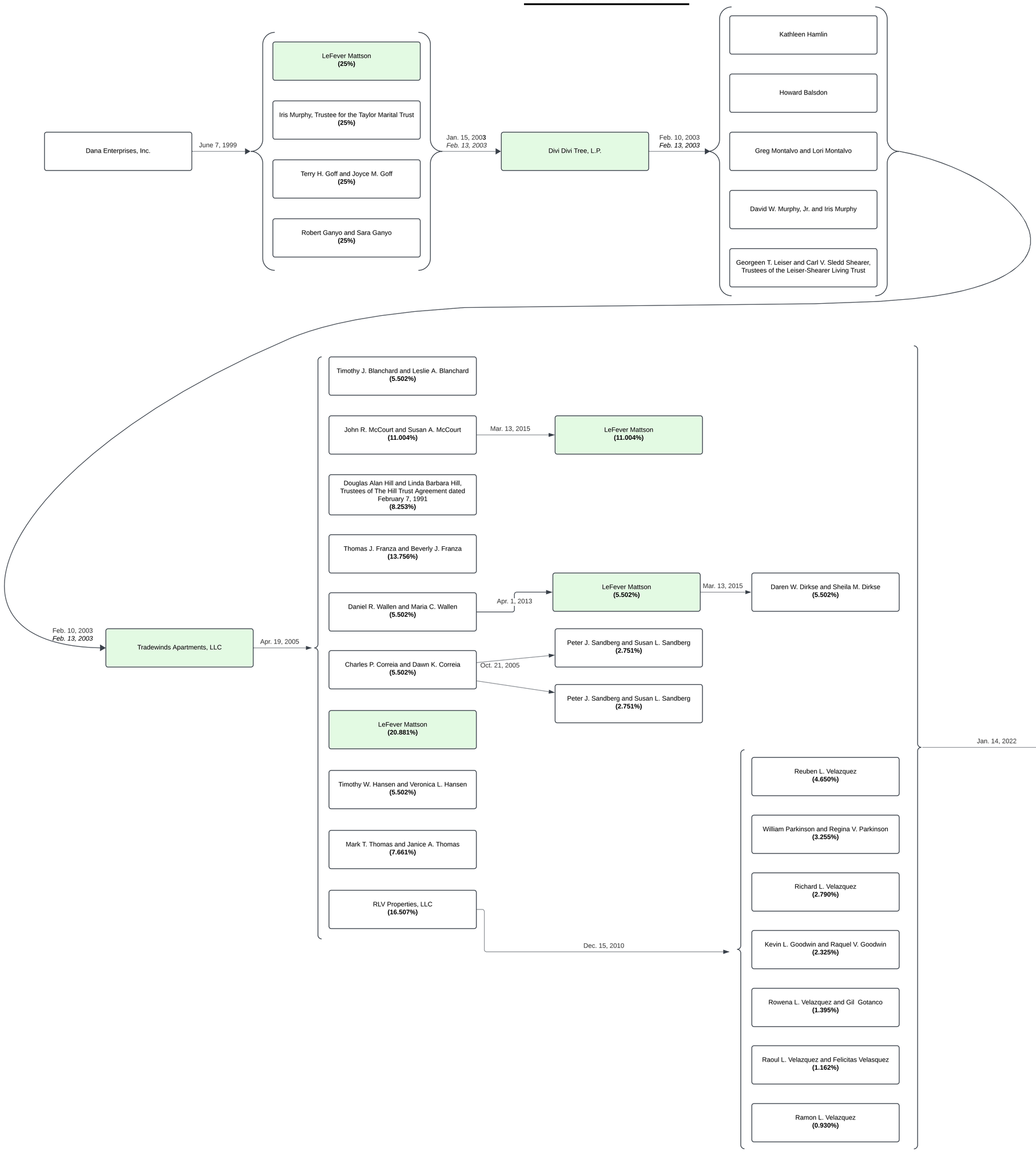


Attachment F-3

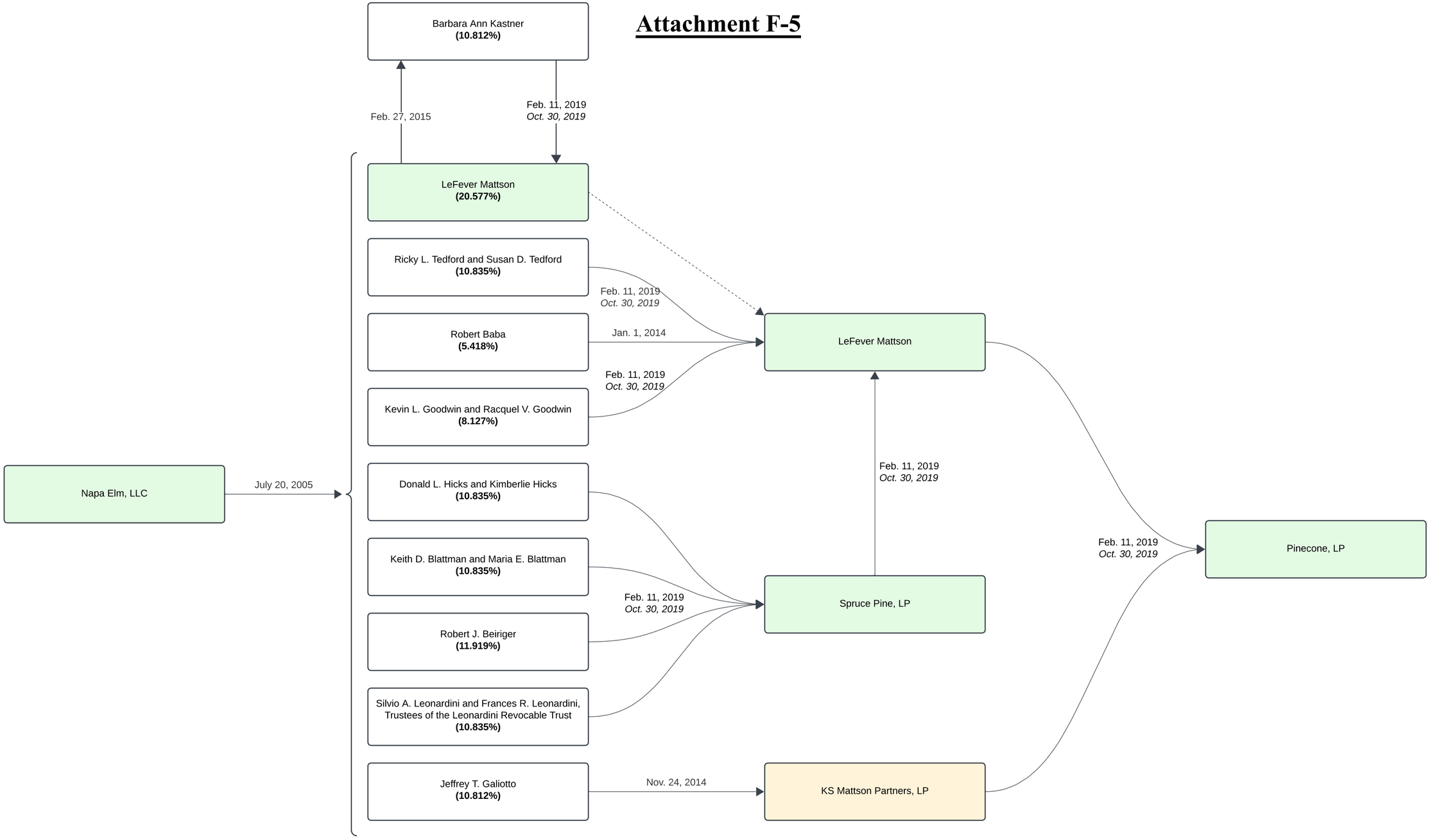


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Attachment F-4

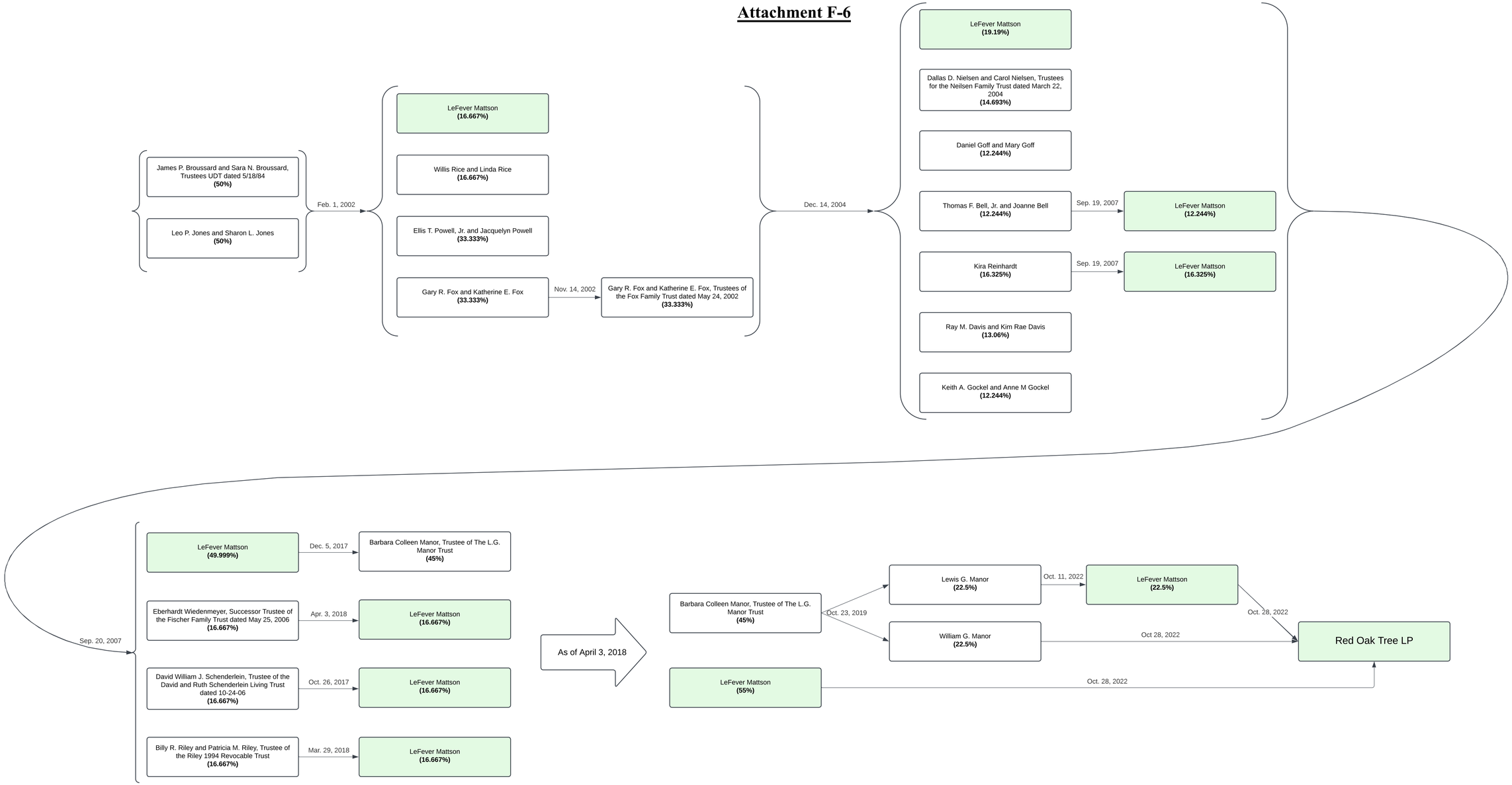


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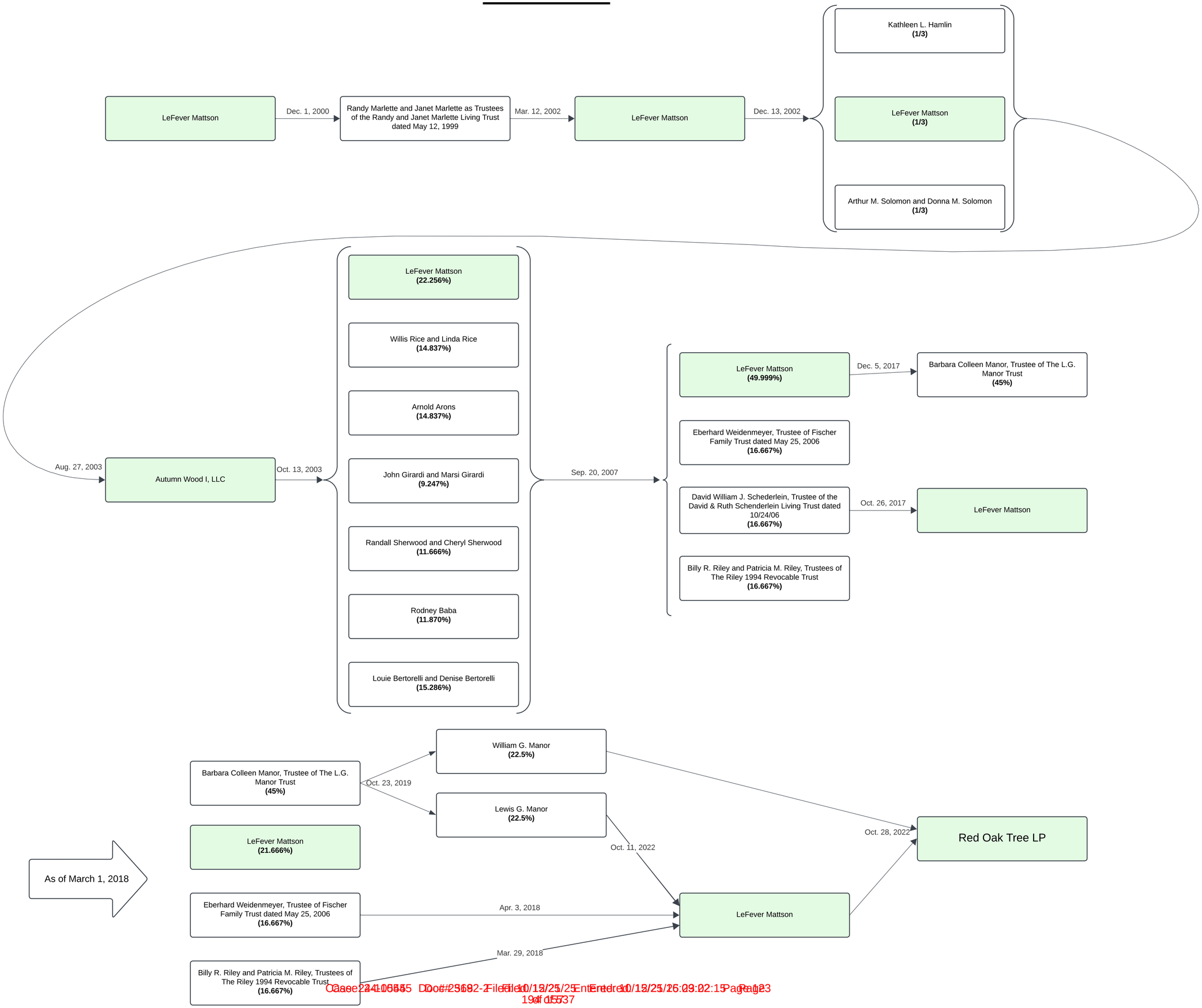


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Attachment F-6

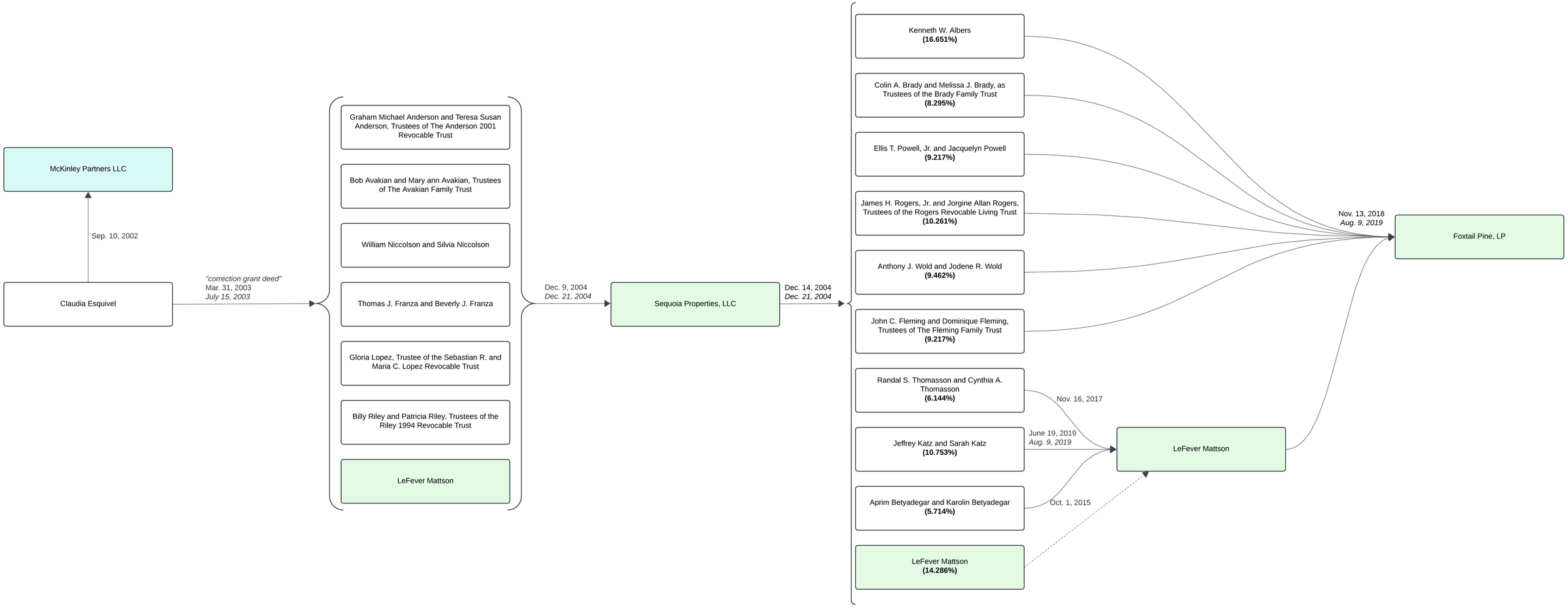


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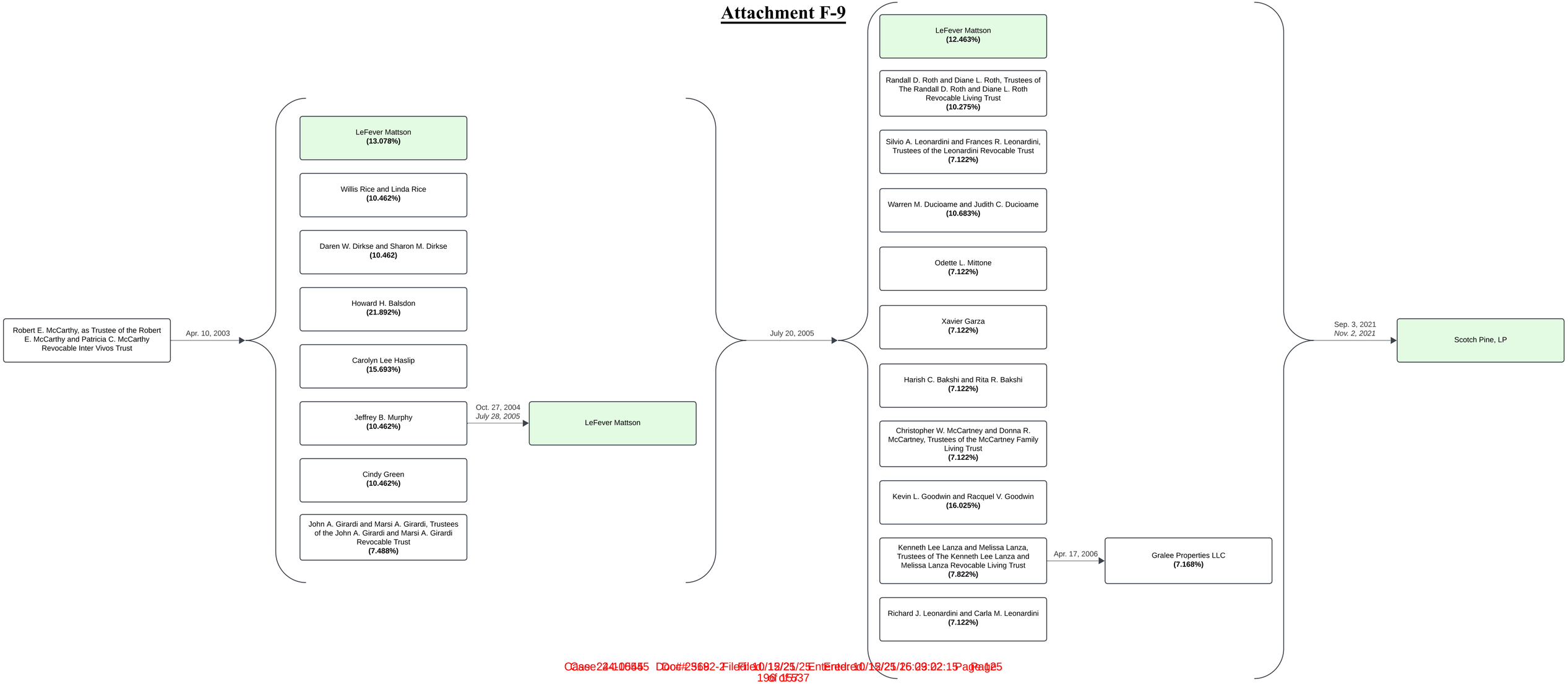


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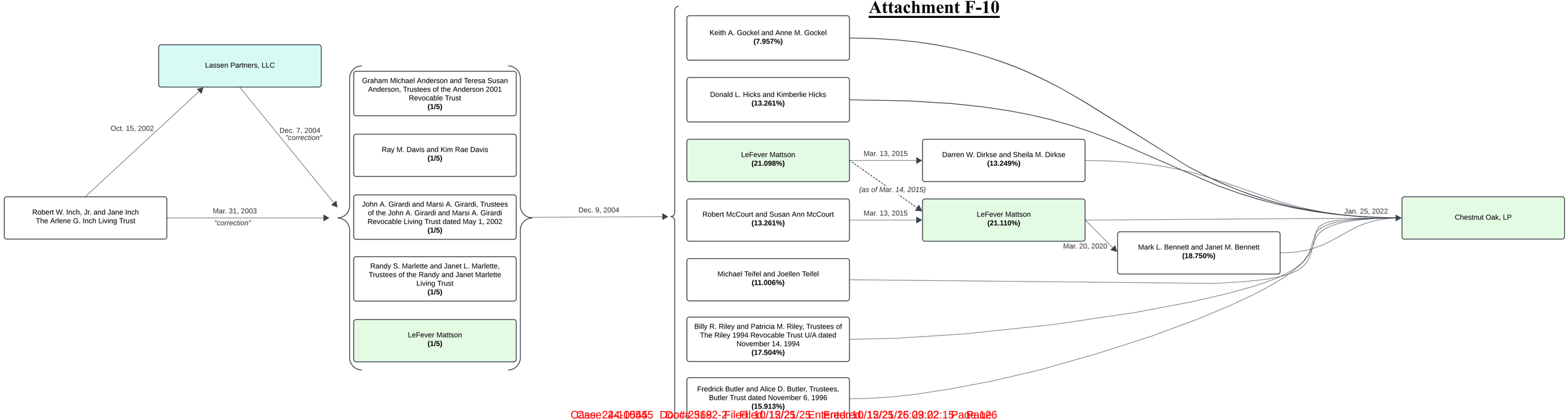
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Attachment F-9

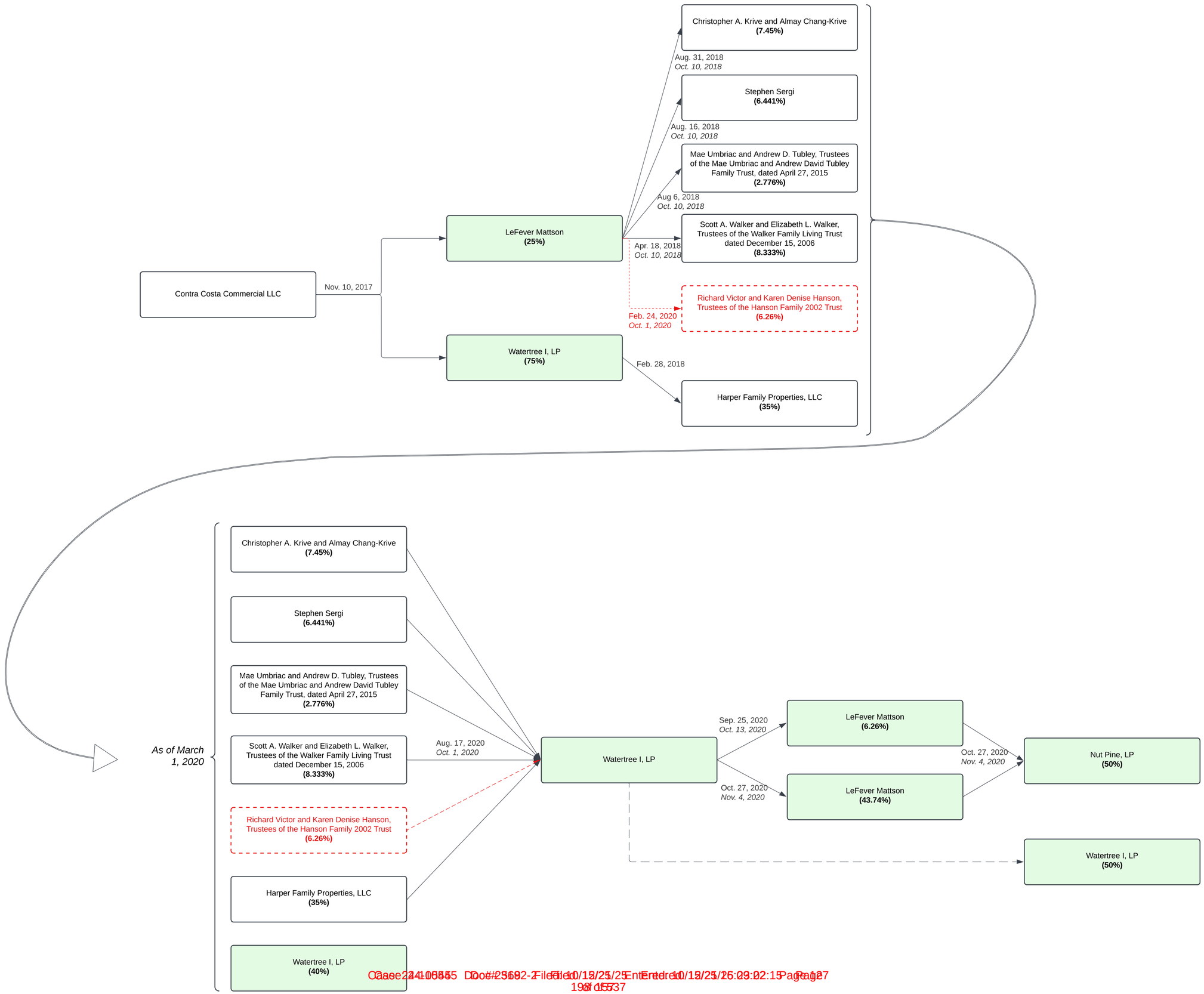


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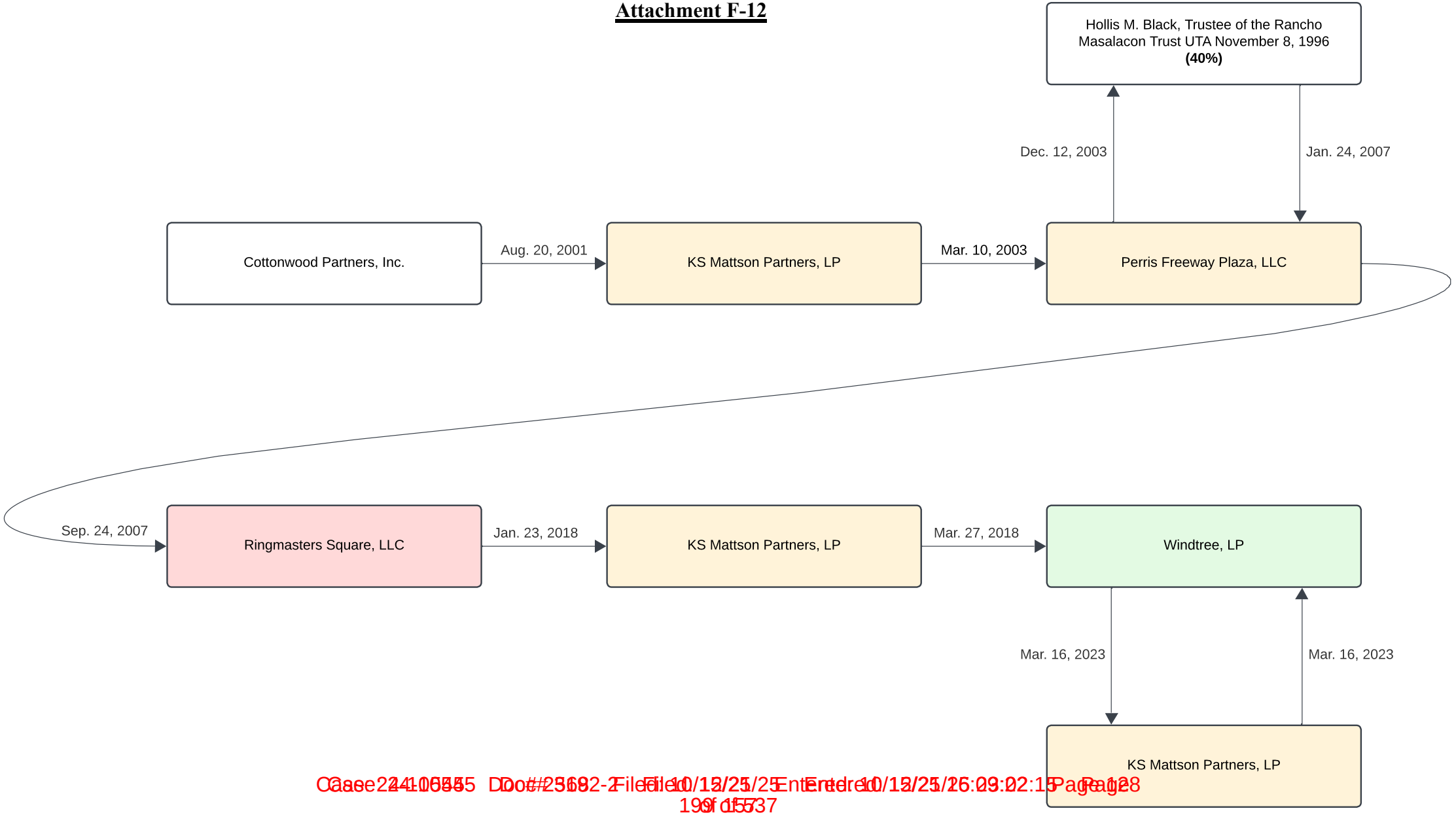


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Attachment F-11



Attachment F-12



Attachment F-13

Robert K. Walz and Lila L. Walz, Trustees of the Robert and Lila Walz Revocable Trust dated September 18, 1999

July 13, 2001

LeFever Mattson
(1/3)

Willis Rice and Linda Rice
(1/3)

Richard Leonardini & Carla Leonardini, Trustees of the Leonardini Family Trust UDT/8-14-98
(1/3)

Jan. 28, 2003

Divi Divi Tree, L.P.
(2/3)

Feb. 10, 2003

Chris McCartney and Donna McCartney

Raymond Trembath and Lorna Trembath

Mike Dethlefsen and Sarah Dethlefsen

Feb. 10, 2003

Vaca Villa Apartments, LLC

Apr. 19, 2005

Ricky L. Tedford and Susan D. Tedford
(14.043%)

Michael L. Williams and Debra D. Williams
(5.738%)

Daren W. Dirkse and Sharon M. Dirkse
(5.738%)

Jun. 30, 2014

Daren W. Dirkse
(2.869%)

Sharon Mattson
(2.869%)

Howard H. Balsdon and Dorian S. Balsdon, Trustees of The Balsdon Trust
(14.345%)

Jan 7, 2011

LeFever Mattson

Mar. 3, 2015

Barbara Ann Kastner
(9.345%)

Daniel H. Goff and Mary E. Goff
(11.476%)

Nov. 1, 2014

Adam Love and Monika Love
(5.738%)

Alexis A. Alekna
(2.869%)

Charles A. Hermle and Audrey R. Hermle
(12.911%)

Victor Max Standiford and Gail Helen Standiford, as Trustees of The Standiford Family Trust U/D/T dated October 8, 1998
(5.738%)

LeFever Mattson
(21.404%)

As of January 1, 2022

Ricky L. Tedford and Susan D. Tedford
(14.043%)

Michael L. Williams and Debra D. Williams
(5.738%)

Daren W. Dirkse
(2.869%)

Sharon Mattson
(2.869%)

Barbara Ann Kastner
(9.345%)

Nov. 1, 2022

LeFever Mattson

Daniel H. Goff and Mary E. Goff
(11.476%)

Alexis A. Alekna
(2.869%)

Charles A. Hermle and Audrey R. Hermle
(12.911%)

Victor Max Standiford and Gail Helen Standiford, as Trustees of The Standiford Family Trust U/D/T dated October 8, 1998
(5.738%)

LeFever Mattson
(31.142%)

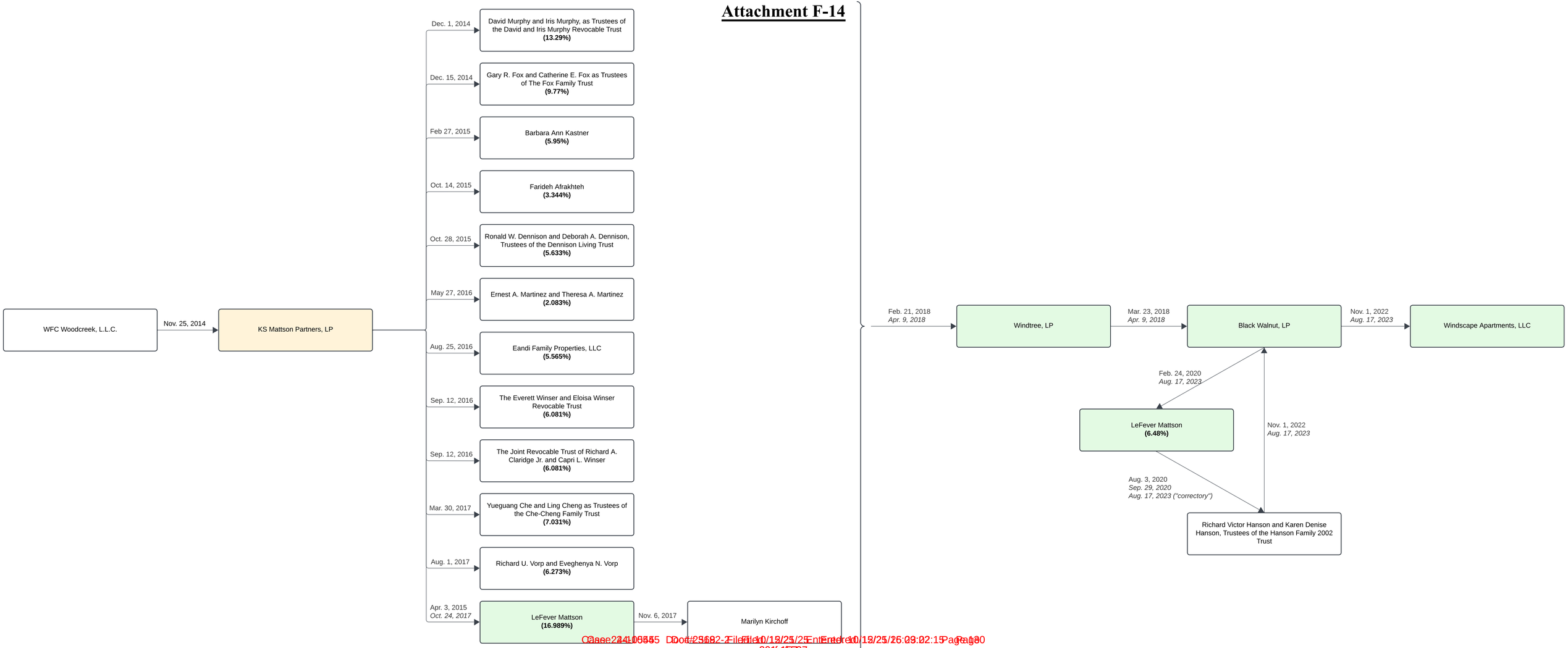
Nov. 1, 2022

Red Spruce Tree, LP

Nov. 8, 2022

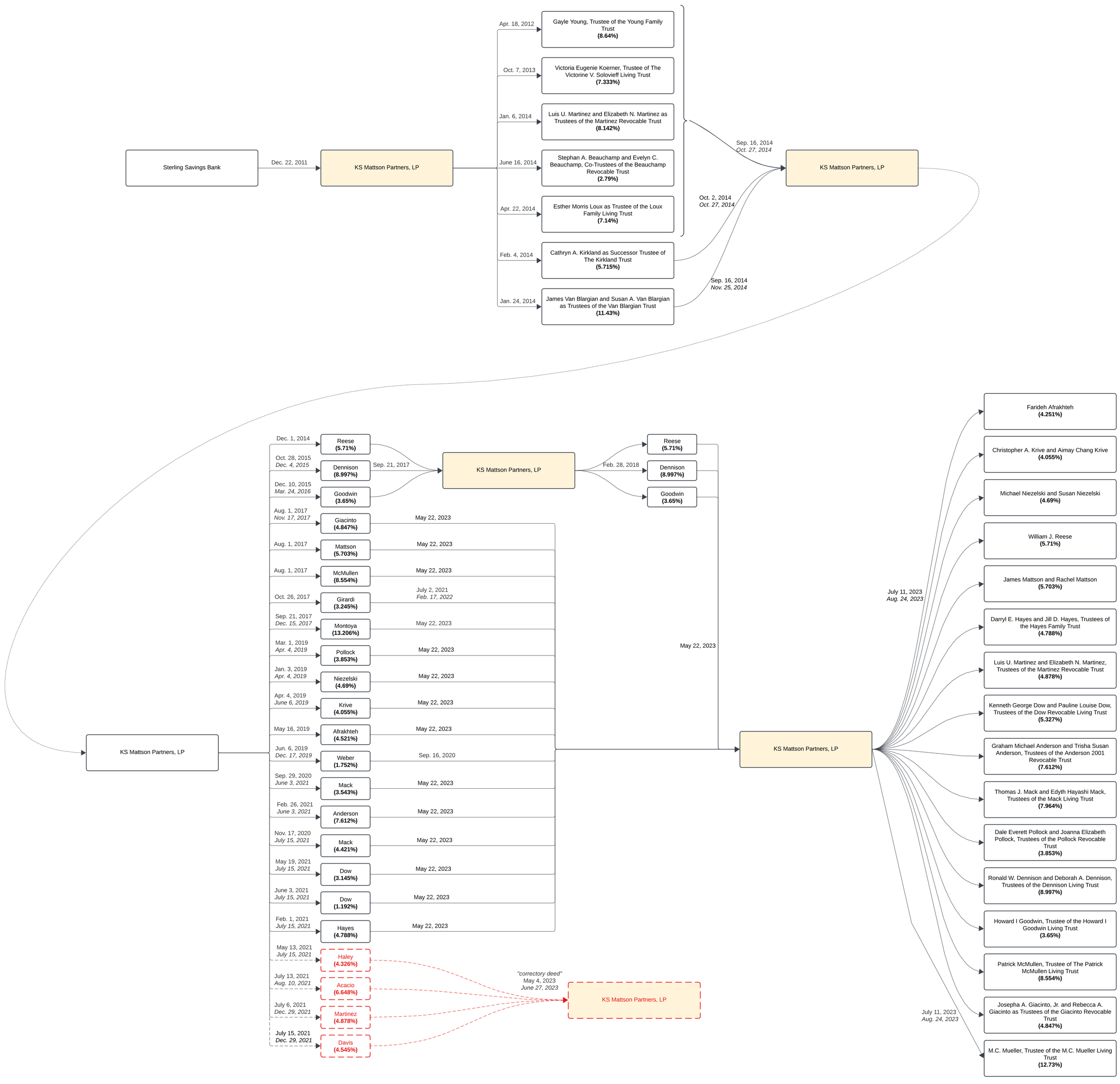
Windscape Apartments, LLC

Attachment F-14

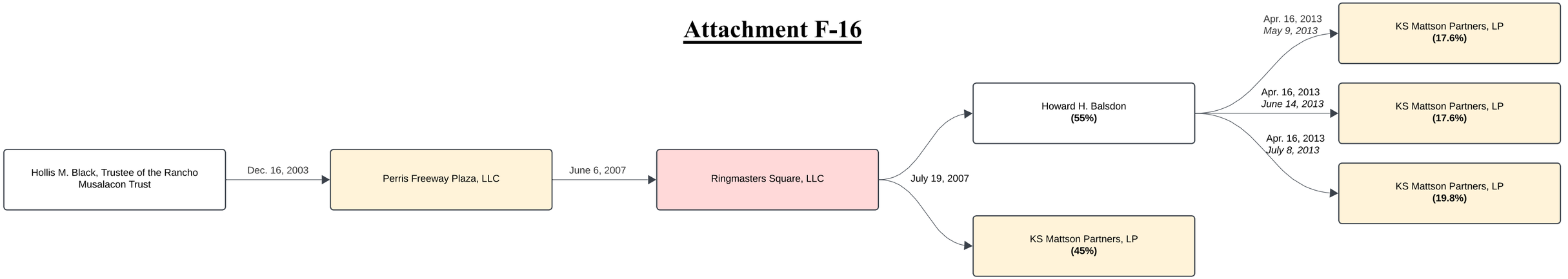


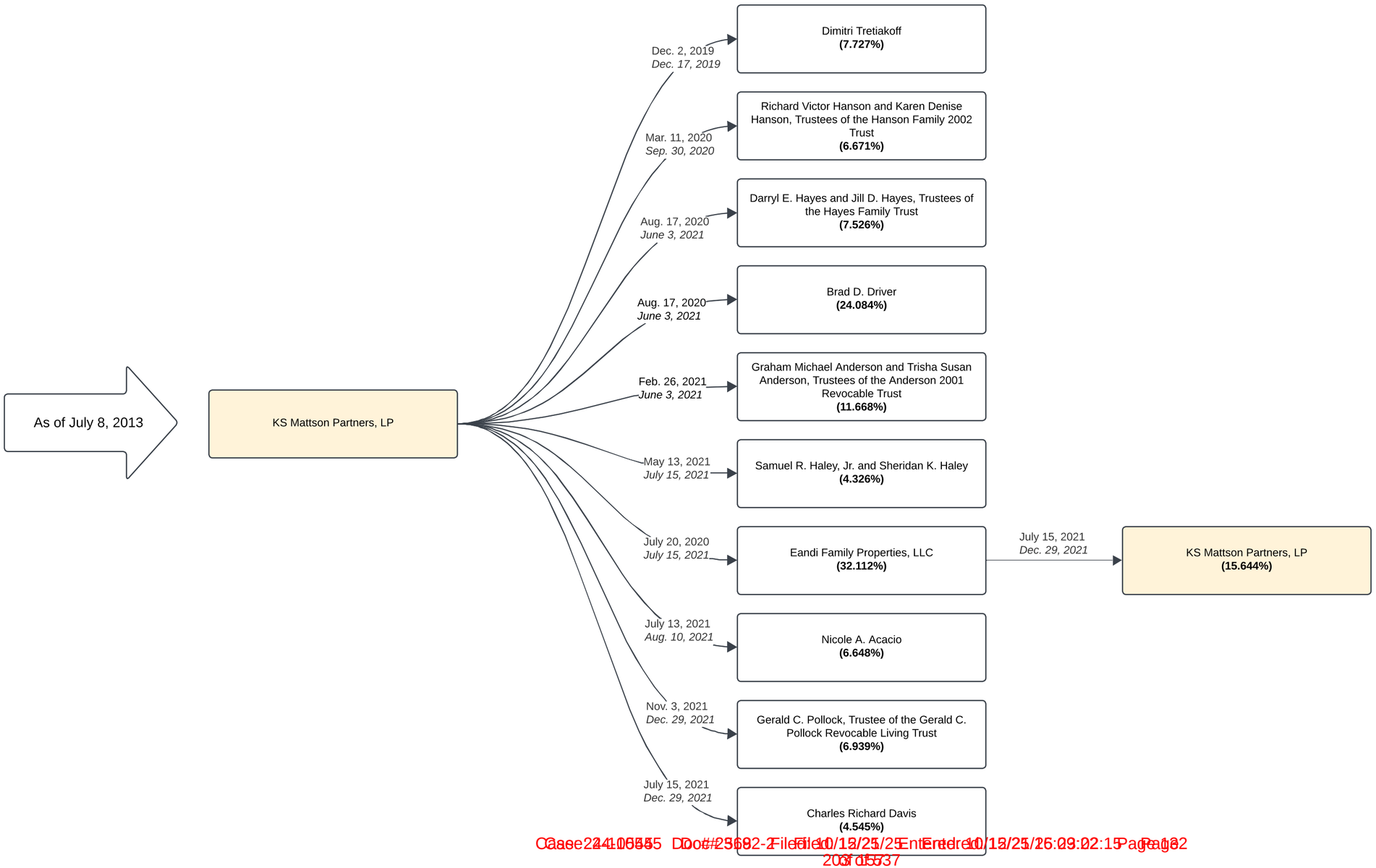
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Attachment F-15



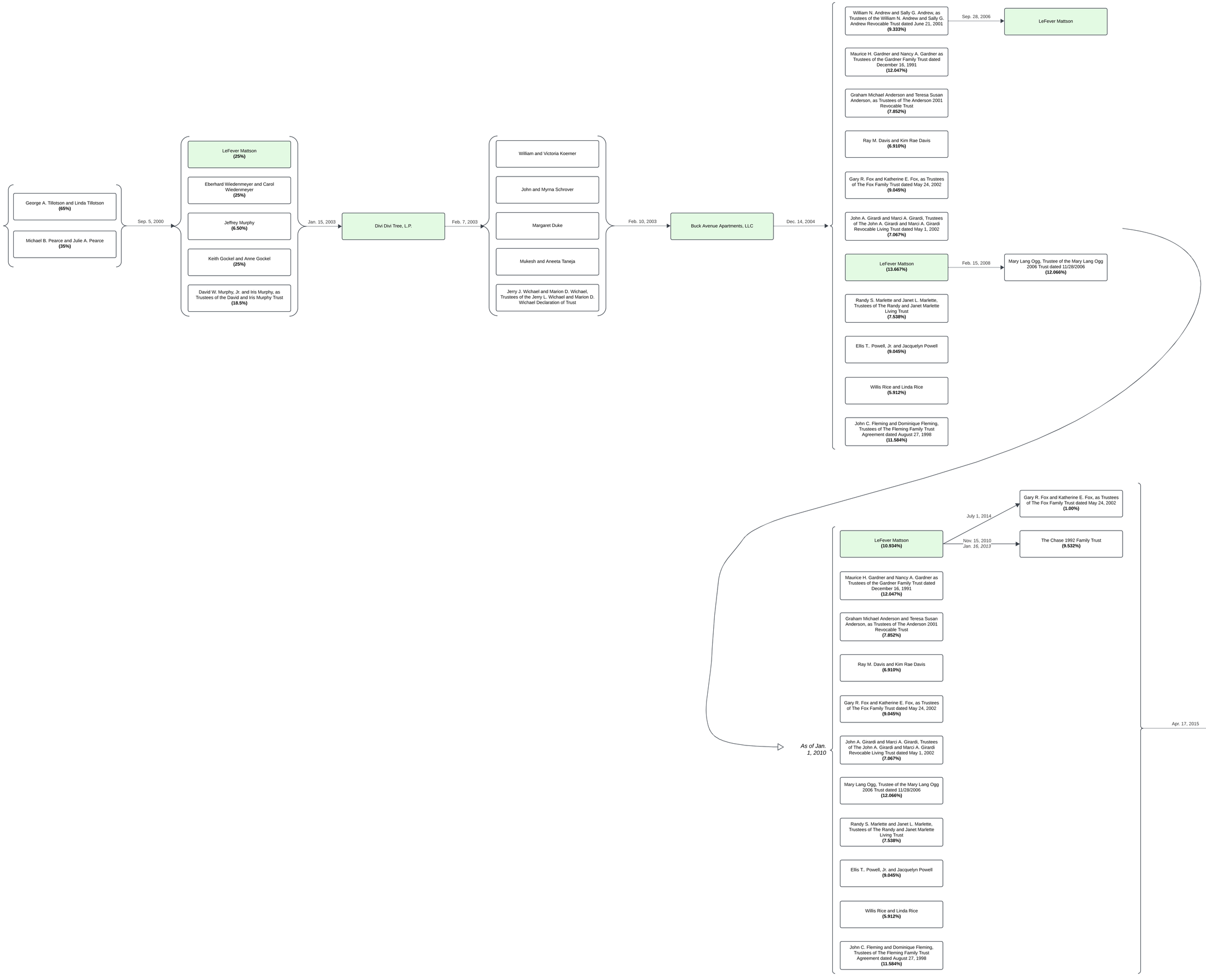
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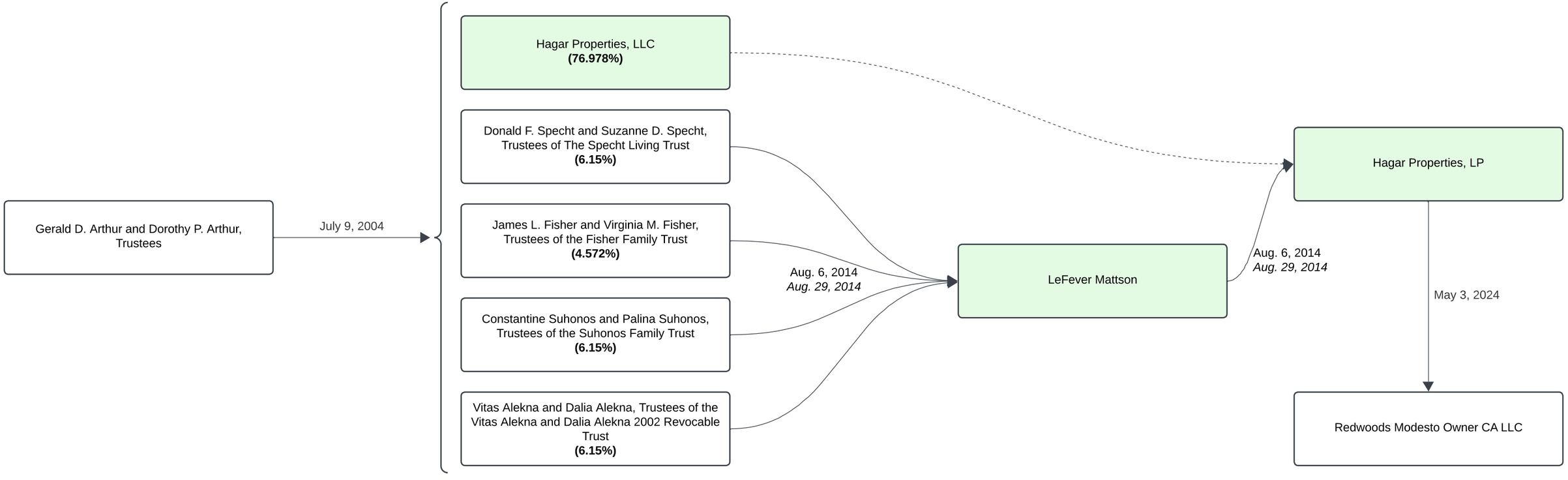


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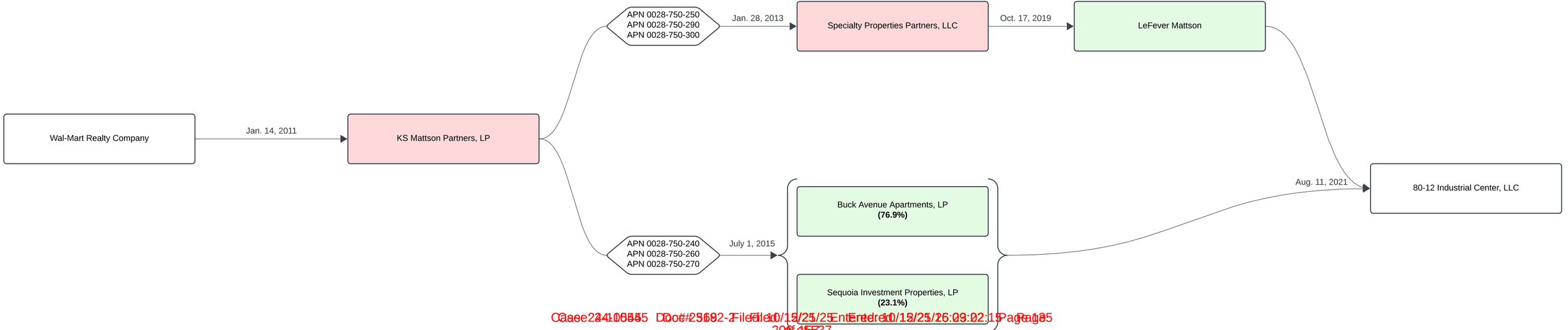
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Attachment F-18

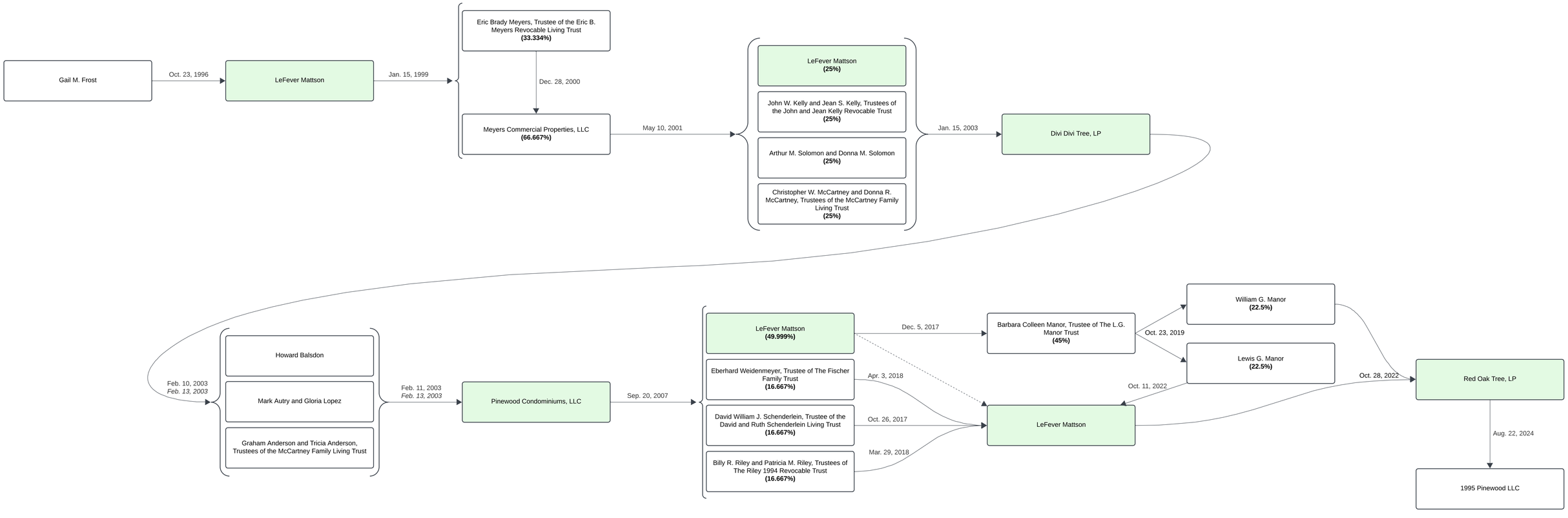


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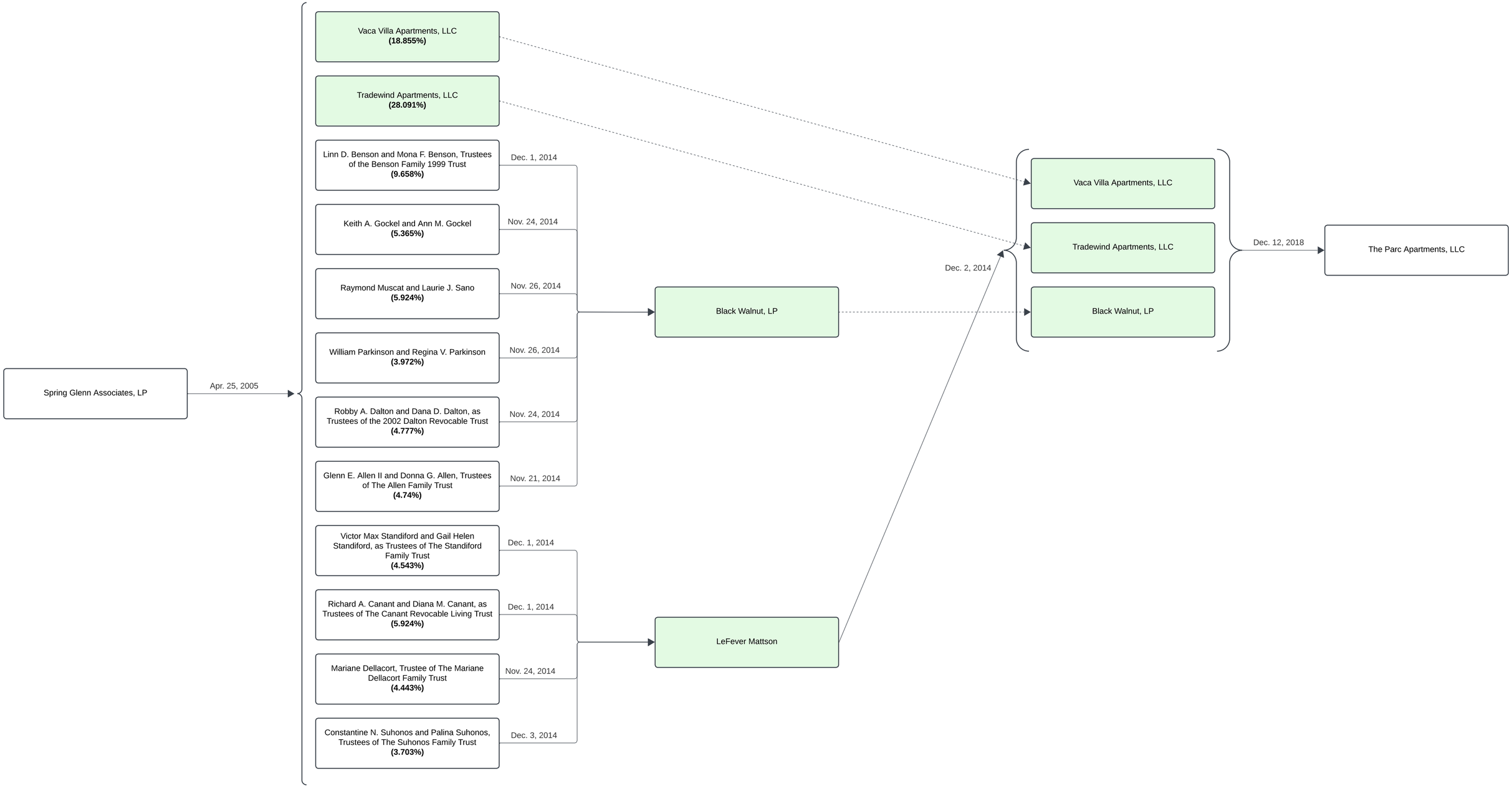


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Attachment F-20

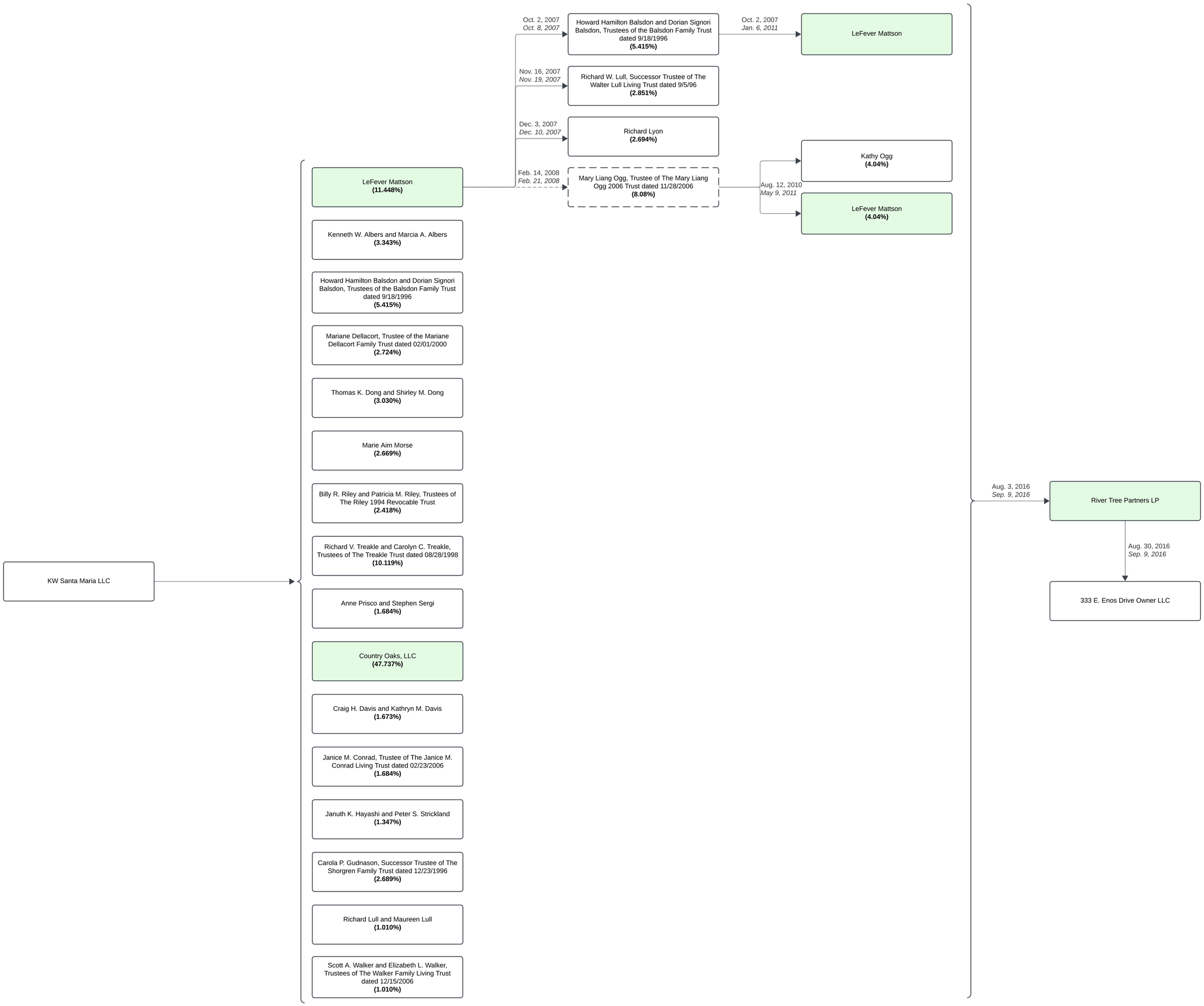


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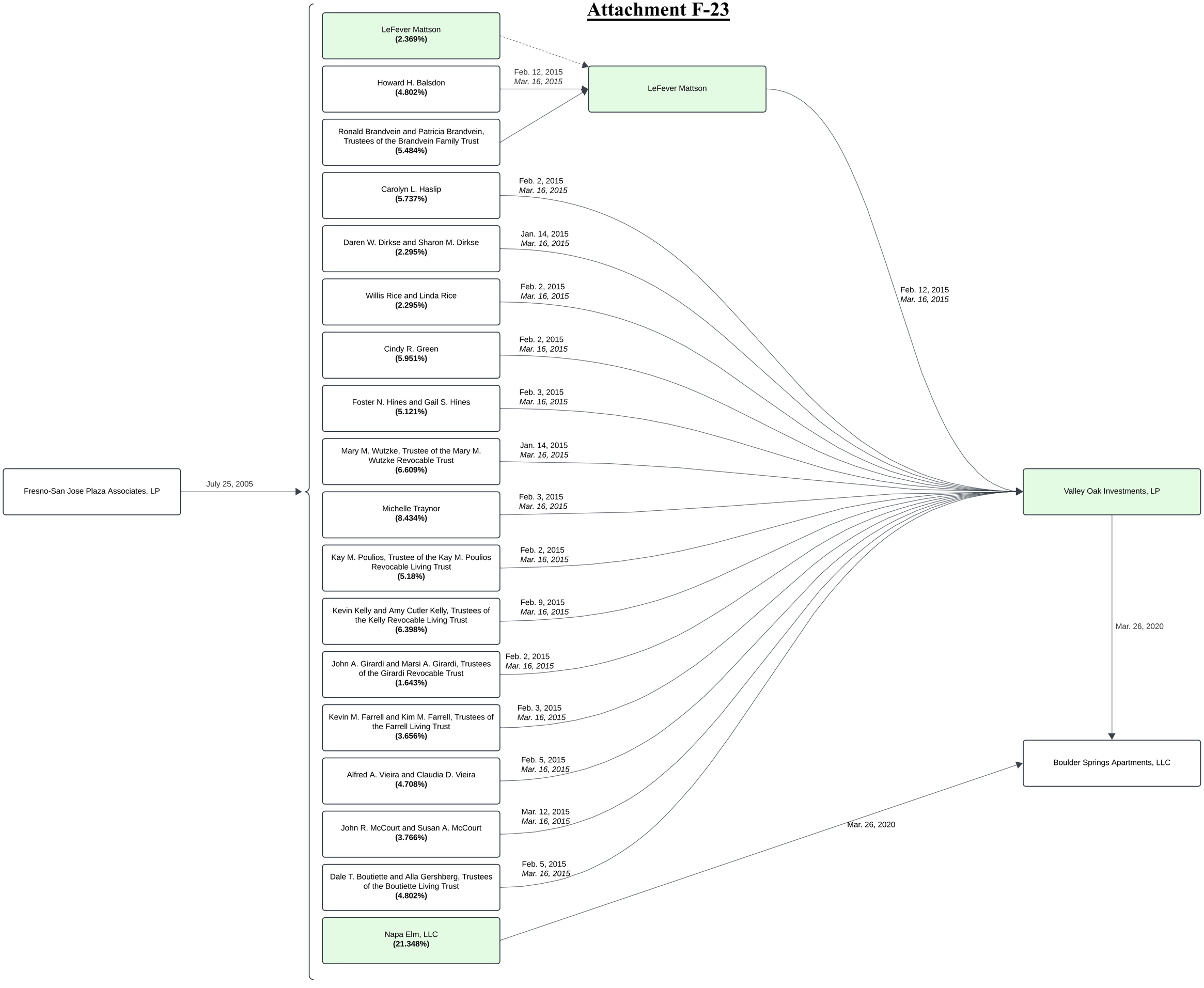


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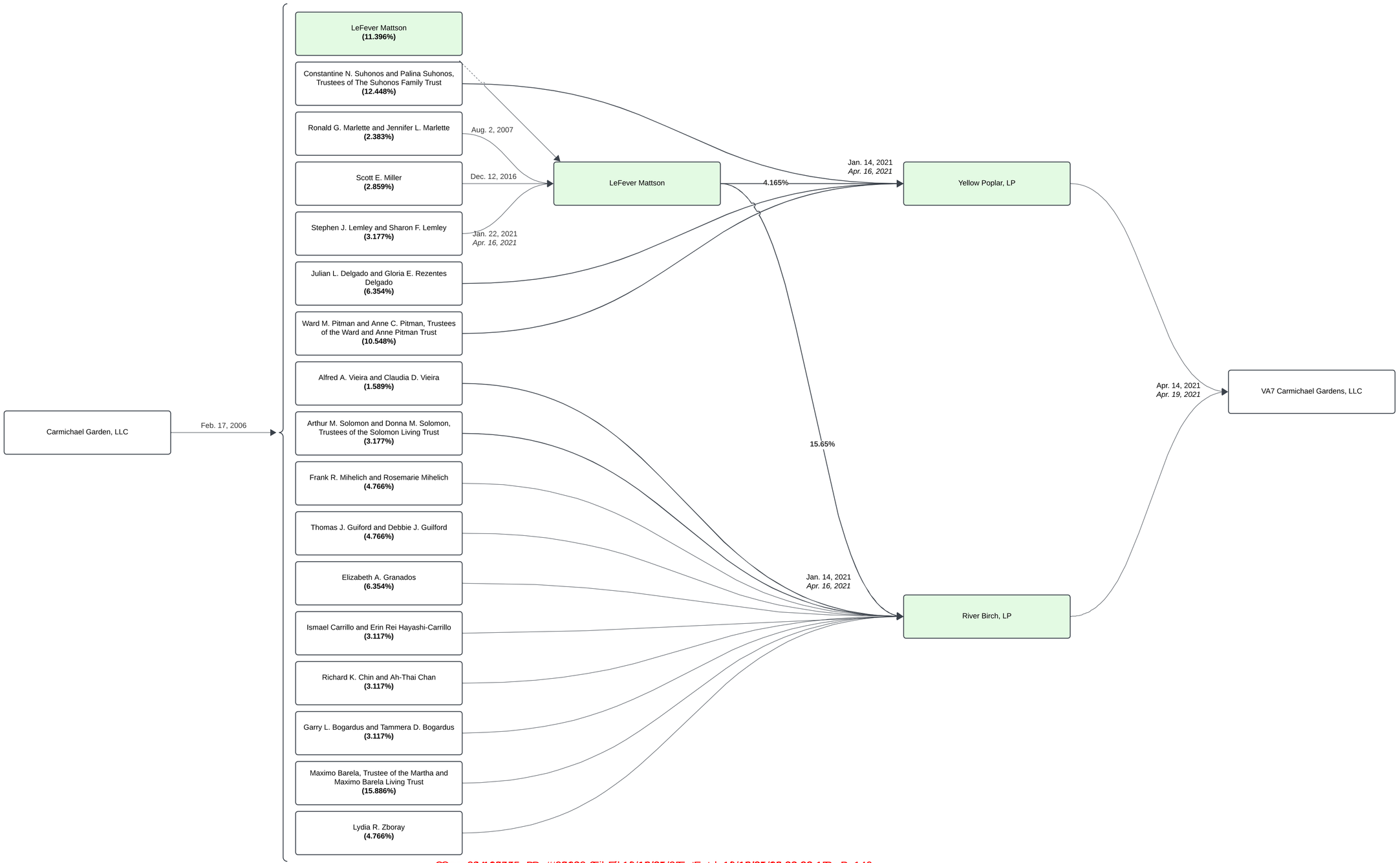
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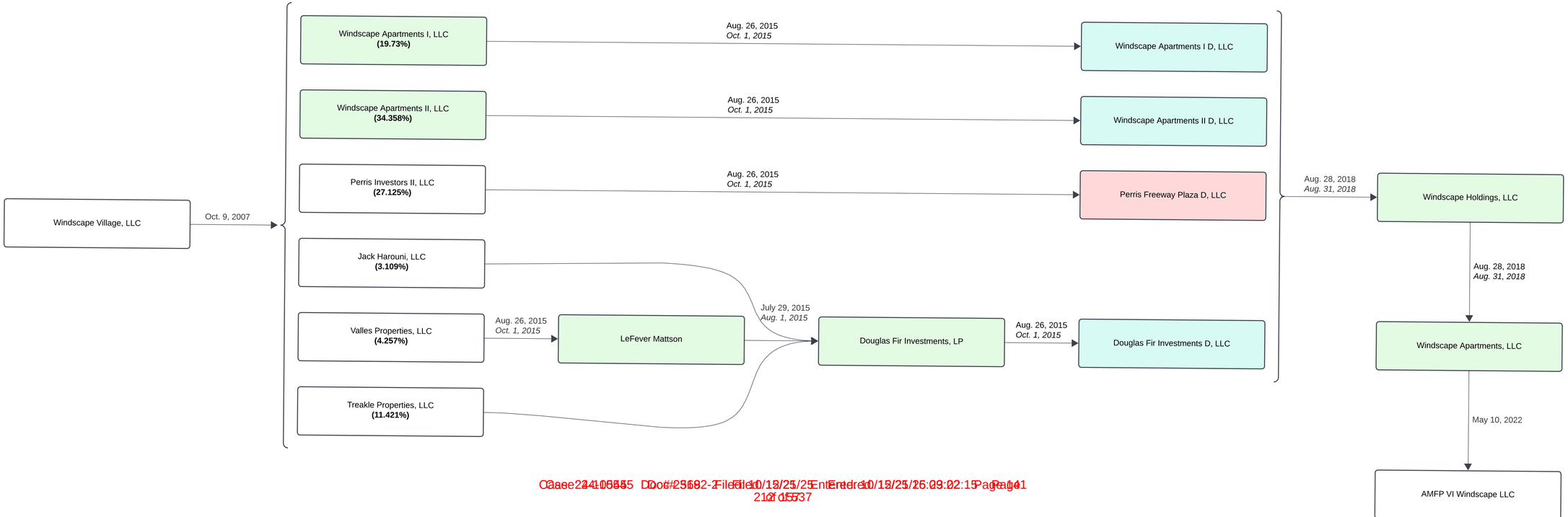
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Attachment F-24

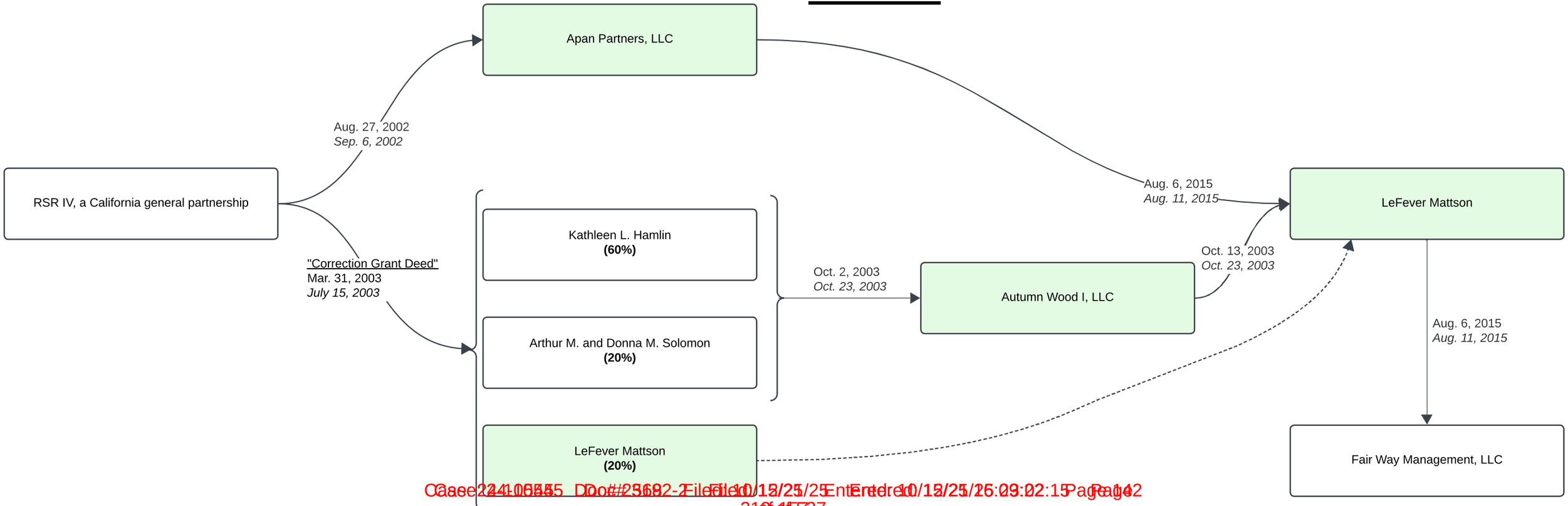


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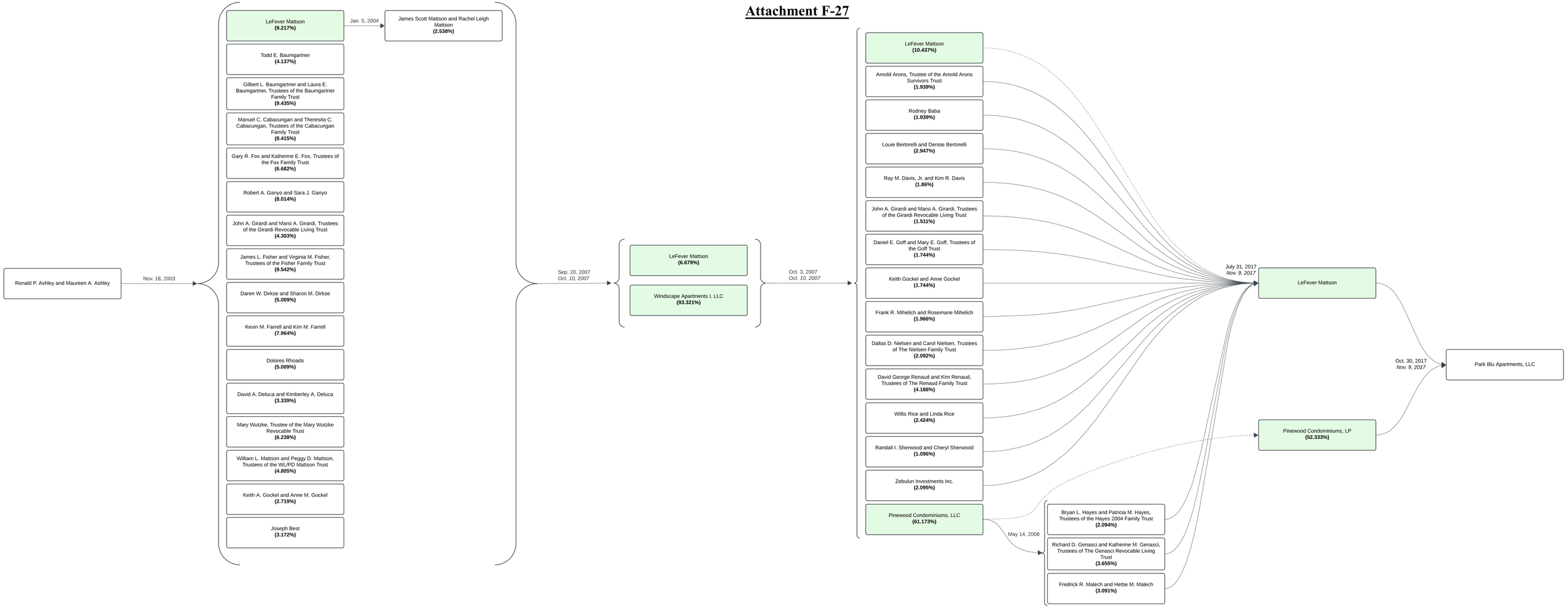
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Attachment F-26

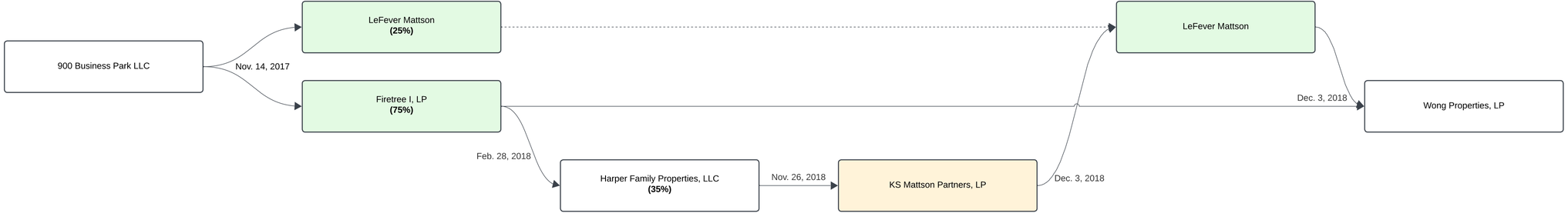


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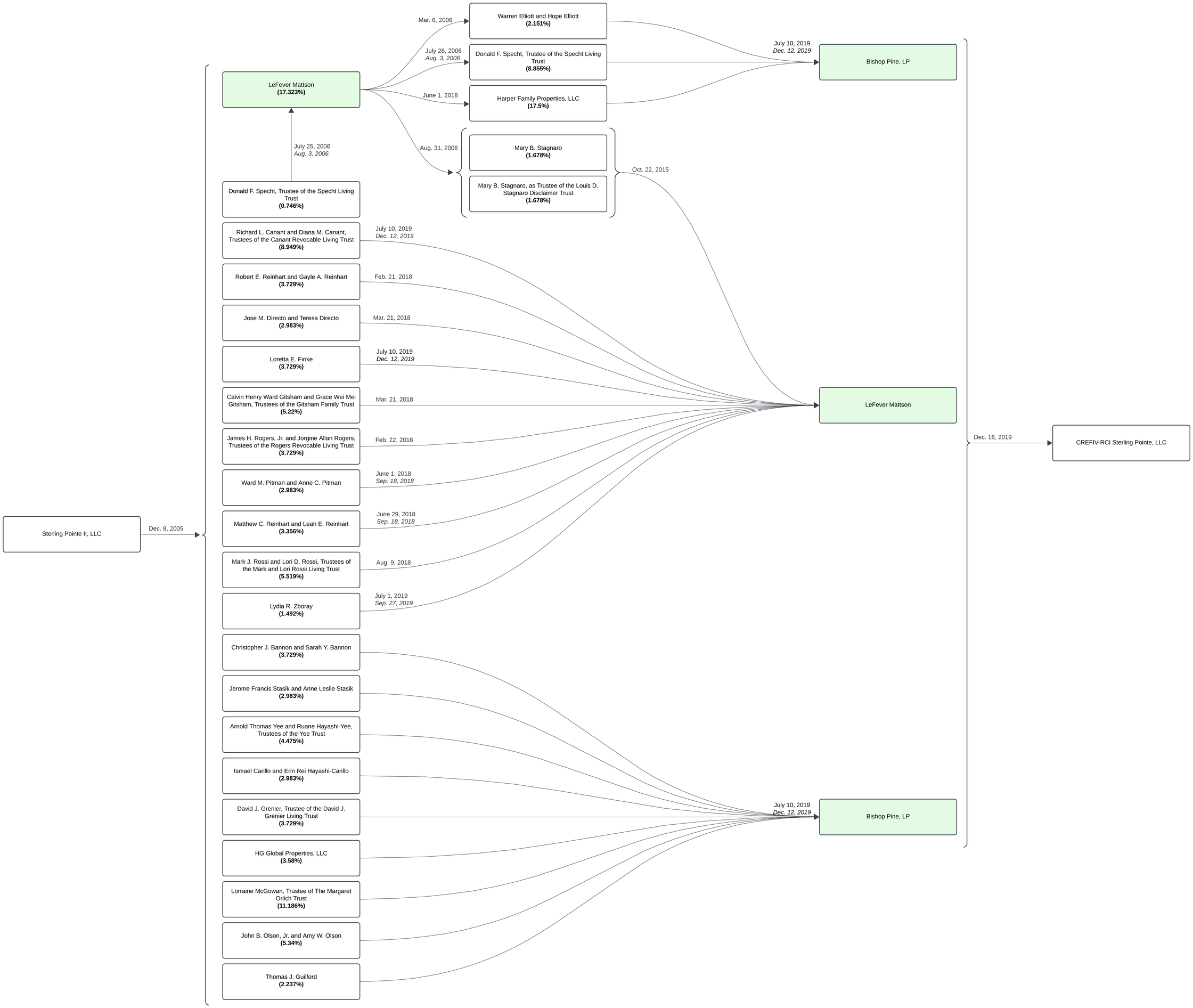
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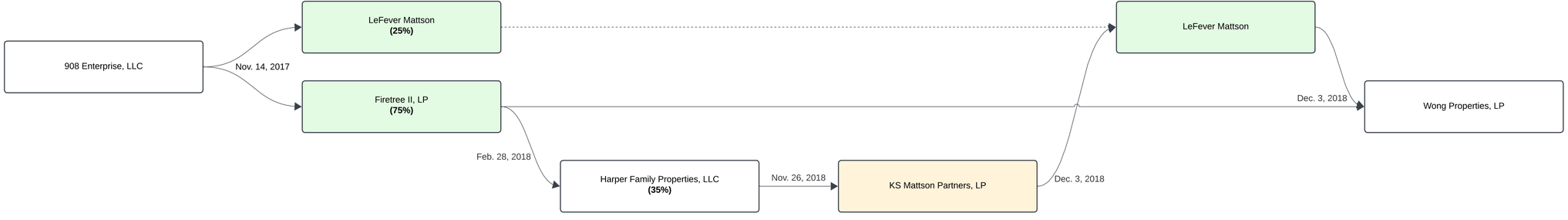
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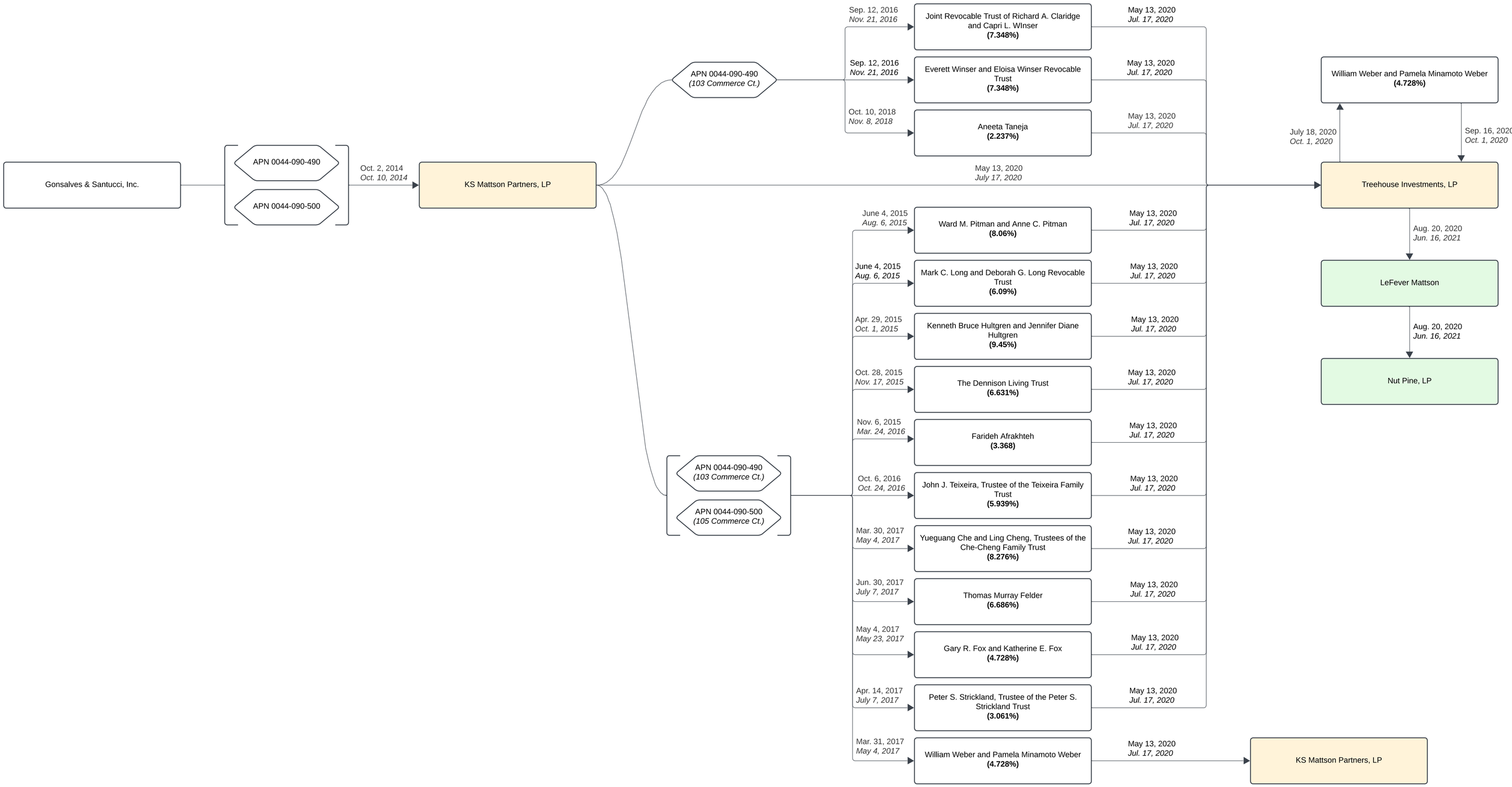
Attachment F-29



Attachment F-30



Attachment F-31



Attachment G-1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beginning Cash Balance	$ -	$ 74,153	$ (15,543)	$ 1,944	$ 69,109	$ 127,226	$ 190,631	$ 243,313	$ 338,714	$ 423,538	$ 491,023	$ 534,703	$ 576,326	$ 566,853	$ 250	$ 14,399	$ 250	$ 4,744	$ 60,488	$ 98,314
Net Rental Income	$ 132,427	$ 223,856	$ 310,008	$ 317,673	$ 282,168	$ 272,579	$ 275,383	$ 292,430	$ 278,514	$ 298,603	$ 329,186	$ 350,798	$ 391,145	$ 421,529	$ 468,417	$ 485,808	$ 481,683	$ 537,203	$ 534,841	$ 557,526
Other Income	$ 1,468	$ 2,070	$ 3,158	$ 4,871	$ 3,231	$ 3,072	$ 2,781	$ 2,900	$ 2,391	$ 2,960	$ 11,247	$ 2,717	$ 3,517	$ 3,350	$ 6,501	$ 2,985	$ 4,862	$ 4,374	$ 5,149	$ 5,466
Total Cash Receipts	$ 133,894	$ 225,926	$ 313,166	$ 322,544	$ 285,399	$ 275,651	$ 278,164	$ 295,331	$ 280,905	$ 301,563	$ 340,433	$ 353,515	$ 394,662	$ 424,879	$ 474,918	$ 488,793	$ 486,545	$ 541,577	$ 539,990	$ 562,992
Maintenance and Repair Expense	$ 62,148	$ 103,160	$ 79,832	$ 47,782	$ 69,630	$ 107,176	$ 131,540	$ 172,809	$ 175,208	$ 144,481	$ 155,921	$ 89,066	$ 59,825	$ 50,341	$ 77,434	$ 60,697	$ 75,206	$ 87,171	$ 114,825	$ 122,459
Other Operating Expense	$ 88,594	$ 128,229	$ 151,570	$ 134,880	$ 123,938	$ 155,212	$ 142,453	$ 140,988	$ 151,400	$ 123,509	$ 166,016	$ 154,674	$ 173,732	$ 169,507	$ 173,088	$ 145,662	$ 129,176	$ 173,373	$ 135,172	$ 124,972
Total Operating Disbursements	$ 150,742	$ 231,389	$ 231,402	$ 182,661	$ 193,568	$ 262,388	$ 273,993	$ 313,797	$ 326,608	$ 267,990	$ 321,936	$ 243,741	$ 233,557	$ 219,848	$ 250,523	$ 206,359	$ 204,382	$ 260,544	$ 249,996	$ 247,431
Net Operating Cash Flow	$ (16,847)	$ (5,463)	$ 81,764	$ 139,882	$ 91,831	$ 13,263	$ 4,171	$ (18,466)	$ (45,703)	$ 33,573	$ 18,496	$ 109,774	$ 161,105	$ 205,031	$ 224,396	$ 282,434	$ 282,163	$ 281,033	$ 289,994	$ 315,560
Third-Party Loan Proceeds	$ 2,518,192	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,484,223	$ -	$ -
Third-Party Debt Service	$ (92,984)	$ (122,970)	$ (121,278)	$ (174,783)	$ (207,731)	$ (145,774)	$ (136,107)	$ (134,094)	$ (133,399)	$ (133,127)	$ (133,000)	$ (134,996)	$ (138,318)	$ (144,979)	$ (155,236)	$ (155,414)	$ (145,562)	$ (172,385)	$ (219,532)	$ (219,532)
Net Other Adjustments[1]	$ (2,290,316)	$ (13,545)	$ 9,329	$ 21,640	$ 50,627	$ (1,084)	$ 6,354	$ (72,396)	$ 7,530	$ 3,991	$ 13,344	$ 8,153	$ (4,549)	$ (2,908)	$ (34,600)	$ 3,634	$ (3,469)	$ 2,986	$ 3,766	$ (14,401)
Net Adjusted Cash Flow	$ 118,045	$ (141,978)	$ (30,185)	$ (13,260)	$ (65,274)	$ (133,594)	$ (125,583)	$ (224,956)	$ (171,573)	$ (95,562)	$ (101,160)	$ (17,069)	$ 18,239	$ 57,143	$ 34,559	$ 130,654	$ 133,133	$ 2,595,857	$ 74,228	$ 81,627
Intercompany Notes (Receivable) / Payable	$ -	$ 121,000	$ 119,000	$ 153,058	$ 196,977	$ 270,434	$ 251,699	$ 393,792	$ 330,041	$ 236,481	$ 217,930	$ 133,935	$ 47,530	$ (548,504)	$ 54,832	$ (69,707)	$ (53,396)	$ (2,464,871)	$ 36,500	$ (74,288)
Net Adjusted Cash Flow After Intercompany Notes	$ 118,045	$ (20,978)	$ 88,815	$ 139,798	$ 131,703	$ 136,840	$ 126,116	$ 168,836	$ 158,468	$ 140,919	$ 116,770	$ 116,866	$ 65,769	$ (491,360)	$ 89,392	$ 60,947	$ 79,736	$ 130,986	$ 110,728	$ 7,339
Owner Distributions	$ (43,891)	$ (68,718)	$ (71,328)	$ (72,633)	$ (73,585)	$ (73,435)	$ (73,435)	$ (73,435)	$ (73,644)	$ (73,435)	$ (73,090)	$ (75,242)	$ (75,242)	$ (75,242)	$ (75,242)	$ (75,097)	$ (75,242)	$ (75,242)	$ (72,902)	$ (18,497)
Net Cash Flow	$ 74,154	$ (89,696)	$ 17,487	$ 67,165	$ 58,118	$ 63,405	$ 52,681	$ 95,401	$ 84,824	$ 67,484	$ 43,680	$ 41,624	$ (9,473)	$ (566,602)	$ 14,150	$ (14,150)	$ 4,494	$ 55,744	$ 37,826	$ (11,158)

[1] Included in the "Other Adjustments" in 2005 are the $3.4 million acquisition cost of the Tradewinds Apartments, approximately $1.3 million in equity capital, approximately $71,000 in equity capital receivable, and approximately $87,000 in acquisition and organization costs. In general, "Other Adjustments" include line-items like security deposits and deferred loan interest.

Attachment G-2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Profit / (Loss)	$ (29,533)	$ (23,492)	$ (9,121)	$ (12,390)	$ (49,916)	$ (14,429)	$ 49,354	$ 4,371	$ 63,143	$ 84,468	$ 48,037	$ 91,668	$ (285,118)	$ (75,673)	$ 32,923	$ 4,397	$ 10,766	$ 127,739	$ 58,615
Distributions	$ (89,367)	$ (97,941)	$ (84,688)	$ (93,326)	$ (98,691)	$ (97,476)	$ (96,261)	$ (97,476)	$ (98,691)	$ (97,476)	$ (97,476)	$ (97,476)	$ (97,476)	$ (97,476)	$ (97,476)	$ (97,476)	$ (97,476)	$ (97,476)	$ (97,476)
Surplus / (Deficit) After Distributions	$ (118,900)	$ (121,432)	$ (93,809)	$ (105,716)	$ (148,607)	$ (111,905)	$ (46,907)	$ (93,105)	$ (35,548)	$ (13,008)	$ (49,439)	$ (5,807)	$ (382,594)	$ (173,149)	$ (64,553)	$ (93,079)	$ (86,710)	$ 30,263	$ (38,860)

Attachment G-3

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beginning Cash Balance	$ -	$ 391,631	$ 347,243	$ 203,494	$ 7,586	$ 3,312	$ 8,383	$ 871	$ (11,198)	$ (27,603)	$ (58,815)	$ 9,503	$ (36,920)	$ (64,781)	$ 68,372	$ 1,317,917	$ 109,573	$ 133,273	$ 705,195	$ 25,615
Net Rental Income	$ 1,552,910	$ 1,746,034	$ 1,726,119	$ 1,687,639	$ 1,582,633	$ 1,526,178	$ 1,543,048	$ 1,501,743	$ 1,620,431	$ 1,725,923	$ 1,818,218	$ 2,000,087	$ 2,322,377	$ 2,545,743	$ 2,726,324	$ 2,917,858	$ 3,138,720	$ 3,530,836	$ 3,740,902	$ 1,261,575
Other Income	$ 38,123	$ 48,012	$ 22,437	$ 127,133	$ 69,972	$ 18,338	$ 18,025	$ 29,900	$ 37,080	$ 27,020	$ 57,095	$ 67,354	$ 59,674	$ 37,786	$ 573,959	$ 60,043	$ 212,404	$ 951,289	$ 202,029	$ 18,638,410
Total Cash Receipts	$ 1,591,033	$ 1,794,046	$ 1,748,556	$ 1,814,773	$ 1,652,605	$ 1,544,516	$ 1,561,072	$ 1,531,643	$ 1,657,511	$ 1,752,943	$ 1,875,312	$ 2,067,441	$ 2,382,051	$ 2,583,529	$ 3,300,283	$ 2,977,901	$ 3,351,123	$ 4,482,125	$ 3,942,931	$ 19,899,984
Maintenance and Repair Expense	$ 472,994	$ 376,457	$ 386,997	$ 434,959	$ 234,823	$ 237,028	$ 243,672	$ 336,085	$ 456,686	$ 577,973	$ 719,299	$ 712,714	$ 692,135	$ 692,644	$ 696,943	$ 519,769	$ 483,443	$ 686,562	$ 665,918	$ 288,785
Other Operating Expense	$ 590,302	$ 585,856	$ 583,222	$ 601,955	$ 544,599	$ 451,387	$ 506,074	$ 588,236	$ 580,236	$ 655,597	$ 689,455	$ 701,494	$ 741,403	$ 738,966	$ 786,125	$ 668,884	$ 634,366	$ 683,267	$ 721,691	$ 262,290
Total Operating Disbursements	$ 1,063,296	$ 962,313	$ 970,219	$ 1,036,914	$ 779,422	$ 688,414	$ 749,746	$ 924,321	$ 1,036,922	$ 1,233,570	$ 1,408,754	$ 1,414,209	$ 1,433,538	$ 1,431,609	$ 1,483,067	$ 1,188,653	$ 1,117,809	$ 1,369,828	$ 1,387,609	$ 551,075
Net Operating Cash Flow	$ 527,738	$ 831,733	$ 778,337	$ 777,859	$ 873,183	$ 856,101	$ 811,326	$ 607,322	$ 620,589	$ 519,372	$ 466,558	$ 653,232	$ 948,512	$ 1,151,920	$ 1,817,216	$ 1,789,247	$ 2,233,314	$ 3,112,296	$ 2,555,323	$ 19,348,910
Third-Party Loan Proceeds	$ 10,745,047	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,212,969	$ -	$ -	$ -	$ 5,871,605	$ -	$ -	$ -	$ -	$ -	$ -
Third-Party Debt Service	$ (517,749)	$ (468,401)	$ (449,872)	$ (678,767)	$ (968,951)	$ (734,023)	$ (625,112)	$ (623,681)	$ (663,220)	$ (301,193)	$ (682,937)	$ (681,398)	$ (681,398)	$ (338,891)	$ (1,205,641)	$ (837,750)	$ (835,461)	$ (914,231)	$ (1,075,058)	$ (17,287,271)
Net Other Adjustments	$ (10,118,193)	$ (114,740)	$ (179,534)	$ (2,320)	$ 287,174	$ 91,493	$ (3,399)	$ 17,547	$ 13,301	$ (126,237)	$ 25,721	$ 27,923	$ 10,567	$ (567,317)	$ 126,704	$ (56,051)	$ (90,083)	$ (45,247)	$ (15,604)	$ 15,711,835
Net Adjusted Cash Flow	$ 636,842	$ 248,592	$ 148,931	$ 96,772	$ 191,407	$ 213,571	$ 182,815	$ 1,187	$ (29,330)	$ 2,304,911	$ (190,658)	$ (242)	$ 277,682	$ 6,117,317	$ 738,279	$ 895,447	$ 1,307,770	$ 2,152,818	$ 1,464,661	$ 17,773,473
Intercompany Notes (Receivable) / Payable	$ -	$ -	$ -	$ -	$ 97,000	$ 87,800	$ 103,850	$ 281,300	$ 305,605	$ 189,645	$ (595,200)	$ (246,500)	$ 22,435	$ 5,436,547	$ (643,547)	$ 1,811,110	$ 991,390	$ 1,288,215	$ (1,850,387)	$ 300,945
Net Adjusted Cash Flow After Intercompany Notes	$ 636,842	$ 248,592	$ 148,931	$ 96,772	$ 288,407	$ 301,371	$ 286,665	$ 282,487	$ 276,275	$ 2,494,556	$ (785,858)	$ (246,742)	$ 300,116	$ 11,553,864	$ 94,732	$ 2,706,557	$ 2,299,160	$ 3,441,034	$ (385,726)	$ 18,074,419
Owner Distributions	$ (390,241)	$ (292,680)	$ (292,680)	$ (292,680)	$ (292,680)	$ (292,680)	$ (292,680)	$ (292,680)	$ (292,680)	$ (292,680)	$ (292,680)	$ (292,680)	$ (309,109)	$ (276,252)	$ (292,680)	$ (292,680)	$ (292,680)	$ (292,680)	$ (293,854)	$ (17,321,958)
Net Cash Flow	$ 246,601	$ (44,088)	$ (143,749)	$ (195,908)	$ (4,274)	$ 8,691	$ (6,015)	$ (10,193)	$ (16,405)	$ 2,201,875	$ (1,078,538)	$ (539,422)	$ (8,992)	$ 11,277,611	$ (197,949)	$ 2,413,876	$ 2,006,480	$ 3,148,353	$ (679,580)	$ 752,460

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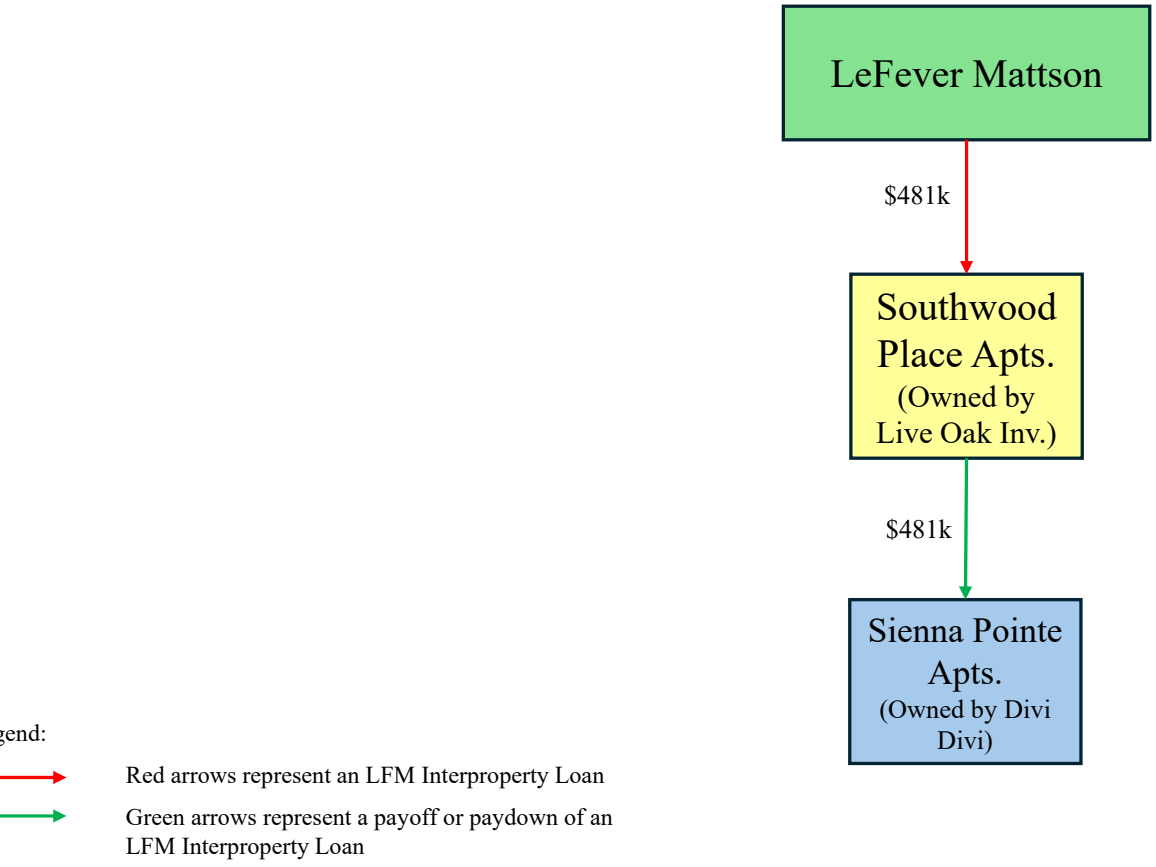
Attachment H

LeFever Mattson, *et al.*
Summary of Intercompany Transactions
For the Period 1/1/2017 to 9/12/2024

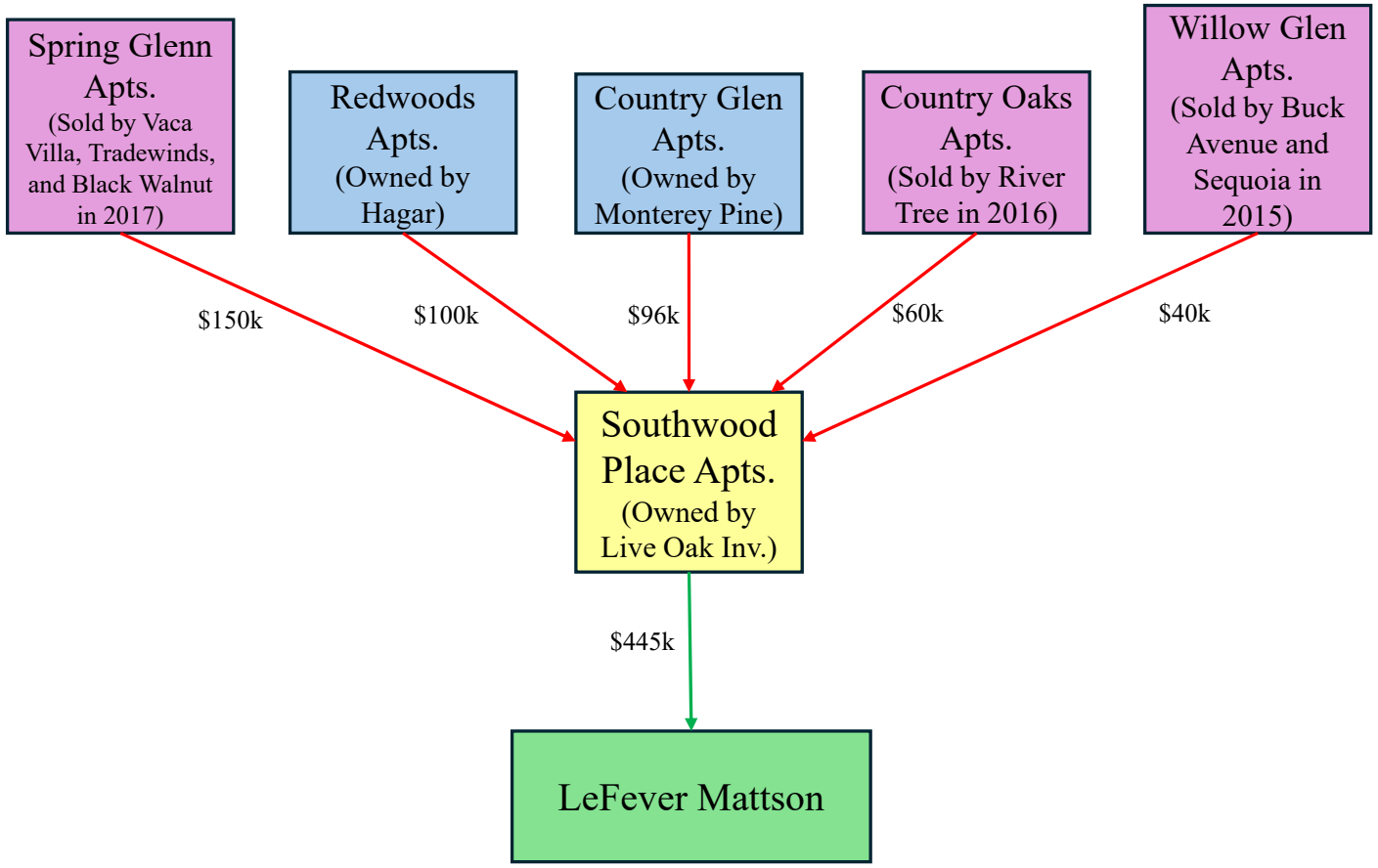
Debtor	Inflows		Outflows		Total Transactions	Total Net Dollar Value	Total Gross Dollar Value
	Number	Value	Number	Value			
Autumn Wood I, LP	86	3,715,367	77	(1,552,432)	163	2,162,934	5,267,799
Beach Pine, LP	32	2,826,080	27	(586,905)	59	2,239,176	3,412,985
Bishop Pine, LP	35	849,198	41	(1,963,298)	76	(1,114,100)	2,812,496
Black Walnut, LP	65	3,645,359	50	(2,846,708)	115	798,651	6,492,067
Buck Avenue Apartments, LP	110	5,567,436	38	(7,134,220)	148	(1,566,784)	12,701,656
Buckeye Tree, LP	33	792,347	31	(224,209)	64	568,138	1,016,556
Bur Oak, LP	15	2,804,412	31	(2,991,520)	46	(187,108)	5,795,932
California Investment Properties	7	210,000	7	(164,000)	14	46,000	374,000
Cambria Pines, LP	67	1,855,506	23	(1,875,783)	90	(20,277)	3,731,289
Chestnut Oak, LP	55	4,323,100	31	(4,728,725)	86	(405,625)	9,051,825
Country Oaks I, LP	130	7,058,437	77	(6,015,187)	207	1,043,250	13,073,624
Divi Divi Tree, L.P.	33	6,231,688	30	(2,735,715)	63	3,495,973	8,967,402
Douglas Fir Investments, LP	7	445,938	6	(444,338)	13	1,600	890,276
Firetree I, LP	7	383,875	-	-	7	383,875	383,875
Firetree II, LP	1	275,226	1	(275,226)	2	-	550,453
Firetree III, LP	6	272,558	3	(90,465)	9	182,093	363,023
Foxtail Pine, LP	74	7,586,032	43	(8,331,091)	117	(745,060)	15,917,123
Ginko Tree, LP	33	761,747	33	(197,391)	66	564,356	959,137
Golden Tree, LP	1	1,000	-	-	1	1,000	1,000
Hagar Properties, LP	105	19,637,379	382	(30,736,537)	487	(11,099,157)	50,373,916
Heacock Park Apartments, LP	84	20,041,344	82	(13,920,460)	166	6,120,884	33,961,804
Home Tax Service of America, Inc.	45	2,337,022	86	(2,051,808)	131	285,214	4,388,830
LeFever Mattson	126	20,863,207	145	(23,438,895)	271	(2,575,688)	44,302,102
Live Oak Investments, LP	40	5,539,700	133	(9,232,577)	173	(3,692,877)	14,772,277
Monterey Pine, LP	67	8,078,065	35	(10,351,321)	102	(2,273,256)	18,429,386
Nut Pine, LP	48	3,670,916	81	(4,338,097)	129	(667,181)	8,009,014
Pinewood Condominiums, LP	89	2,055,298	85	(1,460,762)	174	594,536	3,516,060
Red Cedar Tree, LP	10	3,064,998	10	(2,306,323)	20	758,675	5,371,321
Red Mulberry Tree, LP	7	5,653,111	17	(3,505,137)	24	2,147,973	9,158,248
Red Oak Tree, LP	36	1,407,832	58	(1,954,607)	94	(546,775)	3,362,439
Red Oak, LP	63	7,082,430	44	(7,711,885)	107	(629,455)	14,794,315
Red Spruce Tree, LP	51	6,110,562	41	(6,797,777)	92	(687,214)	12,908,339
River Birch, LP	40	3,099,682	30	(1,801,548)	70	1,298,134	4,901,230
River Tree Partners, LP	27	851,166	5	(63,166)	32	788,000	914,333
River View Shopping Center 1, LLC	11	1,077,875	12	(1,460,100)	23	(382,225)	2,537,974
River View Shopping Center 2, LLC	11	332,126	12	(449,901)	23	(117,775)	782,026
RT Capitol Mall, LP	6	547,112	11	(66,925)	17	480,187	614,037
Scotch Pine, LP	120	12,926,507	109	(13,219,323)	229	(292,816)	26,145,830
Sequoia Investment Properties, LP	99	1,764,490	33	(2,315,806)	132	(551,316)	4,080,297
Sienna Pointe, LLC	306	87,826,334	435	(68,642,987)	741	19,183,347	156,469,321
Tradewinds Apartments, LP	79	4,204,109	77	(5,233,597)	156	(1,029,488)	9,437,706
Vaca Villa Apartments, LP	90	2,981,045	81	(1,067,812)	171	1,913,233	4,048,857
Valley Oak Investments, LP	119	4,665,129	86	(3,212,455)	205	1,452,673	7,877,584
Watertree I, LP	36	1,432,646	34	(1,678,396)	70	(245,750)	3,111,042
Willow Oak, LP	54	11,378,690	39	(12,535,783)	93	(1,157,093)	23,914,473
Windscape Apartments I, LP	8	467,942	5	(466,342)	13	1,600	934,285
Windscape Apartments II, LP	7	813,556	6	(811,956)	13	1,600	1,625,513
Windscape Apartments, LLC	110	21,552,767	254	(26,027,944)	364	(4,475,177)	47,580,711
Windscape Holdings, LLC	106	12,325,229	31	(10,871,754)	137	1,453,475	23,196,983
Yellow Poplar, LP	41	971,867	26	(1,653,714)	67	(681,847)	2,625,581
Totals	**2,838**	**324,365,441**	**3,034**	**(311,542,909)**	**5,872**	**12,822,532**	**635,908,350**

Attachment I

Attachment I-1
Analysis of 10/5/2018 payoff of Live Oak Investment, LP's loan to Sienna Pointe



Attachment I-2
Analysis of 8/7/2019 inter-property loans to Live Oak Investment, LP

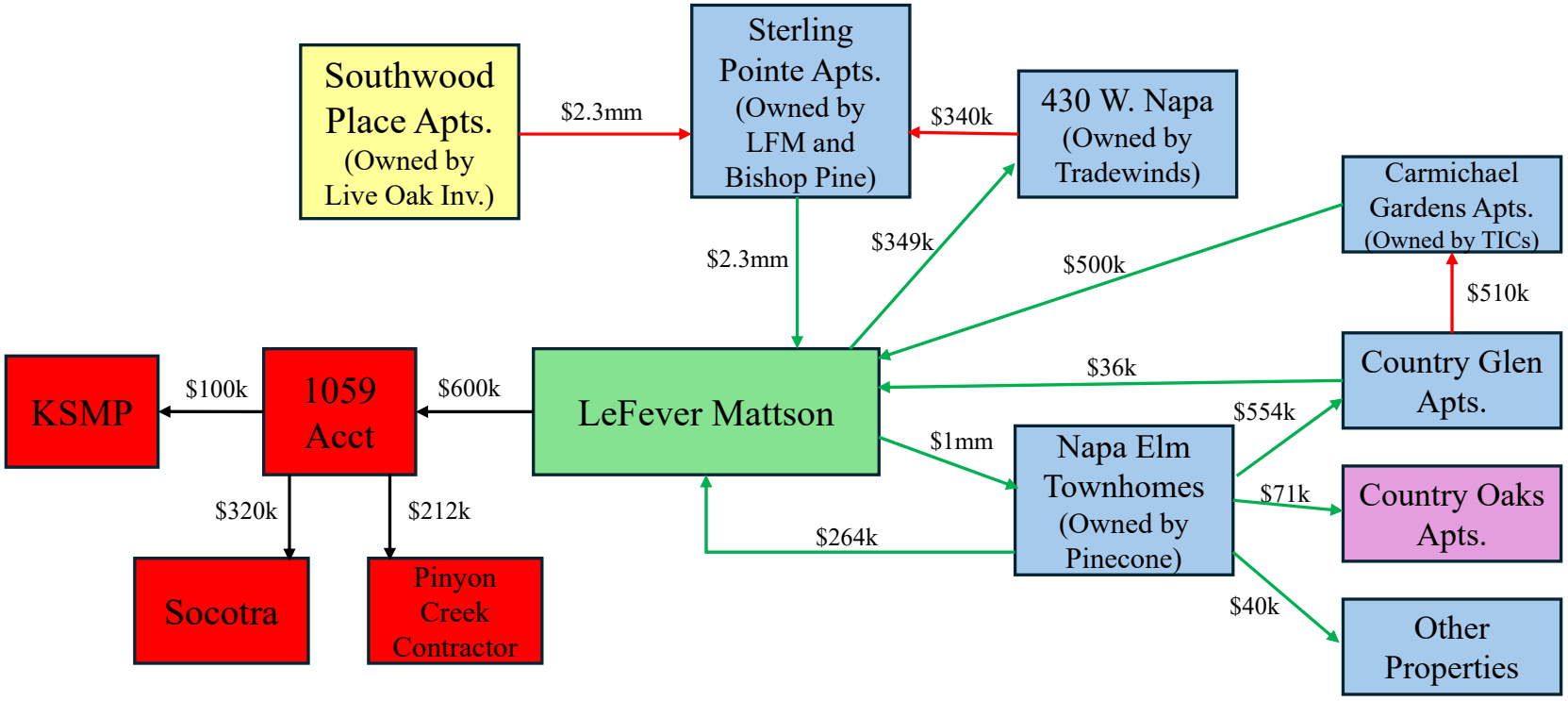


Legend:

Red arrows represent an LFM Interproperty Loan

Green arrows represent a payoff or paydown of an LFM Interproperty Loan

Attachment I-3
Analysis of $2.3 million inter-property loan from Live Oak Investment, LP on 12/10/2019

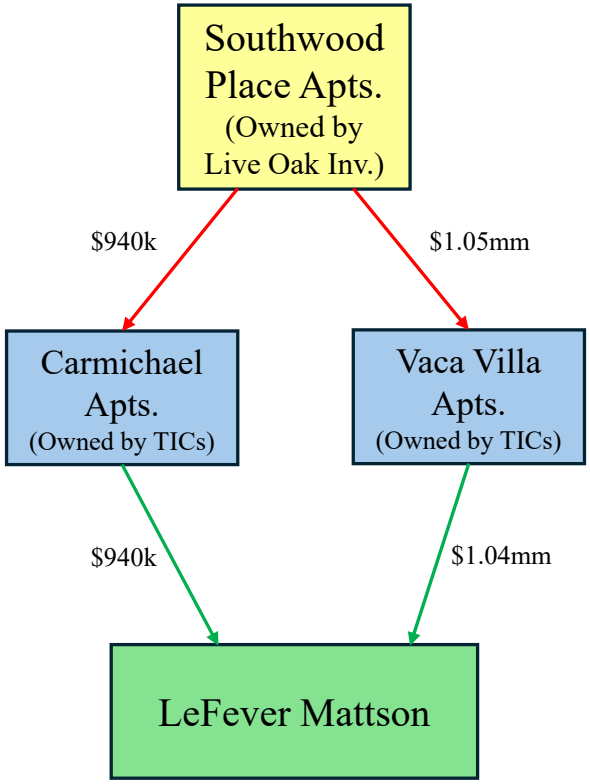


Legend:

Red arrows represent an LFM Interproperty Loan

Green arrows represent a payoff or paydown of an LFM Interproperty Loan

Attachment I-4
Analysis of 12/31/2019 inter-property loans from Live Oak Investment, LP

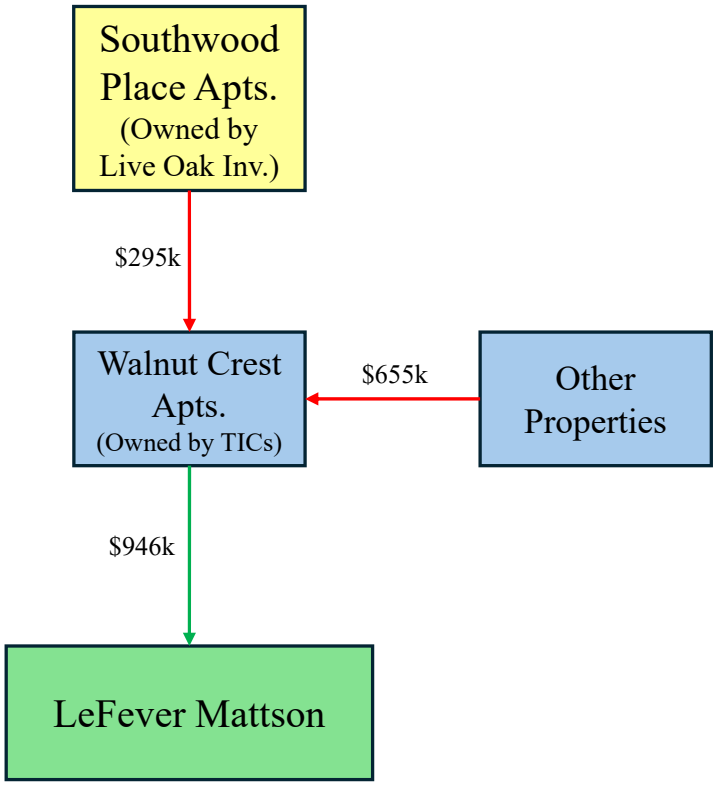


Legend:

Red arrows represent an LFM Interproperty Loan

Green arrows represent a payoff or paydown of an LFM Interproperty Loan

Attachment I-5
Analysis of 5/18/2020 inter-property loan from Live Oak Investment, LP

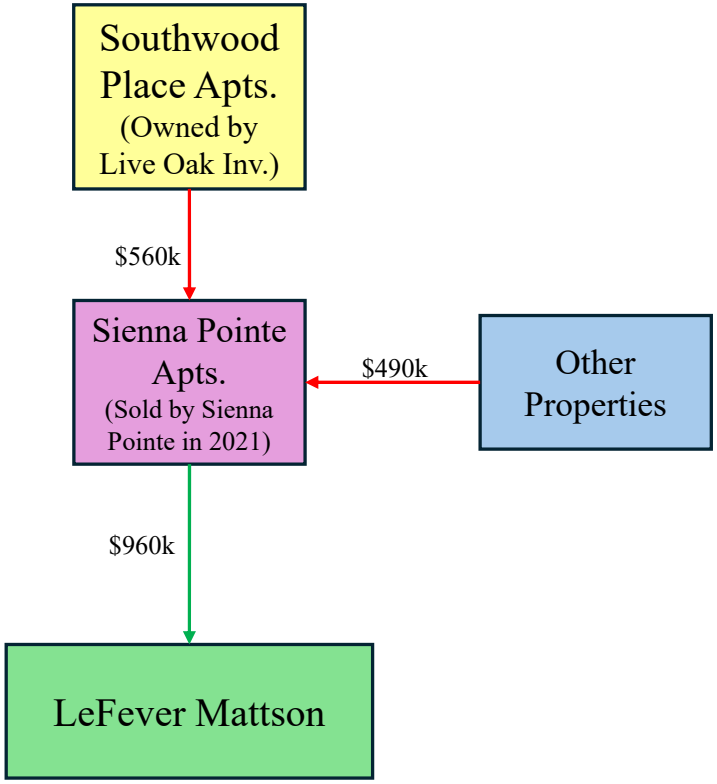


Legend:

Red arrows represent an LFM Interproperty Loan

Green arrows represent a payoff or paydown of an LFM Interproperty Loan

Attachment I-6
Analysis of 10/18/2022 inter-property loan from Live Oak Investment, LP



Legend:

Red arrows represent an LFM Interproperty Loan

Green arrows represent a payoff or paydown of an LFM Interproperty Loan

EXHIBIT G

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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SANTA ROSA DIVISION

In re LEFEVER MATTSON, a California corporation, *et al.*, Debtors.[1]	Case No. 24-10545 CN (Lead Case) (Jointly Administered) Chapter 11 **NOTICE OF MOTION AND MOTION TO DECLARE VOID ACTIONS IN VIOLATION OF THE AUTOMATIC STAY RELATED TO LIVE OAK INVESTMENTS, LP; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF** Date: *To be determined* Time: *To be determined* Place: *Via Zoom or In-Person* at: 1300 Clay Street Courtroom 215 Oakland, CA 94612
In re KS MATTSON PARTNERS, LP, Debtor.	

[1] The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 9562. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM.

TO THE HONORABLE CHARLES NOVACK, THE OFFICE OF THE UNITED STATES TRUSTEE, THE DEBTORS, INVESTORS OF LIVE OAK INVESTMENTS, LP, AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that the Official Committee of Unsecured Creditors (the "**Committee**" or "**Plaintiff**") of LeFever Mattson, a California corporation, ("**LFM**") and its affiliated debtors and debtors in possession (collectively, the "**LFM Debtors**") and KS Mattson LP ("**KSMP**," and together with the LFM Debtors, the "**Debtors**"), hereby moves (the "**Motion**") the court for the entry of an order (i) declaring certain actions relating to debtor Live Oak Investments, LP ("**Live Oak**") null and void because they were taken in violation of the automatic stay; and (ii) granting related relief.

PLEASE TAKE FURTHER NOTICE that the Motion is based on sections 362 and 105 of Title 11 of the United States Code (the "**Bankruptcy Code**"), the attached Memorandum of Points and Authorities, the Declaration of John D. Fiero, the arguments of counsel, and other admissible evidence properly brought before the court. In addition, the Committee requests that the Court take judicial notice of the extensive file in this case.

PLEASE TAKE FURTHER NOTICE that the hearing will take place at a date and time to be announced by subsequent notice after the Court considers and rules upon the forthcoming *Ex Parte Motion of the Official Committee of Unsecured Creditors Pursuant to B.L.R. 9006-1 for an Order Shortening Time for Hearing on Motion to Declare Void Actions in Violation of the Automatic Stay Related to Live Oak Investments, LP*.

WHEREFORE, the Committee respectfully requests that the Court enter an order (i) deeming the purported removal of LFM as the general partner of Live Oak null and void as a violation of the automatic stay of section 362(b) of the Bankruptcy Code; and (ii) granting related relief.

Dated: October 24, 2025

PACHULSKI STANG ZIEHL & JONES LLP

By: */s/ John D. Fiero*
John D. Fiero

Attorneys for the Official Committee of Unsecured Creditors

PACHULSKI STANG ZIEHL & JONES LLP
ATTORNEYS AT LAW
LOS ANGELES, CALIFORNIA

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MEMORANDUM OF POINTS AND AUTHORITIES

The Committee hereby requests entry of an order declaring the October 9, 2025 removal of LFM as the general partner of Live Oak null and void.[2] This is because LFM had a management interest in Live Oak that was property of LFM's bankruptcy estate and forcibly taken away post-petition without any order of this Court granting relief from the stay. Because the actions were taken in violation of one of the most fundamental principles of the Bankruptcy Code, the Court should declare them to be null and void.

I.

JURISDICTION

The United States Bankruptcy Court for the Northern District of California (the "**Court**") has jurisdiction over this Motion under 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II.

FACTUAL STATEMENT

A. The Bankruptcy Case Background

1. The LFM Debtors' Cases

The LFM Debtors commenced 61 cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in August and September 2024. Those cases are being jointly administered for procedural purposes under the lead case of LFM. No trustee or examiner has been appointed in the LFM Debtors' Cases. The LFM Debtors continue to operate their businesses and

[2] Stay violations are also punishable by the remedy of contempt, including an award of sanctions against the wrongdoers (in this case, William Andrew, Ronald and Molly Burgess, and the others who voted for LFM's removal). *In re Pace*, 56 F.3d 1170, 1176 (9th Cir. 1995) (trustee can recover costs and attorney's fees under § 105 for violations of the stay as a sanction for ordinary civil contempt); *In re Goodman*, 991 F.2d 613 (9th Cir. 1993); *In re Chateaugay Corp.*, 920 F.2d 183, 184-87 (2d Cir. 1990); *In re Ionosphere Clubs, Inc.*, 171 B.R. 18, 21 (S.D.N.Y. 1994) (all allowing civil contempt findings to be used to remedy violations of the automatic stay against corporations). While this Motion seeks a simple declaration that the action was void, the Committee reserves all rights to contend that the actors have additional liability by way of a future motion for contempt and the damages ensuing from such action.

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manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. The KSMP Case

On November 22, 2024, an involuntary chapter 11 petition was filed against KSMP, commencing Case No. 24-10715 (Bankr. N.D. Cal.). On June 6, 2025, KSMP consented to the entry of a stipulated order for relief in the involuntary case, which order was entered by the Court on June 9, 2025.

2. Role of the Committee

The United States Trustee appointed the Committee in the LFM Debtors' chapter 11 cases on October 9, 2024, [Dkt. No. 135] and amended the appointment on November 25, 2024 [Docket No. 368], and then again on August 26, 2025 [Docket No. 2104], to appoint the Committee as the official committee for KSMP as well.

On October 24, 2025, the Committee and LFM Debtors (excluding Live Oak) executed a *Stipulation Granting the Official Committee of Unsecured Creditors Standing to Represent LeFever Mattson Debtors' Interests Regarding Live Oak Investment, LP* (the "**Standing Stipulation**") in which the LFM Debtors (excluding Live Oak) assigned to the Committee all rights, powers and causes of action relating to matters involving Live Oak and its assets. The Committee expects that an order approving the Standing Stipulation (which can be found at Docket No. 2617) will be entered promptly.

B. The Purported Removal of LFM as General Partner of Live Oak

The most recent Monthly Operating Report for Live Oak (filed on September 26, 2025 at Docket Number 2456) shows total assets of $6,379,963, with about half of that amount in cash and the other half in intercompany claims against other bankruptcy debtors.

Until very recently, LFM was the general partner of record for chapter 11 debtor and debtor in possession Live Oak. *See Declaration of John D. Fiero in Support of the Motion to Declare Void Actions in Violation of the Automatic Stay Related to Live Oak Investments, LP* ("**Fiero Decl.**"), ¶ 2. However, on October 7, 2025, two limited partners of Live Oak – the William N. Andrew and Sally G. Andrew Revocable Trust dated June 21, 2001 (the "**Andrew Trust**") and the Burgess Trust dated

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October 9, 2006 (the "**Burgess Trust**") – filed a *Notice of Partnership Meeting* (the "**Notice**") at Docket No. 2530 announcing the intention of those limited partners to conduct a partnership meeting for the Live Oak partnership. According to the Notice, the purpose of the meeting was to "remove LeFever Mattson Inc. as the General Partner of Live Oak Investments L.P." and to "appoint William Andrew as the new General Partner of Live Oak Investments L.P." Notice, at p. 2.

The next day (and in response to the Notice) Bradley Sharp of Development Specialists, Inc. sent a letter to the partnership's investors seeking to dissuade them from attempting a coup in the management of Live Oak. Among other admonitions, Mr. Sharp warned:

> [E]lection of a new general partner would likely violate the automatic stay provided to Live Oak by section 362 of the Bankruptcy Code. While this may sound like a technicality, the automatic stay is a critical protection for chapter 11 debtors that allows them the "breathing room" to develop and propose a plan of reorganization or liquidation—just as the Debtors are doing. The Debtors reserve and retain their statutory right to seek relief from any action taken in violation of the automatic stay. Stay violations are sanctionable by the Bankruptcy Court in a variety of ways; at minimum, the Bankruptcy Court likely would undo the election.

Fiero Decl., Ex. B.

On October 9, 2025, William Andrew and other limited partners of Live Oak held a meeting and vote in which the those voting resolved by a requisite majority to remove LFM from its role as general partner. In this regard, an email from attorney Thomas Kelly sent after the meeting stated:

> As you are likely aware, yesterday the partnership voted to remove LeFeverMattson Inc. [sic] as the general partner of for [sic] Live Oak Investments LP. The new general partner is William Andrew. Further, the partnership voted to remove Keller Benvenutti Kim LLP as the legal representative and retained myself as the new attorney. . . .
>
> As a result of this change in representation, neither Mr. Taylor nor the committee of unsecured creditors has any authority to act on behalf of Live Oak Investments LP in any manner whatsoever as of October 9, 2025. To the extent any such authority was previously delegated, it is likewise withdrawn as of October 9, 2025.

Fiero Decl., ¶ 4; Fiero Decl., Ex. C.

On Monday, October 13, 2025, counsel for the Committee wrote back to Mr. Kelly, expressing the Committee's concerns about the removal of LFM as general partner. That letter stated in part:

> Your clients' recent partnership takeover effort sought to deprive LeFever Mattson of its Management Interest. As such, it was an act "to obtain possession of property of the estate" prohibited by 11 U.S.C. Section 362(a)(3). It was also entirely void as explained by the Ninth Circuit in *In re Schwartz*, 954 F.2d 569 (9th Cir. 1992) ("Congress intended violations of the automatic stay to be void rather than voidable. Nothing in the Code or the legislative history suggests that Congress intended to burden a bankruptcy debtor with an obligation to fight off unlawful claims.") *Id*. at 571.
>
> For the foregoing reasons, the Committee does not recognize and will not accept any assertions of authority made by or through Live Oak's alleged new general partner. In the event your clients seek to assume control of Live Oak, they must do so by way of a motion for relief from stay.

Fiero Decl, Ex. D. Attorney Kelly responded to this email and indicated that he would oppose a motion to declare the removal of LFM as general partner as a violation of the automatic stay and void. *See* Fiero Decl., ¶ 6. No motion for relief from stay to remove LFM as the general partner of Live Oak has been filed in these cases. *Id.* Instead, on the evening of October 22, 2025, attorney Kelly began filing a raft of pleadings as proposed counsel to Live Oak, including:

Docket Number 2612: *Substitution of Attorney*

Docket Number 2613: *Notice of Motion: (1) Substitution of Counsel for Live Oak Investment LP; (2) Withdrawal of Live Oak Investments from Joint Administration Order; and (3) Withdrawal of Chapter 11 Plan and Associated Disclosure Statement For Live Oak Investments LP*

Docket Number 2614: *Notice of Hearing* (regarding Docket No. 2613)

Docket Number 2615: *Objection and Opposition to Proposed Settlement With Socotra Capital*[3]

[3] This filing is particularly troubling because Live Oak has never been party to a loan with Socotra, nor has Live Oak ever held title to any property encumbered by a loan provided by Socotra. Ironically, therefore, the only *possible* claims Live Oak could have against Socotra would arise from a finding that Live Oak was part of a Ponzi scheme and should be substantively consolidated with the rest of the Debtors—findings that Mr. Kelly (on behalf of his limited partner clients) has repeatedly denied are appropriate.

III.

ARGUMENT

A. The Removal of LFM as General Partner of Live Oak Violated the Automatic Stay

Section 362(a) of the Bankruptcy Code provides that the filing of a petition "operates as a stay, applicable to all entities, of— (3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate." 11 U.S.C. § 362(a)(3).

The Ninth Circuit has held that a willful violation does not require specific intent to violate the automatic stay. *See Johnston Envtl Corp. v. Knight (In re Goodman)*, 991 F.2d 613, 618 (9th Cir. 1993) (good faith belief that it was not a violation not relevant to whether the act was willful); *see also Smith v. GTE N. Inc. (In re Smith)*, 170 B.R. 111, 117 (Bankr. N.D. Ohio 1994) (section 362(h) sanctions not precluded by "good faith" reliance on counsel's advice); *In re Xavier's of Beville*, 172 B.R. 667, 671 (Bankr. M.D. Fla. 1994) (violation of the stay only requires the act be deliberate; no specific intent to violate the stay is necessary); *accord Atkins v. Martinez (In re Atkins)*, 176 B.R. 998, 1008 (Bankr. D. Minn. 1994) ("willful" requires the creditor "act[] deliberately with knowledge of the bankruptcy petition").

A general partner's interests are composed of three components: the right to participate in profits, losses, distributions and proceeds of the partnership ("Economic Interest"); the right to participate in the management of the partnership ("Management Interest"); and the ownership share in partnership property as a tenant-in-partnership. Both the Economic Interest and the Management Interest are protected by the automatic stay imposed in the general partner's Chapter 11 case from actions attacking those interests directly. *See In re Cardinal Indus.*, 105 B.R. 834, 849-50 (Bankr. S.D. Ohio 1989). For this reason, bankruptcy courts in similar circumstances have recognized that general partnership interests in a limited partnership held by a chapter 11 debtor are property of the debtor's bankruptcy estate. *See e.g.*, *Cardinal Indus.*, 105 B.R. at 848-49; *see In re Plunkett*, 23 B.R. 392, 394 (Bankr. E.D. Wis. 1982) (where investors attempted to remove a debtor as the managing general partner, the Bankruptcy Court held that the investors' actions were actions against the debtor's contractual right to manage the partnership property, which was property of the estate).

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Here, the limited partners' effort led by William Andrew and Ronald and Molly Burgess as trustees for their family trusts sought to deprive LFM of its Management Interest. As such, it was an act "to obtain possession of property of the estate" prohibited by section 362(a)(3) of the Bankruptcy Code. It was also entirely void as explained by the Ninth Circuit in *In re Schwartz*: "Congress intended violations of the automatic stay to be void rather than voidable. Nothing in the Code or the legislative history suggests that Congress intended to burden a bankruptcy debtor with an obligation to fight off unlawful claims." *In re Schwartz,* 954 F.2d 569, 571 (9th Cir. 1992).

B. Seizing Control of Live Oak Itself is a Violation of the Automatic Stay

While section 362(a) of the Bankruptcy Code provides "a stay, applicable to all entities, of—(3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate, " the scope of that stay includes "(6) any act to collect, assess, or recover a claim against the debtor that arose before the commencement of the case under this title." 11 U.S.C. §§ 362(a)(3) and (6).

Here, the activist limited partners of Live Oak who voted at the October 9, 2025 meeting have made no secret of their intentions: they want to crack the piggy bank of sale proceeds that Live Oak now holds and then distribute them to Live Oak investors only before any substantive consolidation or Ponzi issues can be presented to the Court for consideration. This is precisely contrary to the intent of the statutory scheme, and a blatant violation of the stay.

IV.

CONCLUSION

For the foregoing reasons, the Court should grant the Motion and require any limited partner of Live Oak to first come to this Court to make a showing under section 362(d) of the Bankruptcy Code that relief from stay is warranted.

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WHEREFORE, the Committee respectfully requests that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, (i) declaring the replacement of Live Oak's general partner on October 9, 2025, to be null and void; and (ii) granting related relief.

Dated: October 24, 2025

PACHULSKI STANG ZIEHL & JONES LLP

By: */s/ John D. Fiero*
John D. Fiero

Attorneys for the Official Committee of Unsecured Creditors

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EXHIBIT A

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John D. Fiero (CA Bar No. 136557)
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Attorneys for the Official Committee of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SANTA ROSA DIVISION

In re LEFEVER MATTSON, a California corporation, *et al.*, Debtors.[1] In re KS MATTSON PARTNERS, LP, Debtor.	Case No. 24-10545 CN (Lead Case) (Jointly Administered) Chapter 11 **[PROPOSED] ORDER GRANTING THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' MOTION TO DECLARE VOID ACTIONS IN VIOLATION OF THE AUTOMATIC STAY RELATED TO LIVE OAK INVESTMENTS, LP** Date: *To be determined* Time: *To be determined* Place: *Via Zoom or In-Person at*: 1300 Clay Street Courtroom 215 Oakland, CA 94612

[1] The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 9562. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM.

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The *Motion to Declare Void Actions in Violation of the Automatic Stay Related to Live Oak Investments, LP* (the "Motion") [Docket No. ___] came on for hearing on _____, 2025 (the "Hearing").[2] Appearances were made as noted in the record of these proceedings. The Court having found that notice of the Motion was properly given in the circumstances; the Court having considered the Motion, the memorandum of points and authorities, and declaration filed therewith, the evidence presented, and the representations and arguments of counsel at the hearing on the Motion, and the record in the above-captioned chapter 11 cases of LeFever Mattson, a California corporation, ("LFM") and its affiliated debtors and debtors in possession (collectively, the "LFM Debtors") and KS Mattson LP ("KSMP," and together with the LFM Debtors, the "Debtors"); and the Court finding that the legal and factual bases set forth in the Motion and at the Hearing establish good cause for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.

2. The removal and replacement of the general partner of Live Oak Investments, LP ("Live Oak") violated section 362(a) of the Bankruptcy Code and such actions are deemed null and void.

3. LFM remains the general partner of Live Oak.

4. The Court retains jurisdiction with respect to all matters arising under or related to the interpretation or implementation of this Order.

**** END OF ORDER ****

[2] Any capitalized terms not defined herein have the meaning ascribed to such term in the Motion.

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COURT SERVICE LIST

All ECF Participants

EXHIBIT H

Thomas P. Kelly III, SBN 230699
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

Entered on Docket
November 4, 2025
EDWARD J. EMMONS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

The following constitutes the order of the Court.
Signed: November 4, 2025

Charles Novack
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

In re: LEFEVER MATTSON, a California Corporation, et al., Debtors. In re KS MATTSON PARTNERS, LP, Debtor.	Case No. 24-10545 CN (Jointly Administered) Chapter 11 **ORDER AFTER HEARING ON STIPULATION GRANTING THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS STANDING TO REPRESENT LEFEVER MATTSON DEBTORS' INTERESTS REGARDING LIVE OAK INVSETMENTS, LP AND SETTING HEARING ON MOTION TO DECLARE VOID ACTIONS IN VIOLATION OF THE AUTOMATIC STAY**

On October 31, 2025, the court conducted a continued hearing on the Stipulation Granting the Official Committee of Unsecured Creditors (the "UCC") Standing to Represent Lefever Mattson Debtors' Interests Regarding Live Oak Investments, LP (the "Stipulation"). Appearances were stated on the record. For the reasons stated on the record,

IT IS HEREBY ORDERED that:

1. The UCC is authorized to represent the LeFever Mattson Debtors' Interests as to: (1) the Motion to Declare Void Actions in Violation of the Automatic Stay [D.E. 2690] (the "Stay Violation Motion"); and (2) the Application to Employee

Law Offices of Thomas P. Kelly III P.C. as Attorney for Live Oak Investments, L.P. [D.E. 2613].

2. The Stay Violation Motion shall be heard on **November 13, 2025** at **2:00 p.m.** via Tele/Conference and in courtroom 215 of the United States Bankruptcy Court, 1300 Clay Street, Oakland, California.

3. The proposed counsel for Live Oak shall file and serve any opposition to the Stay Violation Motion by **November 7, 2025.** The UCC shall file any reply by **November 12, 2025.** The parties shall meet and confer for the purpose of stipulating to any undisputed facts and file a Statement of Undisputed Facts prior to the **November 13, 2025** hearing.

*****END OF ORDER*****

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Case No. 24-10545 CN

COURT SERVICE LIST

LeFever Mattson, a California corporation
6359 Auburn Blvd., Suite B
Citrus Heights, CA 95621

Bradley D. Sharp, President & CEO
DSI Consulting
333 South Grand Avenue, Ste 4100
Los Angeles, CA 90071

Other recipients are ECF participants.

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EXHIBIT I

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Entered on Docket
November 20, 2025
EDWARD J. EMMONS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

The following constitutes the order of the Court.
Signed: November 20, 2025

Charles Novack
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

In re: LEFEVER MATTSON, a California Corporation, et al., Debtors. In re KS MATTSON PARTNERS, LP, Debtor.	Case No. 24-10545 CN (Jointly Administered) Chapter 11 **ORDER GRANTING MOTION TO DECLARE VOID ACTIONS IN VIOLATION OF THE AUTOMATIC STAY RELATED TO LIVE OAK INVESTMENTS, LP**

On November 13, 2025, the court conducted a continued hearing on the Official Unsecured Creditors Committee's ("UCC") motion to declare the removal of debtor LeFever Mattson, Inc. ("LM") as the general partner of Chapter 11 debtor Live Oak Investments, LP ("Live Oak") void for violating the Bankruptcy Code's automatic stay. The pertinent facts are not in dispute. LM and Live Oak filed Chapter 11 bankruptcies on September 12, 2024.[1] Live Oak is a limited partnership organized under California law, and LM was its general partner when LM and Live Oak filed their Chapter

[1] In September 2024, LM was the managing entity of more than 60 limited partnership and limited liability corporations, most of which owned real property as their primary assets. LM filed Chapter 11 bankruptcies for virtually all of these entities to address an alleged Ponzi scheme which involved LM and its managed entities.

11 bankruptcies. LM holds an approximate 21% partnership interest in Live Oak. When Live Oak filed its Chapter 11, its primary assets included cash totaling $3,141,039 and litigation claims (valued at approximately $3.2 million) against several of its sister, LM entities. LM's general partnership duties are defined in Live Oak's limited partnership agreement ("the "Agreement").[2] Article 5.1 of the Agreement states in pertinent part that "The business of the Partnership shall be managed by the General Partner. Any entity or individual appointed to the position of General Partner shall serve as General Partner until the earlier of its resignation or its removal for cause by a Majority of the Partners at a meeting called expressly for that purpose. . . . The General Partner alone shall have all decision making authority with respect to the Partnership, including but not limited to any action or decision in connection with any financing or refinancing of the Property."[3] Having filed a Chapter 11, the duties of Live Oak's general partner would presumably include, among other things, the management of Live Oak's cash assets, retention of bankruptcy counsel, and determining how its Chapter 11 case should proceed – responsibilities which the parties before the court have wrestled over for quite some time.

Several of Live Oak's limited partners contend that LM has violated its fiduciary duties to them. From the limited partners' perspective, the dispute is as follows: Immediately before it filed its Chapter 11, Live Oak sold its real property holdings, which generated substantial net proceeds for the limited partnership. From these proceeds, LM paid itself a commission pursuant to the Agreement and disbursed to itself an additional 21.4% of the net sales proceeds, which represented, in theory, its proportionate share of these funds. What LM did not do, however, is disburse any of the net sales proceeds to the limited partners, an act (along with the LM distribution) which several of the Live Oak

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[2] *See,* Exhibit C to the Declaration of William Andrew, at dkt #2800-1.

[3] Section 5.1 provides that certain actions – including the filing of a bankruptcy – require the consent or approval of Majority of the Partners.

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limited partners assert violated the Agreement and breached LM's fiduciary duties as general partner.

On October 7, 2025, certain Live Oak limited partners filed a Notice of Partnership Meeting, the sole purpose of which meeting was to remove LM as the general partner and to appoint William Andrew as the new general partner. The meeting was held, a vote was conducted, and Andrew was chosen to replace LM as Live Oak's general partner.[4]

The UCC (which is joined by LM) argues that LM's removal as general partner violated the automatic stay created by the LM Chapter 11 bankruptcy filing. It argues that LM's managerial responsibilities constituted property of its bankruptcy estate, and by stripping it of these duties, the limited partners who voted to oust LM violated Bankruptcy Code § 362(a)(3), which prohibits "any [post-petition] act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate." 11 U.S.C. § 362(a)(3). In the Ninth Circuit, acts which violate the automatic stay are void as a matter of law. *Schwartz v. United States (In re Schwartz)*, 954 F.2d 569, 571 (9th Cir. 1992). Andrew argues otherwise. He asserts that under California Corporations Code § 16601, a partner is dissociated from a partnership when, among other events, the partner "[becomes] a debtor in bankruptcy." Cal. Corp. Code § 16601(6)(A). A dissociated partner may not participate in the management or conduct of the partnership. *See* California Corporations Code § 15906.05(a)(1). Once LM filed its Chapter 11, Andrew argues that it was automatically disqualified to act as Live Oak's general partner. Hence, as a matter of law, the partnership meeting was not an act that altered LM's property rights.

Andrew's analysis ignores certain fundamental principles of bankruptcy law. Bankruptcy Code § 541(a) broadly defines "property of the estate." *United States v.*

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[4] After the meeting, Live Oak: 1) "terminated" the services of its Chapter 11 counsel; 2) filed an application to employ Thomas P. Kelly III as new bankruptcy counsel; and 3) withdrew its endorsement of the collective Chapter 11 disclosure statement and plan of reorganization filed by LM on behalf of itself and its managed entities.

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Whiting Pools, Inc., 462 U.S. 198, 204-05, 103 S.Ct. 2309, 76 L.Ed. 515 (1983). Under § 541, such property includes, with certain exceptions not relevant here, "all legal or equitable interests of the debtor in property as of the commencement of the case." 11 U.S.C. § 541(a)(1). "All'' is a broad term, and means "every one (of), or the complete amount or number (of), or the whole (of)." "*All*," CAMBRIDGE DICTIONARY, https://dictionary.cambridge.org/dictionary/english/all?q=All (last visited Nov. 19, 2025). LM's pre-petition property rights thus included its general partnership duties under the Agreement. *See, e.g.*, *Cardinal Indus., Inc. v. Buckeye Fed. Sav. & Loan Ass'n (In re Cardinal Indus., Inc.)*, 105 B.R. 834 (Bankr. S.D. Ohio 1989); *Quarles House Apartments v. Plunkett (In re Plunkett)*, 23 B.R. 392 (Bankr. E.D. Wisc. 1982). While the value of these rights may not be easily quantifiable, their worth, at least in this Chapter 11 case, is self-evident.

The court rejects Andrew's argument that LM's managerial rights terminated when it filed its Chapter 11 bankruptcy. The pertinent language of California Corporations Code §§ 15906.03 and 16603 are impermissible *ipso facto* clauses that are inconsistent with Bankruptcy Code § 541(c)(1)(B) and thus violative of the Constitution's Supremacy Clause. Section 541(c)(1) provides in relevant part that "an interest of the debtor in property becomes property of the estate under subdivision (a)(1), (a)(2), or (a)(5) of this section notwithstanding any provision in an agreement, transfer instrument, or applicable nonbankruptcy law. . . . that is conditioned on the insolvency or financial condition of the debtor, on the commencement of a case under this title . . . and that effects or gives an option to effect a forfeiture, modification, or termination of the debtor's interest in property." 11 U.S.C. § 541(c)(1)(B). As noted in *In re Envision Healthcare Corp*., 655 B.R. 701 (S.D. Tex. 2023),

> Section 541(c)(1)(B) of the Bankruptcy Code reinforces the Congressional mandate that *all* legal and equitable interests in property become property of the estate. It says that a debtor's interest in property becomes property of the estate despite any

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> provision in an agreement or applicable nonbankruptcy laws conditioned on the commencement of a bankruptcy case that effects a forfeiture, modification, or termination of the debtor's interest in property. 11 U.S.C. § 541(c)(1)(B). In other words, parties cannot contract around what becomes estate property, and states cannot legislate estate property away.
>
> Simultaneous with the creation of a bankruptcy estate, the Bankruptcy Code implements an automatic stay under § 362 of the Code. The automatic stay gives the debtor a breathing spell to focus on its bankruptcy case. It also protects creditors and other parties in interest by staying, among other things, any "act" to obtain property of the estate or to exercise control over property of the estate. 11 U.S.C. § 362(a)(3)[.]
>
> . . . .
>
> Federal bankruptcy law determines the scope of a debtor's bankruptcy estate. *See Whiting Pools, Inc.*, 462 U.S. at 204-05, 103 S.Ct 2309. A debtor's pre-bankruptcy rights in property are determined according to state law. *Butner v. United States*, 440 U.S. 48, 55, 99 S.Ct. 914, 59 L.Ed.2d 136 (1979). But where state and federal law "directly conflict, state law must give way." *PLIVA, Inc. v. Mensing*, 564 U.S. 604, 607, 131 S.Ct. 2567, 180 L.Ed.2d 580 (2011). A judge "must simply ask himself or herself whether the relevant federal and state laws 'irreconcilably conflic[t].'" *Merck Sharp & Dohme Corp. v. Albrecht*, 587 U.S. ---, 139 S.Ct. 1668, 1679, 203 L.Ed.2d 822 (2019) (internal citation omitted).
>
> Federal bankruptcy law says that the creation of an estate is automatic and immediate upon a bankruptcy filing. There is no metaphysical moment in time for state law to alter or modify any prepetition legal rights between the filing of the petition and creation of the estate. And the automatic stay begins at the same time the petition is filed to protect a debtor and its creditors. Congressional intent that these events occur simultaneously and instantaneously is supported by § 541(c)(1)(B), which ensures that state law cannot be used to deprive a debtor of property rights because of a bankruptcy filing.

Id. at 709-11 (emphasis in original).

The Bankruptcy Code does not distinguish between LM's remaining economic rights in Live Oak, and its (presumably contractual) managerial duties. As the *Envision* court held, "Nothing in the Bankruptcy Code renders the economic v. managerial distinction meaningful in the context of the creation of the estate. Any such legal or equitable interest at the time of filing comes into the estate." *Id.* at 711. Accordingly, Live

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Oak's removal of LM as its general partner violated the automatic stay and is a void act. For this reason, 1) Thomas P. Kelley III's employment is denied, and Live Oak's prior Chapter 11 counsel is reinstated; and 2) Live Oak's request to withdraw from the disclosure statement and plan filed by LM is denied.

Finally, it is important to note the limits of this order. First, this court is not opining on whether cause exists to remove LM as Live Oak's general partner. Second, this court is not determining whether LM's general partnership duties arise from an executory contract that may not be assumable under Bankruptcy Code § 365.[5]

*****END OF ORDER*****

[5] The court, however, refers the parties to Collier on Bankruptcy: "Although section 365(e) bars the termination of a contract based on the commencement of a bankruptcy case, an exception in section 365(e)(2)(A) applies to contracts under which the other party is excused from rendering performance to or accepting performance from the trustee or an assignee of the contract. It appears that such contracts may be terminated upon commencement of a case. . . . Although a party may be authorized to terminate such a contract, the contract is still property of the estate until it is terminated, and any termination is subject to the automatic stay of section 362." 3 Collier on Bankruptcy P 365.07[4][b] (16th Ed. 2025)

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Case 24-10545 Doc# 89-2 Filed 10/25/25 Entered 10/25/25 15:02:15 Page 6 of 253 of 537

Case No. 24-10545 CN

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Case 24-10545 Doc#: 392-2 Filed: 11/20/25 Entered: 11/20/25 15:02:15 Page 7 of 254 of 537

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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Case No. 24-10545 (CN) (Lead Case) Chapter 11 (Jointly Administered) NOTICE OF APPEAL Judge: Hon. Charles Novack Court: 1300 Clay Street Courtroom 215 Oakland, California 94612 Date filed: September 12, 2024

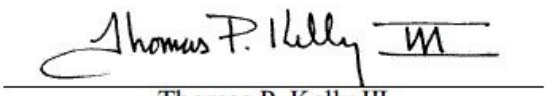
1 The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

I. INTRODUCTION

William Andrew as the general partner of the Debtor-in-possession Live Oak Investments LP (hereinafter "Debtor") hereby appeals and gives notice of that appeal under 28 U.S.C. §158 to the Bankruptcy Appellate Panel for the Ninth Circuit pursuant to 28 U.S.C. §158(b) from the order of this Court granting the motion to declare void certain action in violation of the automatic stay entered on November 20, 2025 bearing docket entry number 49 in the record of this case.

Pursuant to FRBP §8003(a)(3)(B), a copy of the order appealed from is filed concurrently with this notice and marked as Exhibit 1. The parties to the order appealed from and the names, addresses, and telephone numbers of their respective attorneys are set forth below.

Dated: November 30, 2025



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Attorney at Law

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Entered on Docket
November 20, 2025
EDWARD J. EMMONS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

The following constitutes the order of the Court.
Signed: November 20, 2025

Charles Novack
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

In re: LEFEVER MATTSON, a California Corporation, et al., Debtors. In re KS MATTSON PARTNERS, LP, Debtor.	Case No. 24-10545 CN (Jointly Administered) Chapter 11 **ORDER GRANTING MOTION TO DECLARE VOID ACTIONS IN VIOLATION OF THE AUTOMATIC STAY RELATED TO LIVE OAK INVESTMENTS, LP**

On November 13, 2025, the court conducted a continued hearing on the Official Unsecured Creditors Committee's ("UCC") motion to declare the removal of debtor LeFever Mattson, Inc. ("LM") as the general partner of Chapter 11 debtor Live Oak Investments, LP ("Live Oak") void for violating the Bankruptcy Code's automatic stay. The pertinent facts are not in dispute. LM and Live Oak filed Chapter 11 bankruptcies on September 12, 2024.[1] Live Oak is a limited partnership organized under California law, and LM was its general partner when LM and Live Oak filed their Chapter

[1] In September 2024, LM was the managing entity of more than 60 limited partnership and limited liability corporations, most of which owned real property as their primary assets. LM filed Chapter 11 bankruptcies for virtually all of these entities to address an alleged Ponzi scheme which involved LM and its managed entities.

11 bankruptcies. LM holds an approximate 21% partnership interest in Live Oak. When Live Oak filed its Chapter 11, its primary assets included cash totaling $3,141,039 and litigation claims (valued at approximately $3.2 million) against several of its sister, LM entities. LM's general partnership duties are defined in Live Oak's limited partnership agreement ("the "Agreement").[2] Article 5.1 of the Agreement states in pertinent part that "The business of the Partnership shall be managed by the General Partner. Any entity or individual appointed to the position of General Partner shall serve as General Partner until the earlier of its resignation or its removal for cause by a Majority of the Partners at a meeting called expressly for that purpose. . . . The General Partner alone shall have all decision making authority with respect to the Partnership, including but not limited to any action or decision in connection with any financing or refinancing of the Property."[3] Having filed a Chapter 11, the duties of Live Oak's general partner would presumably include, among other things, the management of Live Oak's cash assets, retention of bankruptcy counsel, and determining how its Chapter 11 case should proceed – responsibilities which the parties before the court have wrestled over for quite some time.

Several of Live Oak's limited partners contend that LM has violated its fiduciary duties to them. From the limited partners' perspective, the dispute is as follows: Immediately before it filed its Chapter 11, Live Oak sold its real property holdings, which generated substantial net proceeds for the limited partnership. From these proceeds, LM paid itself a commission pursuant to the Agreement and disbursed to itself an additional 21.4% of the net sales proceeds, which represented, in theory, its proportionate share of these funds. What LM did not do, however, is disburse any of the net sales proceeds to the limited partners, an act (along with the LM distribution) which several of the Live Oak

---

[2] *See,* Exhibit C to the Declaration of William Andrew, at dkt #2800-1.

[3] Section 5.1 provides that certain actions – including the filing of a bankruptcy – require the consent or approval of Majority of the Partners.

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limited partners assert violated the Agreement and breached LM's fiduciary duties as general partner.

On October 7, 2025, certain Live Oak limited partners filed a Notice of Partnership Meeting, the sole purpose of which meeting was to remove LM as the general partner and to appoint William Andrew as the new general partner. The meeting was held, a vote was conducted, and Andrew was chosen to replace LM as Live Oak's general partner.[4]

The UCC (which is joined by LM) argues that LM's removal as general partner violated the automatic stay created by the LM Chapter 11 bankruptcy filing. It argues that LM's managerial responsibilities constituted property of its bankruptcy estate, and by stripping it of these duties, the limited partners who voted to oust LM violated Bankruptcy Code § 362(a)(3), which prohibits "any [post-petition] act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate." 11 U.S.C. § 362(a)(3). In the Ninth Circuit, acts which violate the automatic stay are void as a matter of law. *Schwartz v. United States (In re Schwartz)*, 954 F.2d 569, 571 (9th Cir. 1992). Andrew argues otherwise. He asserts that under California Corporations Code § 16601, a partner is dissociated from a partnership when, among other events, the partner "[becomes] a debtor in bankruptcy." Cal. Corp. Code § 16601(6)(A). A dissociated partner may not participate in the management or conduct of the partnership. *See* California Corporations Code § 15906.05(a)(1). Once LM filed its Chapter 11, Andrew argues that it was automatically disqualified to act as Live Oak's general partner. Hence, as a matter of law, the partnership meeting was not an act that altered LM's property rights.

Andrew's analysis ignores certain fundamental principles of bankruptcy law. Bankruptcy Code § 541(a) broadly defines "property of the estate." *United States v.*

---

[4] After the meeting, Live Oak: 1) "terminated" the services of its Chapter 11 counsel; 2) filed an application to employ Thomas P. Kelly III as new bankruptcy counsel; and 3) withdrew its endorsement of the collective Chapter 11 disclosure statement and plan of reorganization filed by LM on behalf of itself and its managed entities.

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Whiting Pools, Inc., 462 U.S. 198, 204-05, 103 S.Ct. 2309, 76 L.Ed. 515 (1983). Under § 541, such property includes, with certain exceptions not relevant here, "all legal or equitable interests of the debtor in property as of the commencement of the case." 11 U.S.C. § 541(a)(1). "All'' is a broad term, and means "every one (of), or the complete amount or number (of), or the whole (of)." "*All*," CAMBRIDGE DICTIONARY, https://dictionary.cambridge.org/dictionary/english/all?q=All (last visited Nov. 19, 2025). LM's pre-petition property rights thus included its general partnership duties under the Agreement. *See, e.g.*, *Cardinal Indus., Inc. v. Buckeye Fed. Sav. & Loan Ass'n (In re Cardinal Indus., Inc.)*, 105 B.R. 834 (Bankr. S.D. Ohio 1989); *Quarles House Apartments v. Plunkett (In re Plunkett)*, 23 B.R. 392 (Bankr. E.D. Wisc. 1982). While the value of these rights may not be easily quantifiable, their worth, at least in this Chapter 11 case, is self-evident.

The court rejects Andrew's argument that LM's managerial rights terminated when it filed its Chapter 11 bankruptcy. The pertinent language of California Corporations Code §§ 15906.03 and 16603 are impermissible *ipso facto* clauses that are inconsistent with Bankruptcy Code § 541(c)(1)(B) and thus violative of the Constitution's Supremacy Clause. Section 541(c)(1) provides in relevant part that "an interest of the debtor in property becomes property of the estate under subdivision (a)(1), (a)(2), or (a)(5) of this section notwithstanding any provision in an agreement, transfer instrument, or applicable nonbankruptcy law. . . . that is conditioned on the insolvency or financial condition of the debtor, on the commencement of a case under this title . . . and that effects or gives an option to effect a forfeiture, modification, or termination of the debtor's interest in property." 11 U.S.C. § 541(c)(1)(B). As noted in *In re Envision Healthcare Corp*., 655 B.R. 701 (S.D. Tex. 2023),

> Section 541(c)(1)(B) of the Bankruptcy Code reinforces the Congressional mandate that *all* legal and equitable interests in property become property of the estate. It says that a debtor's interest in property becomes property of the estate despite any

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> provision in an agreement or applicable nonbankruptcy laws conditioned on the commencement of a bankruptcy case that effects a forfeiture, modification, or termination of the debtor's interest in property. 11 U.S.C. § 541(c)(1)(B). In other words, parties cannot contract around what becomes estate property, and states cannot legislate estate property away.
>
> Simultaneous with the creation of a bankruptcy estate, the Bankruptcy Code implements an automatic stay under § 362 of the Code. The automatic stay gives the debtor a breathing spell to focus on its bankruptcy case. It also protects creditors and other parties in interest by staying, among other things, any "act" to obtain property of the estate or to exercise control over property of the estate. 11 U.S.C. § 362(a)(3)[.]
>
> . . . .
>
> Federal bankruptcy law determines the scope of a debtor's bankruptcy estate. *See Whiting Pools, Inc.*, 462 U.S. at 204-05, 103 S.Ct 2309. A debtor's pre-bankruptcy rights in property are determined according to state law. *Butner v. United States*, 440 U.S. 48, 55, 99 S.Ct. 914, 59 L.Ed.2d 136 (1979). But where state and federal law "directly conflict, state law must give way." *PLIVA, Inc. v. Mensing*, 564 U.S. 604, 607, 131 S.Ct. 2567, 180 L.Ed.2d 580 (2011). A judge "must simply ask himself or herself whether the relevant federal and state laws 'irreconcilably conflic[t].'" *Merck Sharp & Dohme Corp. v. Albrecht*, 587 U.S. ---, 139 S.Ct. 1668, 1679, 203 L.Ed.2d 822 (2019) (internal citation omitted).
>
> Federal bankruptcy law says that the creation of an estate is automatic and immediate upon a bankruptcy filing. There is no metaphysical moment in time for state law to alter or modify any prepetition legal rights between the filing of the petition and creation of the estate. And the automatic stay begins at the same time the petition is filed to protect a debtor and its creditors. Congressional intent that these events occur simultaneously and instantaneously is supported by § 541(c)(1)(B), which ensures that state law cannot be used to deprive a debtor of property rights because of a bankruptcy filing.

Id. at 709-11 (emphasis in original).

The Bankruptcy Code does not distinguish between LM's remaining economic rights in Live Oak, and its (presumably contractual) managerial duties. As the *Envision* court held, "Nothing in the Bankruptcy Code renders the economic v. managerial distinction meaningful in the context of the creation of the estate. Any such legal or equitable interest at the time of filing comes into the estate." *Id.* at 711. Accordingly, Live

Case 24-10545 Doc#299 Filed 11/20/25 Entered 11/20/25 15:05:02 Page 5 of 263 537

Oak's removal of LM as its general partner violated the automatic stay and is a void act. For this reason, 1) Thomas P. Kelley III's employment is denied, and Live Oak's prior Chapter 11 counsel is reinstated; and 2) Live Oak's request to withdraw from the disclosure statement and plan filed by LM is denied.

Finally, it is important to note the limits of this order. First, this court is not opining on whether cause exists to remove LM as Live Oak's general partner. Second, this court is not determining whether LM's general partnership duties arise from an executory contract that may not be assumable under Bankruptcy Code § 365.[5]

*****END OF ORDER*****

[5] The court, however, refers the parties to Collier on Bankruptcy: "Although section 365(e) bars the termination of a contract based on the commencement of a bankruptcy case, an exception in section 365(e)(2)(A) applies to contracts under which the other party is excused from rendering performance to or accepting performance from the trustee or an assignee of the contract. It appears that such contracts may be terminated upon commencement of a case. . . . Although a party may be authorized to terminate such a contract, the contract is still property of the estate until it is terminated, and any termination is subject to the automatic stay of section 362." 3 Collier on Bankruptcy P 365.07[4][b] (16th Ed. 2025)

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Case No. 24-10545 CN

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Case 24-10545 Doc#289 Filed 11/30/25 Entered 11/30/25 25:35:02 Page 7 of 265 of 537

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U.S. Bankruptcy Appellate Panel of the Ninth Circuit

125 South Grand Avenue, Pasadena, California 91105
(626) 229-7220

RE: LEFEVER MATTSON, a California Corporation, et al.

Appellant: WILLIAM ANDREW, as the general partner of Live Oak Investments LP

BAP No.: NC-25-1238

Bk. No.: 24-10545 **Adv. No.(s):**

OPENING LETTER

Notice of Appeal in this case has been received by the Bankruptcy Appellate Panel (BAP) and assigned the case number above.

Electronic filing using the BAP's Case Management/Electronic Case Filing (CM/ECF) docketing system is **mandatory** for all attorneys. Please review the Administrative Order Regarding Electronic Filing in BAP Cases available on the BAP website www.bap9.uscourts.gov for further information.

For non-attorneys, all papers filed with the BAP should be in the form of an original and three copies.

The BAP docket and other court information is available through the National PACER system. http://www.bap9.uscourts.gov

Enclosed are the 9th Cir. BAP Rules governing practice before the BAP. Appeals are also governed by Parts VIII and IX of the Federal Rules of Bankruptcy Procedure (F.R.B.P.), and some parts of the Federal Rules of Appellate Procedure (F.R.A.P.) See 9th Cir. BAP Rule 8026-1.

Pursuant to 9th Cir. Rule 8003-1, please immediately send the BAP Clerk a copy of the signed and entered order or judgment being appealed if it was not attached to your notice of appeal.

After a Notice of Appeal has been filed, the parties' next step in prosecuting this appeal is compliance with F.R.B.P 8009, which require Appellant to file within 14 days in the bankruptcy court a designation of the record, statement of issues on appeal, and a notice regarding the ordering of transcripts. Under these rules Appellee may also file a supplemental designation of the record and order transcripts. The party ordering the transcripts must make satisfactory arrangements for payment of their costs.

Even if transcripts are not ordered, Appellant is required to file with the bankruptcy court a notice stating that none are required. See also 9th Cir. BAP R. 8009-1.

The parties should note that the designation of the record under F.R.B.P. 8009 is a necessary procedural step in prosecuting an appeal and the parties may not later include in their excerpts of the record documents which have not been designated.

The record and bankruptcy file remain with the Clerk of the bankruptcy court and the Panel reviews only those items which are reproduced and included in the excerpts of the record filed at the time of the briefs. While the Panel may call up the formal record, in practice this rarely occurs.

Further, it is the parties' responsibility to monitor the appeal to ensure that transcripts are timely filed and the

record is completed in a timely manner. Under F.R.B.P. 8010(a)(2)(C), the court reporter is required to file transcripts within 30 days of receipt of the parties' request, unless an extension has been granted.

After the record is complete, the Clerk of the bankruptcy court will send a Certificate of Record, sometimes referred to as a Certificate of Readiness or Certificate of Transcripts, to the BAP Clerk.

Appeals are set for hearing in the bankruptcy district from which the appeal arose whenever feasible. To expedite the appeal or if the parties feel argument is unnecessary, they may file a stipulation or motion to submit their appeal on the briefs and record, thereby waiving oral argument. The Panel will also consider stipulations requesting an alternative hearing location or hearing by telephone conference. Such motions should be filed at the earliest possible scheduled date, generally with the opening brief, as once a case has been scheduled for argument, continuance and request of change time and place are rarely granted.

CERTIFICATE OF MAILING

The undersigned, deputy clerk of the U.S. Bankruptcy Appellate Panel of the Ninth Circuit, hereby certifies that a copy of the document on which this certificate appears was transmitted this date to all parties of record to this appeal.

By: Cecil Lizandro Silva, Deputy Clerk

Date: December 12, 2025

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Counsel to the Official Committee of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Case No.: 24-10545 (Jointly Administered) Chapter 11
In re: KS MATTSON PARTNERS, LP, Debtor.	Case No.: 24-10715 (CN) Chapter 11

AMENDED MOTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR SUBSTANTIVE CONSOLIDATION OF THE DEBTORS AND THE KSMP INVESTMENT ENTITIES AND FOR RELATED RELIEF

Hearing
Date: To Be Set
Place: United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612
Judge: Hon. Charles Novack

[1] The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

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Exhibit List

Exhibit	Document Description
A	Proposed Order
B	Complaint, *SEC v. Mattson*, No. 25-cv-04387 (N.D. Cal. May 22, 2025)
C	Proof of Claim No. 1427
D	Limited Partnership Agreement of K S Mattson Partners, LP
E	LeFever Mattson Letter to Ken Mattson
F	Sharis Apartments Co-Tenancy Agreement
G	Apartment Property Management Agreement
H	List of Properties Transferred From KSMP to an LFM Debtor
I	List of LFM Debtor Properties Encumbered by a Loan With KSMP as Borrower
J	Sample Final ALTA Settlement Statement
K	Sample Buyer's Final Settlement Statement
L	Indictment, *United States v. Mattson*, No. CR25-00126 CRB (N.D. Cal. May 13, 2025)
M	Amended and Restated Bylaws of LeFever Mattson

The Official Committee of Unsecured Creditors (the "Committee") appointed in the above-captioned chapter 11 cases (the "Chapter 11 Cases") hereby files this amended motion (the "Motion") for the entry of an order, pursuant to section 105 of Title 11 of the United States Code (the "Bankruptcy Code"), substantively consolidating the (a) the bankruptcy estates of (i) LeFever Mattson, a California corporation ("LFM"), and its affiliated debtors and debtors in possession (collectively, the "LFM Debtors"), and (ii) KS Mattson Partners, LP ("KSMP," and collectively with the LFM Debtors, the "Debtors"); and (b) non-debtor KSMP affiliates (i) Perris Freeway Plaza, LP ("Perris Freeway Plaza"), (ii) Specialty Properties Partners, LP ("SPP"), and (iii) Treehouse Investments, LP ("Treehouse" and collectively with Perris Freeway Plaza and SPP, the "KSMP Investment Entities"). A proposed form of order is attached hereto as Exhibit A.[1] This Motion is supported by the accompanying Memorandum of Points and Authorities, the record in these Chapter 11 Cases, the declarations to be submitted in support of the Motion, and such other and further evidence and argument as may be adduced at the hearing on the Motion.

MEMORANDUM OF POINTS AND AUTHORITIES

I. PRELIMINARY STATEMENT[2]

The Debtors and the KSMP Investment Entities should be substantively consolidated. As a result of the malfeasance of Kenneth W. Mattson ("Mattson"), the business and financial affairs of the Debtors and the KSMP Investment Entities are so intertwined and poorly documented as to render any attempt to disentangle their affairs needlessly expensive, complicated, and likely futile.

For over 15 years, Mattson operated the Debtors and the KSMP Investment Entities as a consolidated Ponzi scheme. He commingled assets, caused intercompany transfers, and used new Investor money to pay old Investors – the hallmarks of a Ponzi scheme.

On May 22, 2025, Mattson was arrested for his fraudulent conduct pursuant to a federal grand jury indictment charging him with wire fraud and money laundering (among other crimes). On the same date, the United States Securities and Exchange Commission (the "SEC") filed a

[1] In the Committee's original motion, *Motion of the Official Committee of Unsecured Creditors for Substantive Consolidation of Debtor LeFever Mattson and KS Mattson Partners, LP and for Related Relief* [Docket No. 1585], the Committee requested substantive consolidation of LFM and KSMP.

[2] A capitalized term used but not defined in this Preliminary Statement shall have the meaning ascribed to it below.

complaint (the "Mattson SEC Complaint") against Mattson and KSMP,[3] alleging that Mattson had run a Ponzi-like scheme since approximately 2007.[4]

A central feature of Mattson's fraudulent enterprise, which included the Debtors, the KSMP Investment Entities, and other non-debtor entities affiliated with Mattson or KSMP (the "Mattson Enterprise"), was a single bank account at Bank of the West (later BMO) ending in -1059 (the "1059 Account"). Although the 1059 Account was opened in LFM's name, it was not integrated into LFM's books and records and was used to effect Mattson's Ponzi scheme. New Investor funds were deposited in the 1059 Account and then those same funds were distributed to old Investors; ***over just the past seven years, there were more than 50,000 transactions in excess of $250 million in the aggregate passing through the 1059 Account***. From May 2017 through the Petition Date, Mattson induced Investors to deposit over $104 million into the 1059 Account. Rather than allocate those funds to the specific entities in which the Investors believed they were investing, Mattson commingled the 1059 Account funds and used them in a variety of improper ways, including by making over $70 million in off-book payments to Investors and to pay Matton's personal obligations, as well as the obligations of KSMP. Over the last seven years, more than $80 million was transferred to KSMP or third parties for KSMP's benefit.

The entanglement between and among the Debtors and the KSMP Investment Entities was not limited to the 1059 Account. Among another things:

- KSMP and LFM routinely transferred Properties between each other or their related Entities without proper documentation and often at artificially inflated prices. For example, of the 170 Properties owned by the LFM Debtors as of the LFM Debtors' Petition Date, 81 (nearly 50%) were acquired from KSMP. These Property transfers were usually made subject to a Third-Party Loan taken out on the Property by KSMP, the terms (if not the existence) of which were not disclosed to LFM. More than 50 Properties owned by the LFM Debtors as of the Petition Date are encumbered by these loans, which are asserted to total more than $75 million in the aggregate.

- The creditor bodies of the LFM Debtors and KSMP substantially overlap – 47% of investor families that filed an Investor Claim in the LFM Debtors' Cases indicated that they have a claim against KSMP or a KSMP-affiliated Entity or otherwise purchased an interest in an LFM Debtor from KSMP and 66% of tenants in common on Properties with KSMP have also asserted a claim against an LFM Debtor.

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[3] A true and correct copy of the Mattson SEC Complaint is attached hereto as Exhibit B.

[4] *Id.* at ¶ 1.

- KSMP had no employees of its own. Instead, KSMP utilized the LFM Debtors' employees, frequently without any payment (or even allocation) of costs between the LFM Debtors and KSMP.

- Between January 1, 2017 and September 30, 2024 alone, there were more than ***11,500 cash transactions***, totaling approximately ***$176 million***, between the LFM Debtors, on one hand, and KSMP accounts and associated KSMP Properties, on the other hand.

In filing its proof of claim against LFM,[5] KSMP admitted to both the entanglement between the LFM Debtors and KSMP and the lack of documentation of the tens of thousands of transactions among them. KSMP asserts that it has made at least $82 million of monetary transfers "on behalf of and for the benefit" of the LFM Debtors, including "Mortgage Payments," "Investor Distributions," "Utility Payments," "Operational Expenses," "Insurance Payments," and "Loans" (including an undocumented "coerced" loan made by KSMP to LFM in May 2024).[6] KSMP also admits that it "lacks specific detail as to the nature of" transfers between LFM and KSMP.[7]

The time and expense necessary to attempt to untangle the complex web of financial, operational, and real estate transactions between the LFM Debtors, KSMP, and the KSMP Investment Entities is estimated to cost more than $20 million. And while there is no guarantee that the costly exercise would be successful, what is assured is that the effort itself would be severely detrimental to creditor recoveries. The hallmark test of substantive consolidation – hopeless entanglement – is readily satisfied.

Substantive consolidation will also further the equitable treatment of the entire creditor body, including Mattson's victims. There is potentially more than $50 million of equity value in Property owned by KSMP – a significant source of recovery for Mattson's victims. Substantive consolidation of the LFM Debtors, KSMP, and the KSMP Investment Entities will avoid the substantial cost and associated delay of engaging a separate set of estate professionals to contend

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[5] *See* Proof of Claim No. 1427, a true and correct copy of which is attached hereto as Exhibit C (the "KSMP Proof of Claim").

[6] *Id.* at 4.

[7] *Id.*

with the same issues being addressed by the Committee and the LFM Debtors – including claims reconciliation, real estate sales, and plan negotiations.

The Ninth Circuit confirmed in *Bonham*[8] that (a) bankruptcy courts have authority under section 105(a) of the Bankruptcy Code and their equitable powers to enter an order of substantive consolidation, and (b) such substantive consolidation of affiliated companies and other entities is justified where there is fraud and malfeasance by a debtor or insider for its own benefit by improperly commingling funds, other assets, and operations through affiliated companies. Thus, substantive consolidation is especially warranted here, where, like in the case of *Bonham,* the Mattson Enterprise was operated as a classic Ponzi scheme.

The facts overwhelmingly support substantive consolidation of (i) the LFM Debtors, (ii) KSMP, and (iii) the KSMP Investment Entities. The Motion should be granted.

II. JURISDICTION AND VENUE

This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules. This is a core proceeding under 28 U.S.C. § 157(b)(2). Venue of the Cases is proper in this district under 28 U.S.C. §§ 1408 and 1409.

III. STATEMENT OF FACTS

A. General Background

1. The LFM Debtors' Chapter 11 Cases

The LFM Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in August and September 2024 (as applicable, the "LFM Petition Date").

As of the LFM Petition Date, Mr. Timothy LeFever ("LeFever") and Mattson (each a 50% equity owner of LFM) resigned from any director or officer positions with any of the Debtors. Since the LFM Petition Date, LFM's Board of Directors has been comprised of two independent directors: Rishi Jain and Lance Miller. Mr. Bradley Sharp of Development Specialists, Inc.

[8] *Alexander v. Compton (In re Bonham)*, 229 F.3d 750 (9th Cir. 2000).

("DSI") is the LFM Debtors' Chief Restructuring Officer, whose designation as CRO and related retention of DSI were approved by the Bankruptcy Court.[9]

On October 9, 2024, the United States Trustee appointed the Committee.[10] On November 25, 2024, the United States Trustee filed an amended Committee appointment notice.[11]

2. KSMP's Chapter 11 Case

KSMP was formed as a California limited partnership on August 16, 1999 to manage and develop the Mattson family assets.[12] KSMP's partnership interests are held by each of Mattson (49%), Mattson's wife Stacy (49%), and KS Mattson Company, LLC ("KSMC") (2%).[13] KSMC is the general partner of KSMP;[14] each of Mr. and Mrs. Mattson holds 50% of the membership interests in KSMC, with Mattson serving as KSMC's managing member.

On November 22, 2024, an involuntary chapter 11 petition was filed against KSMP, commencing Case No. 24-10715 (Bankr. N.D. Cal.),[15] by creditors LFM (listing a claim over $420,000) and LFM Debtor Windtree, LP (listing a claim over $1 million). KSMP, through its counsel, moved to dismiss the involuntary petition,[16] which LFM and the Committee opposed.[17] After a hearing held on February 28, 2025, the Court denied the motion to dismiss[18] and set a deadline for KSMP to answer and briefing schedule on the involuntary petition.

After more than six months of contested proceedings, on June 6, 2025, KSMP consented to the entry of a stipulated order for relief in the involuntary case, which order was entered by the

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9 *See* Docket No. 160.

10 *See* Docket No. 135.

11 *See* Docket No. 368.

12 *See* Limited Partnership Agreement of K S Mattson Partners, LP (the "KSMP LP Agreement"), a true and correct copy of which is attached hereto as Exhibit D, art. I, § 3.

13 *See* Exhibit D at STCA Bates Order no. 1637773 0395.

14 *Id.*

15 References to "KSMP Docket No." are to the docket numbers in In re KS Mattson Partners, LP, No. 24-10715 (Bankr. N.D. Cal.).

16 KSMP Docket No. 18.

17 KSMP Docket Nos. 28, 31.

18 KSMP Docket No. 55.

Court on June 9, 2025.[19] KSMP's chapter 11 case is being jointly administered, for procedural purposes only, with those of the LFM Debtors.[20] KSMP has retained an independent responsible individual, Mr. Robbin L. Itkin (the "Responsible Individual"), with effect from June 16, 2025, and Mattson is no longer directing or operating KSMP as of that date. The KSMP Investment Entities are not Debtors, but are controlled by KSMP and Mattson.

On August 26, 2026, the United States Trustee expanded the appointment of the Committee to include the chapter 11 case of KSMP.

B. The Global Settlement and Joint Investigation Report

Since the Committee's appointment, the Debtors and the Committee (the "Plan Proponents") have conducted a comprehensive joint investigation into the prepetition conduct of the Debtors, their principals, and relevant third parties (the "Investigation"). As part of their Investigation, the Plan Proponents have issued more than 30 subpoenas, collected more than one million documents, and engaged in a process to review the approximately 1,621 filed proofs of claim and approximately 1,097 filed proofs of interest. Through months of cooperation, information gathering, and negotiation for the benefit of all Investors and other creditors, the Plan Proponents have reached a global resolution, embodied in the proposed Plan, aimed at: (i) mitigating the damage inflicted on Investors by Mattson's financial misconduct and (ii) developing a level playing field that treats Investors as equally and fairly as possible and provides them a recovery as quickly as possible.

On October 15, 2025, the Plan Proponents filed the *First Amended Joint Chapter 11 Plan of Liquidation* (the "Plan"),[21] which provides for a global settlement (the "Global Settlement") of the of the outstanding Claims asserted against and Equity Interests (as defined in the Plan) asserted in the Debtors and the KSMP Investment Entities. The Global Settlement, which was negotiated by the Plan Proponents, provides for a "single pot," – or "substantive consolidation – such that all assets and liabilities of all Debtors and the KSMP Investment Entities are pooled and consolidated

[19] KSMP Docket No. 131.

[20] Docket No. 1887.

[21] Docket No. 2561.

for distribution purposes. In support of the Global Settlement, the Plan Proponents filed the the *Joint Investigation Report and Summary of Global Settlement* (the "Investigation Report").[22] The Investigation Report summarizes the facts and law supporting two key elements of the Plan: (i) the Debtors' estates and the KSMP Investment Entities should be subject to substantive consolidation and (ii) the Court should find that the Debtors and the KSMP Investment Entities were operated as a Ponzi scheme.[23]

C. Overview of the Mattson Enterprise

1. Background of LeFever Mattson

In 1990, LeFever purchased 50% of a real estate investment business owned by Mattson, which was re-named LeFever Mattson. Since at least the early 2000s, LFM would generally co-invest in real estate (usually single-family homes and eventually multi-unit residential properties) with tenants in common ("TICs"), including KSMP. During this period, LFM created a handful of limited partnerships or limited liability companies (many of which were later converted to limited partnerships) (each, an "Investment Vehicle") for specific purposes, some of which were TICs in Properties. LFM's original investment strategy was to provide their co-investors with a fixed monthly distribution, usually 6% of the amount of the investor's principal investment in a parcel of real property (a "Property"), which was to be paid from the Property's reserves. This original investment strategy assumed LFM's ability to transfer each Property before the reserves were exhausted, within about three to five years.[24] Mattson frequently likened investing with the Mattson Enterprise to an investor putting money in a "savings account," going so far as to characterize the monthly distributions made to Investors as "owner withdrawals."

The relationships among the co-investor TICs were generally governed by an Agreement of Co-Tenancy (a "Co-Tenancy Agreement"), which disclaimed the creation of a partnership or

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[22] Docket No. 2568.

[23] The facts set forth in the Investigation Report are incorporated by reference herein.

[24] *See* LM_01989454, a true and correct copy of which is attached hereto as Exhibit E (the "LeFever Letter"), at 1.

joint venture among the co-investor TICs.[25] Co-Tenancy Agreements provided that each co-investor TIC was entitled to distributions from the Positive Operating Cash Flow (as defined in each Co-Tenancy Agreement) with respect to the subject Property.[26] The Co-Tenancy Agreements also provided that LFM would receive a commission equal to 2% of the purchase price of the Property plus the exclusive right to "sell the Property or any interest therein" with compensation "at least 2.5% of the purchase price."[27] As contemplated by each Co-Tenancy Agreement, each Property was managed by Home Tax Services of America, Inc. d/b/a LeFever Mattson Property Management ("LMPM"), one of the LFM Debtors, pursuant to a Property Management Agreement between LMPM and the co-investor TICs (a "Property Management Agreement").[28] Each Property Management Agreement provided for the payment of various fees and expenses to LMPM (including a 5% fee on gross rent collected and a 10 – 20% markup on the provision of various services).[29] Each Property Management Agreement contemplated that LMPM could "invest reserve funds" that included "short term loans to other properties managed by [LMPM]."[30] However, these "loans" were represented to Investors as being made "for property improvements or operating expenses" – not to support monthly distributions to Investors.[31]

2. Mattson Owned or Controlled the Debtors and the KSMP Investment Entities

While the ownership structure of the LFM Debtors and KSMP is not identical, Mattson played a substantial role in the ownership and control of all entities. Mattson is a 50% owner of LFM and served as its President until his resignation in April 2024. In his capacity as President of

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[25] *See, e.g.,* "Sharis Apartments Co-Tenancy Agreement," a true and correct copy of which is attached hereto as Exhibit F, ¶ 4.1 ("This Agreement does not create, nor is it intended to create, a partnership or joint venture. It is merely an arrangement for the management of the jointly owned Property.").

[26] *Id.* ¶ 13.

[27] *Id.* ¶ 35.

[28] *Id.* ¶ 6.

[29] *See, e.g.,* "Apartment Property Management Agreement," a true and correct copy of which is attached hereto as Exhibit G, ¶ 4.

[30] *See, e.g., id.* ¶ 7.

[31] *See, e.g., id.*

LFM, Mattson acted as chief executive officer of LFM, and subject to the control of the Board of Directors (which, prior to the LFM Petition Date, consisted of Mattson and LeFever), had "general supervision, direction, and control of the business and the officers of the Corporation."[32] Mattson was also the main point of contact for Investors about their investments in an Investment Vehicle, and he facilitated the investment transactions.

On the back end, the LFM Debtors' employees took direction from Mattson concerning: (a) the sale or transfer of Properties, (b) the transfer of funds to or from LFM's bank accounts, and (c) communications with Investors who inquired about their investments and monthly distributions. At bottom, Mattson controlled LFM's business.

Mattson also controlled KSMP's business operations. Mattson owns 49% of KSMP and 50% of KSMC, which itself is the general partner and 2% owner of KSMP. KSMP had no employees of its own. Instead, KSMP utilized the LFM Debtors' employees, frequently without any payment (or even allocation) of costs between the LFM Debtors and KSMP. Since 2010, at least eleven of the LFM Debtors' employees provided substantial (and, in certain instances, exclusive) services to KSMP, yet KSMP never reimbursed the LFM Debtors for these employees' services. When certain employees conducted business on behalf of KSMP, they would use their email domain associated with the LFM Debtors and their signature block would list "LeFever Mattson – KS Mattson Partners, LP – Home Tax Service of America."

3. The Debtors' Books and Records

The books and records of the Debtors are either incomplete, missing, or indecipherable. As discussed below, the Plan Proponents cannot confirm how KSMP's or the KSMP Investment Entities' records, or those of LFM and the Mattson Maintained Debtors, were kept, or whether complete records ever existed.

[32] *See Amended and Restated Bylaws of LeFever Mattson*, a true and correct copy of which is attached hereto as Exhibit M, art. IV, § 7.

a. The LFM Debtors' Records

i. Yardi Codes

Starting in 2000, to maintain the LFM Debtors' financial records, LMPM used a real estate management and accounting software called Yardi, with its accounting staff applying "property codes" in Yardi ("Yardi Property Codes") to track each debit and credit. Thus, when LMPM first began using Yardi, the then-existing LFM Debtors typically held Properties as co-tenancies with TICs, and LMPM maintained the LFM Debtors' general ledgers in Yardi on a Property-by-Property basis, using Yardi Property Codes tied to each individual Property.

As the Investment Vehicles shifted from TICs to Entity structures (LPs and LLCs), Yardi began to establish codes for Entities (the "Entity Codes," and together with the Property Codes," the "Yardi Codes"), resulting in ledgers being maintained at both the Property and Entity level. Over the last twenty-five years, LMPM has used over 950 Yardi Codes. Because the LFM Debtors' records were originally maintained on a Property basis, it is difficult to trace and unwind transactions at the Entity level for each of the LFM Debtors.

ii. Incomplete Financial Records

The LFM Debtors' financial records are also incomplete in two material respects.

First, LFMP did not maintain and of the books and records of nine of the LFM Debtors (collectively, the "Mattson Maintained Debtors"),[33] Instead, and even though LFM is the general partner or managing member of the Masson Maintained Debtors, Mattson (or KSMP) maintained the books and records for such Entities. Therefore, the LFM Debtors do not have the books and records for the Mattson Maintained Debtors.

Second, Mattson maintained LFM's complete general ledger. As discussed below, over twenty years before the Petition Date, LFM opened the 1059 Account at Bank of the West (later acquired by BMO Bank, N.A. ("BMO")). ***Hundreds of millions of dollars flowed through the 1059 Account, but none of these transactions are reflected in Yardi***. BMO's retention period is

[33] The Mattson Maintained Debtors are: Apan Partners, LLC; Bay Tree, LP; Bishop Pine, LP; Butcher Road Partners, LLC; Golden Tree, LP; Ponderosa Pines, LP; Spruce Pine, LP; Watertree I, LP; and Windtree, LP.

only seven years, and therefore, no records prior to 2017 are available. Accordingly, the Plan Proponents are missing critical financial information predating 2017 and have no reasonable prospect of recovering it.

b. KSMP's Records

KSMP's books and records are similarly incomplete, missing, or unattainable. KSMP's and the KSMP Investment Entities' records appear to have been maintained solely by Mattson, although it is unclear how or to what extent they were properly maintained. When the Responsible Individual assumed control of KSMP, she had no access to KSMP's books and records – not even a list of the Properties owned by KSMP.

KSMP and the KSMP Investment Entities maintained several bank accounts at BMO and First Bank, the most commonly used of which was an account at BMO ending in -1380 (the "1380 Account"). KSMP opened the 1380 Account in May 2002.

Other KSMP bank accounts include (i) a BMO bank account ending in -5410 in the name of "KS Mattson Partners, LP, Ceres MHP" that KSMP opened in September 2007 (the "Ceres Account"), (ii) a First Bank account ending in -3467 that KSMP opened (the "KSMP FB Account"), and (iii) a First Bank account ending in -3186 that Perris Freeway Plaza opened (the "PFP FB Account" and, collectively with the 1059 Account, the 1380 Account, the Ceres Account, and the KSMP FB Account, the "KSMP Bank Accounts").

KSMP lacks even basic cashflow statements showing the historical transactions going through the KSMP Bank Accounts. Despite efforts over the last year to obtain and analyze documents relating to the KSMP Bank Accounts (the "Account Documents"), the Account Documents consist of incomplete or unstructured data[34] or documents that only go back to 2018. Documents relating to the 1380 Account, for instance, consist of over 5,000 pages of images of checks (nearly 40,000 of individual checks), over 80 pages of account statements (covering 38,000 transactions), and over 1,000 wire transfer records.

[34] Unstructured data refers to information (in this case, different types of documents) that is not organized in a usable format. Before unstructured data can be analyzed, it requires significant processing, resulting in time delays and additional expense.

Mattson allegedly deleted 14,000 files from his laptop that, based on their names, appear to relate to the Debtors[35] and 16,000 files from a cloud filesharing service.[36] Although Mattson disputes these allegations, the Plan Proponents cannot confirm how KSMP's or the KSMP Investment Entities' records, or those of LFM and the Mattson Maintained Debtors, were kept, or whether complete records ever existed.

c. The LFM Debtors' and KSMP's Records Were Stored Together

Many of the LFM Debtors', KSMP's, and the KSMP Investment Entities' records were also physically stored together, but in locations solely under Mattson's control. For example:

- Upon information and belief, certain of the LFM Debtors' and KSMP's physical records (including many critical books and records related to Investors and Properties) were stored in boxes at Mattson's assistant's home office.
- Upon information and belief, Mattson had possession of many electronically-stored documents of both LFM and KSMP.
- Business records of both LFM and KSMP that could tie Mattson to fraudulent behavior (for example, bank statements for the 1059 Account) were sent to the P.O. Box in Vacaville exclusively accessible to Mattson.
- To the extent that Mattson maintained records (including, for example, as to the 1059 Account), many of LFM's and KSMP's critical books and records are not accessible to either LFM or KSMP.[37]

Thus, the books and records for the LFM Debtors, KSMP, and the KSMP Investment Entities are inextricably intertwined with one another, incomplete, or impossible to uncover.

D. The Fraudulent Mattson Enterprise

Around 2008 or 2009, LFM's investment model began to crack. LFM began to experience cash flow issues, which were compounded by restrictions on secured lending. LeFever believed that LFM was able to "weather [the] cash shortage and come out all right when lending and sales return without having to cause financial disruption to so many investors" by "rel[ying] on

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[35] Motion for Detention Pending Trial and Motion to Continue Detention Hearing, *United States v. Mattson*, No. 25-CR-00126 (N.D. Cal. May 23, 2025), ECF No. 6 at 6:23–7:23.

[36] *Id.* at 9:8–13.

[37] *See, e.g., Declaration of Robbin L. Itkin in Support of Motion of Debtor for Entry of an Order (I) Extending Time to File Schedules of Assets and Liabilities, Statements of Financial Affairs and List of Equity Security Holders, and (II) Suspending the Nongovernmental Bar Date* [KSMP Docket No. 150] (the "Itkin Dec."), ¶ 4 ("I have been unable to locate any traditional books and records detailing the assets, liabilities and operations of [KSMP].")

interproperty loans[,] the management company deferring collections, and in some cases new capital coming in or loans."[38] Even though LFM could have done so, it did not "cut back the owner withdrawals [or] make capital calls."[39]

LeFever recognized that LFM needed "to increase the pace of new funds coming in,"[40] stating:

> New capital will dilute equity. But, we are doing so in properties that have increased in value since purchase. Portfolio wide we are paying down principal at approximately $320,000 per month and increasing due to the nature of the predominant index used. Our goal right now is to remain roughly stable portfolio wide. New capital coming in and new loans should be roughly balanced out by principal decrease and small gains in value in the relative short term. If this does not occur, we have various means of adjusting the results including forgiving funds owed to the management company and credit back from LeFever Mattson from brokerage fees upon transfer and/or from our equity.[41]

Mattson, who controlled Investor intake and investment decisions for the entire Mattson Enterprise, needed a steady supply of Investors, and therefore, a ballooning supply of Properties – whether they were good investments or not.

Matton engaged in numerous fraudulent activities and transactions (collectively, the "Mattson Transactions") to perpetuate his scheme throughout the entire Mattson Enterprise, including through (i) intercompany transactions; (ii) the sale of fictitious interests; (iii) commingled bank accounts; (iv) insider property transfers; and (v) encumbering properties with secret high-interest loans. As a result, the LFM Debtors, KSMP, and the KSMP Investment Entities are, and have always been, inextricably intertwined financially, structurally, and operationally.

1. Intercompany Transactions

Beginning in 2006, LFM often transferred money between its Investment Vehicles (*i.e.*, a Property, LLC, or LP), moving funds from those with extra cash to those that needed it (the "LFM Intercompany Transactions") at below market interest rates (generally between 6.5% and 8%) that

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[38] Exhibit E at 1-2.

[39] *Id.* at 1.

[40] *Id.* at 2.

[41] *Id.*

were set by Mattson. The LFM Debtors referred to these transactions as "interproperty notes," but, in reality, no executed promissory notes ever existed. As of the LFM Petition Date, twenty-seven LFM Debtors showed outstanding intercompany payables to other LFM Debtors, and twenty LFM Debtors showed outstanding intercompany receivables. More than $30 million in intercompany amounts remained outstanding, tied to over 700 individual LFM Intercompany Transactions (collectively, the "Open Intercompany Transactions"). These receivables and payables do not balance. DSI's preliminary review revealed discrepancies, including instances where a receivable appeared on the Sub-Ledger of the "lending" Debtor, but no corresponding payable appeared on the Sub-Ledger of the "borrowing" Debtor, and vice versa. The Plan Proponents estimate the number of LFM Intercompany Transactions that occurred between 2006 and the Petition Date to be in the tens of thousands. Between January 1, 2017, and the Petition Date, there were 5,872 LFM Intercompany Transactions ***with a gross dollar amount of nearly $636 million—all without any formal documentation***.

Mattson also transferred cash between and among the LFM Debtors, KSMP, and the KSMP Investment Entities ("LFM/KSMP Cash Transfers," and together with the LFM Intercompany Transactions, the "Intercompany Transactions), commonly in round amounts and without any discernible relationship to a legitimate transaction between the entities. Most of the LFM/KSMP Cash Transfers occurred through the 1059 Account, and therefore, are not reflected in the LFM Debtors' records. Upon information and belief, ***from January 1, 2017 through September 30, 2024, there were approximately $176 million in LFM/KSMP Cash Transfers, consisting of over 11,500 individual transactions***. Specifically, from January 1, 2017 through September 30, 2024:

- The LFM Debtors' Yardi accounting records reflect that in excess of $39 million in LFM/KSMP Cash Transfers, executed through more than 2,700 individual transactions. Which cannot be tied to written agreements or documentation.
- LFM's general ledger reflects funds transferred to KSMP and documented as "reclass payment" or "record transfer." There is a ledger entry in the LFM Debtors' records dated December 21, 2017 that reflects a $1.5 million wire transfer to KSMP with an account name of "Suspense" and a description of "Wire Out – KS Mattson Partners."

- The LFM Debtors' Yardi accounting records indicate that over $19 million in LFM/KSMP Cash Transfers were associated with KSMP Properties, made through over 8,000 distinct entries (consisting of over 11,900 individual transactions).

- The 1059 Account records show that there were more than $92 million in LFM/KSMP Cash Transfers through over 950 checks and wire transfers.

- The 1059 Account records reveal that approximately $25 million in disbursements were made from the 1059 Account in connection with KSMP Properties, comprised of nearly 390 checks and wire transfers.

2. Sale of Phantom Interests

Another central feature of Matton's scheme was his sale of fraudulent interests to Investors. Mattson solicited new investments (from both existing Investors and new Investors), ostensibly through legitimate Investment Vehicles to secure cash to pay earlier Investors. Rather than selling recorded interests in Investment Vehicles (*i.e.*, an interest that was properly reflected in the LFM Debtors' books and records), Mattson sold "off-book" interests in Investment Vehicles (collectively, the "Phantom Interests"), collecting Investors' money and giving them nothing in return. Mattson's sale of Phantom Interests took numerous forms, each with its own complexities, including:

- **Type I:** the sale of an interest in a real entity that was never recorded in the LFM Debtors' books and records. These transactions took numerous forms, including:

  - LFM (through Mattson) sold a portion of its interest in another LFM Debtor, with such transfer never being reported to LFM and not reflected in the LFM Debtors' books and records;

  - KSMP (through Mattson) sold a portion of its interest in another LFM Debtor, with such transfer never being reported to LFM and not reflected in the LFM Debtors' books and records; and

  - The purported sale of an interest in an entity (specifically LFM Debtors Divi Divi Tree, LP and Butcher Road Partners, LLC)[42] to Investors through self-directed IRA custodians (an "IRA Custodian"), none of which were reflected in the LFM Debtors' books and records.

- **Type II**: the sale of LFM's or KSMP's purported interest in a real entity, but, in reality, LFM or KSMP either held no such interests, or held insufficient interests in such Entity. This Phantom Interest took the following forms:

[42] KSMP appears to have engaged in similar behavior, purportedly selling interests in Specialty Properties Partners, LLC, which was converted to Specialty Properties Partners, LP, through IRA Custodians. In doing so, KSMP used LFM's account relationship with the IRA Custodians, rather than establishing its own. Indeed, Mattson appears to have caused LFM to represent to IRA Custodians that LFM was transferring its interest in SPP when, as a matter of fact, LFM held no interests in SPP.

- KSMP (through Mattson) purporting to sell its interest in a LFM Debtor or LFM-owned Property in which KSMP did not hold sufficient interest;[43] and

- LFM (through Mattson) purporting to sell its interest in a KSMP-affiliated Property or Entity in which LFM did not hold any interest.[44]

- **Type III**: the sale of an interest in an Entity that did not (and does not) exist. These transactions took numerous forms, including:

  - The sale of an interest in a non-existent limited liability company;[45]

  - The sale of an interest in a non-existent[46] limited partnership pursuant to a non-existent limited partnership agreement;[47] and

  - The sale of an interest in a non-existent partnership related to a Property when that Property was held in a manner other than through a partnership.[48]

- **Type IV**: the sale of Interests in real Entities, but such Entities did not own the Properties Mattson claimed.[49]

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[43] For example, according to the LFM Debtors' books and records, KSMP first acquired an interest in the Country Oaks Apartments located at 333 E. Enos Drive, Santa Maria, CA ("Country Oaks Apartments") between July 8, 2015 and September 30, 2015, when KSMP became a 3.117% limited partner in LFM Debtor Country Oaks I, LP. Notwithstanding the fact that KSMP had no interest in the Country Oaks Apartments to convey, the Investor Claims reflect that prior to July 8, 2015, KSMP (by Mattson) purported to sell not less than 14.966% of Phantom Interests in the Country Oaks Apartments to thirteen different Investors. In total, those thirteen investors paid Mattson $1.942 million in exchange for these Phantom Interests in the Country Oaks Apartments.

[44] For example, one Investor Claim attaches an *Agreement of Transfer and Purchase of Partnership Interest* pursuant to which LFM (by Mattson) purports to sell a portion of LFM's interest in Perris Freeway Plaza, LP. However, upon information and belief, LFM has never held any limited partnership interest in PFP; KSMP is PFP's general partner and holds a substantial limited partnership interest therein.

[45] For example, the Investor Claims attach documentation reflecting that Mattson sold some Investors interests in "Fulton Village Partners, LLC, a California limited liability company." According to the California Secretary of State's website, no such entity exists or has ever existed.

[46] "In order for a limited partnership to be formed, a certificate of limited partnership must be filed with and on a form prescribed by the Secretary of State and, either before or after the filing of a certificate of limited partnership, the partners shall have entered into a partnership agreement." Cal. Corp. Code § 15902.01(a).

[47] For example, Investor Claims attach Mattson-signed agreements purporting to evidence the transfer of interests in limited partnerships created pursuant to the "Agreement of Limited Partners of CERES WEST MHP" (upon information and belief, no such document exists, nor has any such limited partnership been formed with the State of California), the "Agreement of Limited Partners of Comstock Building Partners, L.L.C." (aside from the fact that a limited liability company does not have limited partners, upon information and belief, no such document exists, nor has any such limited partnership or limited liability company been formed with the State of California), and the "Agreement of Napa Enterprise Partners" (upon information and belief, no such document exists, nor has any such limited partnership been formed with the State of California).

[48] For example, an Investor Claim reflects that Mattson purported to sell KSMP's Interests in a partnership created pursuant to the "Agreement of Co-tenants of Spring Glen Apartments, dated as of October 1, 2006." While the Spring Glen Apartments were held as a tenancy in common, which TICs included LFM Debtors Vaca Villa Apartments LP and Tradewinds Apartments LP, KSMP was never a TIC of or otherwise on title to Spring Glen Apartments.

[49] For example, at least 12 Investor Claims included an *Agreement of Transfer and Purchase of Partnership Interest* indicating that KSMP sold Investors interests in Ponderosa Pines LP, which Entity Mattson represented owned the Property located at 7456 Foothills Boulevard in Roseville, CA. According to the Placer County, California

Mattson prepared all of the LFM Debtors' annual tax filings, which included the Form K-1 for each Investor of record in the applicable Entity. To maintain the appearance of legitimacy, Mattson created fraudulent Form K-1s for the investors to whom he sold Phantom Interests.

3. Commingled Finances

(1) The 1059 Account Transactions

At least 15 years ago, Mattson caused LFM to establish the 1059 Account. Mattson controlled the 1059 Account and used it to perpetuate his fraud. The 1059 Account was in LFM's name, but functioned as Matton's slush fund, hidden from LFM employees, fueled by Investor money, and used to meet obligations across Mattson's enterprise. Mattson did not permit the 1059 Account to be integrated into LFM's accounting system and LFM employees did not reconcile or otherwise account for the 1059 Account Transactions – only Mattson himself did. Unlike all other LFM bank account statements that were sent to LFM's offices in Citrus Heights, statements for the 1059 Account were sent to P.O. Box 5490, Vacaville, California 95696 (the "P.O. Box") – a post office box that is in Mattson's name, which only Mattson was authorized to access, and which Mattson used as a mailing address for KSMP and other Entities within the Mattson Enterprise that are not LFM Debtors.[50]

Mattson used the 1059 Account to, among other things, make distributions to Investors and pay his own personal debts and the financial obligations of KSMP. For instance, between May 1, 2017 and September 30, 2024, about 50,000 transactions flowed through the 1059 Account, moving more than $250 million in deposits and withdrawals. Over the past seven years, (i) more than $60 million was transferred to KSMP and other non-Debtor entities that Mattson controlled, (ii) more than $30 million was paid directly to lenders to reduce KSMP's debt; (iii) more than $7 million of credit card charges were paid on behalf of KSMP or its affiliates; and (iv) LFM – over the course of 3,700 separate transactions – paid more than $20 million on account of various

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real property records, Ponderosa Pines LP has never held any record interest in 7456 Foothills Boulevard. As another example, according to the Sacramento County, California real property records, starting in May 2021, Mattson caused KSMP to sell 18% more TIC interests in the Comstock Building (8340 – 8350 Auburn Boulevard in Citrus Heights) than existed (*e.g.*, at one point, Mattson had sold 118% ownership interest in the Comstock Building).

[50] *See* Itkin Dec. ¶ 9(b).

Property-related expenses on account of LFM or KSMP - ***all without a written agreement between LFM and KSMP or any discernible accounting***.

KSMP asserts in its proof of claim filed against LFM that KSMP has paid, on behalf of LFM, various expenses, including, mortgage payments, investor distributions, utility payments, operational expenses, and insurance payments, ***totaling more than $82 million***. KSMP also asserts that it made (undocumented) loans to LFM, going so far as to allege that LFM "coerced" KSMP into loaning $3.5 million to LFM in or around May 2024 – and that this loan was "just one of numerous loan contributions to the operational expenses of LeFever Mattson. . . ."[51]

From May 2017 through the Petition Date, over $70 million was paid out of the 1059 Account, and over $104 million was deposited into it to pay earlier Investors.

(2) The 1380 Account Transactions

Mattson similarly used the 1380 Account in furtherance of his fraudulent scheme. Through this account, Mattson used funds from many sources to, among other things, make distributions to Investors, pay Mattson's personal debts, and cause intercompany transfers. Bank records show that between January 1, 2017, and September 30, 2024, about 35,000 transactions flowed through the 1380 Account, moving more than $240 million in deposits and $240 million in withdrawals. More than $45 million of these withdrawals were transferred to LFM.

4. Insider Property Transfers

Another way Mattson perpetrated his Ponzi scheme was by transferring Properties among the Debtors (the "Insider Property Transfers"), in non-arm's length transactions. These Insider Property Transfers consisted of hundreds of transfers between KSMP and the LFM Debtors. For instance, at the start of the LFM Cases, the LFM Debtors owned about 170 Properties, nearly half of which (81 Properties) were transferred from KSMP. These transferred followed a similar pattern:

- **Inflated Resales**: Mattson caused KSMP to buy Properties from third parties and then resell those Properties to the LFM Debtors at inflated prices.
- **Hidden Debt**: Before transferring Properties to the LFM Debtors, Mattson used KSMP as a "pit stop" to load the Properties with expensive debt, without disclosing

[51] *See* Exhibit C, at 4, n.1.

the term or existence of such debt. Many of these loans never appeared in the LFM Debtors' records.

- **Use of the 1059 Account**: Mattson paid the loans that KSMP took out on the Properties with Investor funds from the 1059 Account.

Through these Insider Property Transfers, Mattson moved Properties and obligations between KSMP and the LFM Debtors that concealed debt and relied on Investor funds to keep his scheme going.

In addition to transferring Properties at inflated prices between the LFM Debtors and KSMP that contained undisclosed debt that was repaid with Investors' funds, Mattson also caused Properties to be transferred among the LFM Debtors themselves. For instance, of the 170 Properties owned by an LFM Debtor as of the Petition Date, at least 54 were previously owned by at least one other LFM Debtor.

These Insider Property Transfers – whether between the LFM Debtors themselves or only among the LFM Debtors – were often poorly or incorrectly documented. Among other things:

- Few Insider Property Transfers went through third-party escrow agents (such as Closing Agents), so they lack proper documentation that such agents would have maintained.
- The Insider Property Transfers lacked basic paperwork, such as purchase agreements, and most of the transfers were consummated without any purchase agreement.
- In cases where a Closing Statement[52] exists, such statements were prepared by LMP with incomplete or inaccurate information from Mattson.

5. Third-Party Loans

Mattson further perpetrated his fraudulent scheme by causing the Debtors to take out loans from third-party financing sources (the "Third-Party Loans"), secured by one or more of the Properties. Mattson often caused the transfer of the Properties to another Debtor without disclosing that the Property was still encumbered by the Third-Party Loan.

Misappropriation of Loan Proceeds. Mattson would either cause KSMP to purchase Properties in KSMP's name or cause a Property owned by an LFM Debtor to be transferred to KSMP. Then, Mattson would encumber those Properties with the Third-Party Loans. After the

[52] Refers to a document used in real property transactions documenting the debits and credits associated with that transaction.

Lender funded the loan and recorded a deed of trust against the Property, Mattson would cause KSMP to transfer title of the now-encumbered Property to an LFM Debtor subject to the Third-Party Loan. By transferring the Properties to KSMP subject to the loans, Mattson often misappropriated the loan proceeds for his own purposes.

Among the Third-Party Loans were hard-money loans from Socotra Capital and its affiliates ("Socotra"). KSMP started taking out loans from Socotra at least as early as 2011 (the "Socotra Loans"). Since 2017, KSMP has taken out at least ninety-four Socotra Loans, which are characterized by short terms, high interest rates, and substantial transaction fees.[53] Mattson often caused KSMP to purchase Properties in KSMP's name and encumber those Properties with the Socotra Loans, either as acquisition financing or post-acquisition funding. Following Socotra's funding and recordation of a deed of trust securing the Socotra Loans, Mattson caused title on scores of Properties to be deeded to an LFM Debtor, subject to the deed of trust. The Third-Party Loans (including the Socotra Loans) were used by KSMP to, among other things:

- Acquire new Properties, which were often subsequently transferred to an LFM Debtor subject to the deed of trust in favor of Socotra;[54]
- Extract value from unencumbered Properties that KSMP did not own,[55] which often necessitated transferring the subject property to KSMP, misappropriating the Socotra Loan proceeds, and then transferring the now-encumbered Property back to a LFM Debtor subject to the Socotra Loan;
- Refinancing existing secured debt on encumbered Properties (some of which were not wholly owned by KSMP), including "cash-out" refinancings of Third Party Loans;[56]
- Engaging in "cash-out" property purchases (*i.e.*, purchasing new real property with secured debt in excess of the purchase price).[57]

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[53] Socotra asserts that the default interest rate under all of the Socotra Loans is 25%.

[54] For example, KSMP purchased real property located at 171 W. Spain Street, Sonoma, CA ("171 W. Spain") on July 21, 2021 (with the associated Grant Deed recorded on July 30, 2021) using the proceeds of Socotra Loan No. 21-100CF. Just 16 days later, by Grant Deed dated August 6, 2021 (recorded on August 9, 2021), KSMP transferred 171 W. Spain to LFM Debtor Sienna Pointe LLC, subject to the Socotra Loan.

[55] For example, pursuant to a Grant Deed recorded on March 1, 2022, LFM transferred its interests in 10334 Badger Lane, Truckee, CA ("10334 Badger") to KSMP. Pursuant to a Deed of Trust and related documents dated February 23, 2022 (but recorded on March 1, 2022), KSMP took out Socotra Loan No. 22-29CF in the principal amount of $990,000, encumbered by 10334 Badger. In so doing, KSMP received over $950,000 that, upon information and belief, was never transferred to the LFM Debtors, even though 10334 Badger was transferred back to LFM by KSMP by Grant Deed dated March 1, 2022 (that was recorded on July 17, 2024).

[56] Additionally, Mattson pulled, and used for other purposes, equity out of refinancings of Properties that KSMP did not own 100% (*i.e.*, held with other Investors as TICs).

Financial Guarantees and Cross-Collateralized Loans. LFM and KSMP also frequently guaranteed each other's financial obligations.[58] For example, LFM and KSMP are joint guarantors on not less than six separate Third-Party Loans, totaling nearly $50 million in contingent liabilities:

	Lender	Borrower(s)	Approx. Balance
1	Citizens Business Bank	Treehouse Investments LP	$4.2 million
2	NexBank	Pinecone LP	$1.9 million
3	Umpqua Bank	Sienna Pointe LLC	$19.4 million
4	Umpqua Bank	River Birch LP	$1.7 million
5	Umpqua Bank	Autumn Wood I LP; Pinewood Condominiums LP; Vaca Villa Apartments LP	$14.3 million
6	Umpqua Bank	RT Golden Hills LP	$6.3 million

Certain of the LFM Debtors' and KSMP's real property is or was cross-collateralized under at least four separate Third-Party Loans, as depicted in the chart below:

Loan	Debtor Property	KSMP Property	Approx. Balance
1	1870 Thornsberry Road	1221 Apple Tree Court[59]	$2.2 million
2	222-226 West Spain Street	282 Patten Street[60]	$1.5 million
3	24265 Arnold Drive	1549 E. Napa Street	$3.9 million

[57] For example, on or about April 26, 2022, KSMP purchased two parcels of real property in Sonoma, CA (786 Broadway and 790 Broadway) using the proceeds of Socotra Loan No. 22-73CF, which Socotra Loan was also collateralized by two additional properties located in Sonoma (856 4th Street E. and 1014 1st Street W.). The $3.565 million principal amount of Socotra Loan No. 22-73CF funded KSMP's $3 million purchase of the two Sonoma parcels, with approximately $495,000 in additional cash payment to KSMP. Socotra Loan No. 22-73CF is among the Socotra Loans discussed *infra* that is cross-collateralized by Properties currently owned by both the LFM Debtors and KSMP; KSMP transferred 786 and 790 Broadway to LFM Debtor Firetree I, LP by Grant Deeds dated April 29, 2022 (recorded on June 6, 2022).

[58] In addition to the guarantees and cross-collateralizations discussed herein, the practical effect of the Socotra Loans on the LFM Debtors is functionally equivalent to the LFM Debtors' guaranteeing KSMP's obligations under the Socotra Loans; notwithstanding the LFM Debtors' lack of contractual privity with Socotra, upon the sale of each LFM Debtor-titled Property that is encumbered by a Socotra Loan, the applicable LFM Debtor will be required to pay off the applicable Socotra Loan, thereby releasing KSMP of its financial obligations thereunder.

[59] Upon information and belief, 1221 Apple Tree Court was sold on May 2, 2024.

[60] Upon information and belief, 282 Patten Street was sold on July 11, 2024.

Loan	Debtor Property	KSMP Property	Approx. Balance
	24321 Arnold Drive		
4	786 Broadway 790 Broadway	1014 1st Street West 856 4th Street East	$4.8 million

E. Creditors Have Been Misled About the Identity and Role of the LFM Debtors and KSMP

Since the inception of Matton's fraudulent scheme of using LFM and KSMP to defraud new Investors, many Investors and other creditors have been confused and misled as to the identity, affiliations, and role of each LFM Debtor and KSMP in the applicable transactions. As evidenced by the proofs of claim and proofs of interest filed by Investors in the LFM Debtors' Cases (the "Investor Claims"), among other things:

- A substantial number of investors entered into agreements with KSMP to purchase purported Interests in LFM Debtors and/or LFM-owned Properties but received payments on account of such purported Interests from both LFM and KSMP.
- A substantial number of investors entered into agreements with LFM to purchase purported Interests in LFM Debtors and/or LFM-owned Properties but received payments on account of such purported Interests from both LFM and KSMP.
- Certain investors purchased purported Interests in LFM Debtors and/or LFM-owned Properties but paid their investment principal to KSMP.
- Investors frequently expressed confusion regarding the relationship between LFM, the other LFM Debtors, and KSMP (and its affiliated Investment Vehicles), with some investors believing that KSMP was another LFM-related Investment Vehicle.
- Certain of the LFM Debtors' employees (all of whom only had LFM email addresses) had email signatures that included both LFM and KSMP.
- Even the LFM Debtors and KSMP were confused about the complex Entity structure, a fact only compounded by poor recordkeeping. For example, upon information and belief, certain of the LFM Debtors may have been (at some point) contemplated to be owned and managed by KSMP, yet LFM was (and is) listed as such Entities' general partner, with LeFever named as such Entities' registered agent.

In at least one instance (Treehouse Partners, LP), while the California Secretary of State's records and the text of the limited partnership agreement indicated that KSMP was the entity's general partner, the signature block of the limited partnership agreement indicated that LFM was the entity's general partner, with KSMP only a limited partner.

F. The Criminal and SEC Proceedings Against Mattson

1. The Mattson Indictment

On May 22, 2025, Mattson was arrested for his fraudulent conduct pursuant to a federal grand jury indictment (the "Mattson Indictment") charging him with, *inter alia*, wire fraud (18 U.S.C. § 1343), money laundering (18 U.S.C. § 1957) and obstruction of justice in a federal investigation (18 U.S.C. § 1519).[61]

The Mattson Indictment discussed certain interrelationships between Debtor LFM and KSMP and the myriad improper or suspect transactions involving them:

- "MATTSON also engaged in similar fraudulent conduct through another real-estate holding entity over which he exercised sole business control—KS Mattson Partners, LP (KSMP)."[62]

- "Divi Divi Tree, LP (Divi Divi) was a California limited partnership. Divi Divi was formed in 2002. Divi Divi was formed to acquire and maintain a large multi-unit apartment community called the "Sienna Pointe Apartments." Divi Divi had approximately 19 original investors and limited partners, who contributed more than $10,000,000 in initial capital. LM was the General Partner. Over time, LM, KSMP, and others purchased the interests of other investors, such that by December 2023, the official books and records maintained by Home Tax reflected only four partners with interests in Divi Divi."[63]

- "LENDING ENTITY 1 was a hard money lender headquartered in Sacramento, California. LENDING ENTITY 1 described itself as a premier private lender with over 2,000 loan transactions totaling over $2 billion worth of loans. Between 2011 and 2024, LENDING ENTITY 1 provided more than $180,000,000 in loans to KSMP for various properties across California."[64]

- "In a bank account which MATTSON maintained in the name of LM with an account number ending in 1059 (the 1059 Account), MATTSON co-mingled funds, including investor money, with money from at least two other accounts: one that he held in the name of KSMP and a third account he controlled. For example, MATTSON transferred funds between the accounts and used the 1059 Account to pay for millions of dollars of personal expenses, such as mortgages on homes owned by KSMP in Piedmont, California and Del Mar, California. Between 2019 and 2024, the 1059 Account had declining cash balances on January 1 of each year, such that without new investments, the 1059 Account would have had a cumulative net negative balance of approximately $26,000,000. Between 2019 and 2024, these three accounts alone had total debits of approximately $346,000,000 and total credits of $341,000,000, resulting in net activity of nearly negative $5,000,000."[65]

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[61] A true and correct copy of the Mattson Indictment is attached hereto as Exhibit L.

[62] *Id.* at 3.

[63] *Id.* at 3 – 4.

[64] *Id.* at 4.

[65] *Id.* at 13-14.

2. The Mattson SEC Complaint

On May 22, 2025, the SEC filed the Mattson SEC Complaint against Mattson and KSMP (as Relief Defendant). According to the Mattson SEC Complaint, from approximately 2007 through April 2024, Mattson ran a Ponzi-like scheme offering and selling fake interests in various Entities created and managed by LFM (alleged to be run by Mattson during this period).[66] The SEC alleges that, through his fraud, fraudulent representations, and other securities violations (*i.e.*, the antifraud provisions of the Securities Act of 1933 and Securities Exchange Act of 1934, and securities registration provisions of the Securities Act), Mattson raised more than $46 million from approximately 200 investors in the last five years alone, including many retired seniors with IRAs investing in Phantom Interests.[67] As further alleged by the SEC, Mattson (i) falsely told the defrauded Investors that their investments would buy them equity in specific LFM-affiliated Entities, entitling them to distributions of the income generated by the underlying Properties;[68] (ii) commingled new Investor funds with other personal and business funds in an LFM bank account that he controlled (*i.e.*, the 1059 Account) and used the commingled funds to make Ponzi-like payments to existing Investors (with 6% or more annual returns);[69] and (iii) misappropriated Investor money to fund certain real estate transactions through his personal partnership, KSMP, pay expenses of KSMP, and pay for his own personal expenses.[70]

According to the SEC, Mattson also (i) instructed his assistant not to discuss the defrauded Investors with anyone else at LFM; (ii) kept documents related to his fraudulent scheme, including bookkeeping records, on his laptop; and (iii) deleted his bookkeeping software and hundreds of files (including those with file names containing the names of defrauded Investors), after receiving a subpoena from the SEC's Division of Enforcement.[71] The Mattson Enterprise's business records

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[66] Exhibit B ¶ 1.

[67] *Id.*

[68] *Id.* at ¶ 56.

[69] *Id.* at ¶ 39.

[70] *Id.* at ¶ 72.

[71] *Id.* at ¶ 69.

are incomplete, false, and/or inaccurate relating to the fraudulent scheme, and were compromised and deleted in some cases by Mattson.[72]

The Mattson SEC Complaint further alleges that KSMP (which the SEC is also pursuing for unjust enrichment) was an integral part of Mattson's scheme.[73] For instance, the SEC alleges that at least $9.9 million in Investor money was used to fund real estate purchases by KSMP, and additional monies were used to pay KSMP's other obligations and expenses, including $13 million of interest on several high-interest loans that Mattson had taken out to purchase other Properties in KSMP's name.[74]

IV. RELIEF REQUESTED

The Committee requests an order substantively consolidating the LFM Debtors' cases with KSMP and the KSMP Investment Entities pursuant to the Court's general equity powers under section 105 of the Bankruptcy Code and applicable Ninth Circuit law. A proposed form of order is attached hereto as Exhibit A.

V. ARGUMENT

A. Applicable Law

Bankruptcy courts within the Ninth Circuit have authority to substantively consolidate separate, but related entities, including non-debtor entities, pursuant to section 105 of the Bankruptcy Code.[75]

The primary purpose of substantive consolidation is to "ensure the equitable treatment of all creditors," and to thwart a debtor's ability to insulate money from creditors through transfers among separate, but related entities.[76] This purpose is accomplished by combining "the assets and liabilities of separate and distinct—but related—legal entities into a single pool and treat[ing]

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[72] *Id.* at ¶ 5.

[73] *Id.* at ¶¶ 8, 70 – 74.

[74] *Id.* at ¶ 72.

[75] *See In re Owner Mgmt. Serv., LLC Tr. Corps*, 530 B.R. 711, 722-23 (Bankr. C.D. Cal. 2015), *aff'd sub nom. OMS, LLC v. Bank of Am., N.A.*, 2015 WL 12712307 (C.D. Cal. Nov. 6, 2015); *Bonham*, 229 F.3d at 763 ("The bankruptcy court's power of substantive consolidation has been considered part of the bankruptcy court's general equitable powers since the passage of the Bankruptcy Act of 1898.").

[76] *Bonham*, 229 F.3d at 764 ("Without the check of substantive consolidation, debtors could insulate money through transfers among inter-company shell corporations with impunity.").

them as though they belong to a single entity."[77] From this single fund of assets, all claims against the consolidated entities are satisfied.[78]

Substantive consolidation of separate but related, legal entities is warranted when either of the following two factors is present: (i) creditors dealt with the subject entities as a single economic unit and did not rely on their separate identities in extending credit (the "single entity test"); or (ii) the affairs of the debtors are so entangled that consolidation will benefit all creditors (the "hopeless entanglement" test).[79] The "hopeless entanglement" test is satisfied where "the time and expense necessary even to attempt to unscramble [the multiple entities] is so substantial as to threaten the realization of any net assets for all the creditors' or where no accurate identification and allocation of assets is possible."[80] Truly impossible entanglement of assets and affairs is not necessary to satisfy the "hopeless entanglement" test; there just must be enough entanglement that the time and resources necessary for disentanglement would be prohibitive so as to materially impact creditors' recoveries.[81] Courts have also found that the nature of a Ponzi scheme fulfills the test for "hopeless commingling."[82]

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[77] *Id.*; *see also Leslie v. Mihranian (In re Mihranian)*, 937 F.3d 1214, 1216 (9th Cir. 2019) (approvingly quoting *Bonham*).

[78] *Bonham*, 229 F.3d at 764; *see also Mihranian*, 937 F.3d at 1216 (approvingly quoting *Bonham*).

[79] *Bonham*, 229 F.3d at 766 (adopting the Second Circuit's test in *In re Augie/Restivo Baking Co.*, 860 F.2d 515, 518 (2d Cir. 1988)); *see also Sharp v. Salyer (In re SK Foods, L.P.)*, 2010 U.S. Dist. LEXIS 136178, at *19 (E.D. Cal. Dec. 9, 2010).

[80] *Bonham*, 229 F.3d at 766.

[81] *See Gugino v. Clark's Crystal Springs Ranch, LLC (In re Clark),* 525 B.R. 107, 129 (Bankr. D. Idaho 2014) ("[T]he manner of record-keeping and the conflation of individual, Trust and LLC activities, assets, and obligations has resulted in a situation that defies the ability to segregate the assets and liabilities in order to separately administer the same. . . . The time, effort and expense involved in such an exercise would grossly outweigh the benefit to all creditors."), *aff'd,* 548 B.R. 246 (B.A.P. 9th Cir. 2016); *see also SK Foods*, 2010 U.S. Dist. LEXIS 136178, at *20-21 ("[T]he evidence . . . submitted demonstrates a fair chance on the success on the merits of the claim that the time and expense necessary even to attempt to unscramble [the assets] is so substantial as to threaten the realization of any net assets for all the creditors. . . . Evidence of specific transactions does not defeat the Trustee's claim, but rather may be seen as supporting the degree of entanglement of the debtor and non-debtor entities.") (citation omitted); *In re Stayton SW Assisted Living, LLC*, 2009 U.S. Dist. LEXIS 119186, at *12-13 (D. Or. Dec. 22, 2009) ("The affairs of the Sunwest Enterprise are inextricably entangled and any effort to untangle them will result in damage to all Claimants and would threaten the realization of any recovery for Claimants. . . . The fact that the entanglement resulted in and was used in furtherance of violations of federal and state securities laws created another layer of legal entanglement . . . .").

[82] *See, e.g.*, *In re Woodbridge Grp. of Cos., LLC*, 592 B.R. 761, 778 (Bankr. D. Del. 2018) ("(1) [T]his Ponzi scheme is the type of compelling circumstance that overcomes the general expectation of recognizing corporate separateness; (2) substantive consolidation addresses the harm caused by the Debtors to the creditors; (3) the Plan's substantive consolidation accomplishes more than 'administrative convenience' because it results in

"Once the trustee establishes a close interrelationship between the debtor and the non-debtor entities, there is a presumption that creditors did not rely on their separate credit. The burden of proof then shifts to the parties opposing substantive consolidation to show otherwise"[83]

No uniform guideline exists to determine substantive consolidation, and courts must make the determination on a case-by-case basis with reference to the facts to ensure that consolidation achieves its purpose of "fairness to all creditors."[84] Courts have considered the following factors to determine whether substantive consolidation is warranted: (i) common ownership and control; (ii) the state of books and records; (iii) shared finances; (iv) asset and property transfers; and (v) creditor confusion.[85] Here, each of these factors is easily satisfied.

B. The Debtors and KSMP Investment Entities are "Hopelessly Entangled"

This is precisely the type of case that warrants substantive consolidation. Matton's fraudulent activities and perpetration of his Ponzi scheme left the financial, real estate, operational, and structural affairs of the LFM Debtors and the KSMP Investment Entities so inextricably

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equitable treatment of defrauded creditors; and (4) substantive consolidation is being used defensively to remedy the harm to creditors caused by the commingling of assets in the Ponzi scheme—and is not being used offensively to disadvantage a particular group of creditors.").

[83] *Clark*, 548 B.R. at 254.

[84] *Bonham*, 229 F.3d at 765; *see also Branch Banking & Tr. Co. v. Shapiro (In re R&S St. Rose Lenders, LLC)*, 756 F. App'x 731, 733 (9th Cir. 2019) (substantive consolidation "is an equitable remedy evaluated on a case-by-case basis with an eye towards 'fairness to all creditors.'"); *Team Spirit Am., LLC v. Kriegman (In re LLS Am., LLC)*, 2012 Bankr. LEXIS 2603, at *31 (B.A.P. 9th Cir. June 5, 2012) ("The primary purpose of substantive consolidation is to ensure the equitable treatment of all creditors.") (internal citation omitted); *Stayton*, 2009 U.S. Dist. LEXIS 119186, at *12 (allowing substantive consolidation and finding that the language "benefit of all creditors" does not mean each and every creditor but the creditor body as a whole).

[85] In *Bonham*, for example, the court found that substantive consolidation was appropriate, pointing to, among other things: (i) the commingling of assets of the debtor and affiliated entities; (ii) the interchangeable use of the names of the various entities and investment contracts to investors as part of a Ponzi scheme; (iii) the use of the other entities' funds for the debtor's liabilities and other personal purposes; (iv) supporting testimony of control by the debtor; (v) evidence that the entities were not operated as separate entities; (vi) evidence that creditors relied solely on the debtor's credit and not on the separate credit of the two corporations; (vii) the lack of independent financial statements and corporate tax returns; and (viii) evidence (including the lack of debtor's cooperation) that the exercise of disentangling the entities' affairs would be needlessly expensive and possibly futile. *Bonham,* 229 F.3d at 767-69. Similarly, in *In re LLS America LLC*, the Bankruptcy Court for the Eastern District of Washington granted substantive consolidation based on its findings that: (i) the affairs of the debtor and each of the non-debtor companies were intertwined and entangled, (ii) the companies had substantially the same creditors, (iii) the companies had been operated as one business enterprise with a common business purpose, (iv) creditors had dealt with the companies as a single economic unit; (v) creditors did not rely on any of the companies' separate identities in extending credit, (vi) it would be cost prohibitive and detrimental to creditors to unwind the companies' affairs; and (vii) there would be no prejudice to creditors from the order of substantive consolidation. *See In re LLS Am., LLC*, 2011 Bankr. LEXIS 3429, at *1, *9-10, *12-13 (Bankr. E.D. Wash. Sept. 8, 2011), *aff'd*, 2012 Bankr. LEXIS 2603 (B.A.P. 9th Cir. June 5, 2012).

intertwined that any attempt to separate them would be enormously expensive, complicated, time-consuming, and likely impossible.

1. Common Ownership and Control

In evaluating this factor, courts examine, among other things, the ownership of the entities to be consolidated, whether the entities share employees or management, and the existence of intercompany guarantees of major secured obligations.[86] This factor weighs heavily in favor of substantive consolidation.

As discussed above, Mattson owned or controlled the LFM Debtors, KSMP, and the KSMP Investment Entities. From LFM's inception to April 2024, Mattson controlled the business and officers of LFM, was the point of contact for Investors, and facilitated the investment transactions. Mattson oversaw and controlled the business and operations of the LFM Debtors by overseeing and directing (a) the sale or transfer of Properties, (b) the transfer of funds to or from LFM's bank accounts, and (c) communications with Investors who inquired about their investments and monthly distributions. Mattson controlled KSMP's business as well. KSMP utilized the LFM Debtors' employees, often with no payment or allocation of costs between the LFM Debtors and KSMP. As further discussed, LFM and KSMP also frequently guaranteed each other's financial obligations and are joint guarantors on not less than six separate Third-Party Loans, totaling nearly $50 million in contingent liabilities.

Accordingly, the common ownership and control between and among the LFM Debtors, KSMP, and the KSMP Investment Entities weighs in favor of substantive consolidation.

2. State of Books and Records

In evaluating this factor – the state of books and records – courts have examined, among other things, whether records of the entities are stored together (whether physical or electronic records)[87] and have noted that instances where courts have ordered substantive consolidation

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[86] *See In re Food Fair, Inc.,* 10 B.R. 123, 126 (Bankr. S.D.N.Y. 1981) (evaluating the ownership of the debtors); *In re Vecco Constr. Indus., Inc.*, 4 B.R. 407, 410-11 (Bankr. E.D. Va. 1980) (considering the shared officers and directors of the debtors and the existence of an inter-company guarantee of a major secured obligation); *SK Foods*, 499 B.R. at 835-36 (considering who employed the management and administrative staff of each debtor).

[87] *See, e.g., SK Foods*, 499 B.R. at 821; *Owner Mgmt. Serv.*, 530 B.R. at 734 (noting that the "records were grouped together").

"often involve accounting records in disarray, when they are not absent in whole or in part."[88] This factor likewise supports substantive consolidation.

The books and records of the LFM Debtors, KSMP, and the KSMP Investment Entities are either in complete disarray or are incomplete. As discussed above, LFMP has used over 950 Yardi Codes that relate to either a Property or Entity, but it is nearly impossible to trace and unwind these transactions at the Entity level for each of the Debtors. The books and records for the Mattson Maintained Debtors are also incomplete, as these records were maintained by Mattson, instead of LFMP. Since Mattson also maintained LFM's complete general ledger, transactions for hundreds of millions of dollars that flowed through the 1059 Account (aka Matton's slush fund) are not reflected in Yardi.

The books and records for KSMP and the KSMP Investment Entities are similarly incomplete or indecipherable. As set forth *supra*, Mattson maintained these books and records and the Responsible Individual has no access to KSMP' books and records or the list of Properties owned by KSMP. The financial statements for KSMP are incomplete or contain indecipherable cash flow statements showing the historical transactions going through the commingled KSMP Bank Accounts. The books and records for KSMP and the LFM Debtors are also physically stored together at Matton's properties and likely not even accessible to the Plan Proponents. Ultimately, it is unclear how KSMP's or the KSMP Investment Entities' records, or those of the LFM Debtors and the Mattson Maintained Debtors, were kept, or whether complete records ever existed. For those records that do exist and that are in the Plan Proponents' possession, such records are unclear and deficient. This factor, like all the others, weighs heavily in favor of substantive consolidation.

3. Shared Finances

In connection with substantive consolidation, courts examine the extent of entities' shared finances. Courts have substantively consolidated entities where: money was transferred back and forth between entities without a contract or discernible exchange of goods or services;[89] there were

[88] *In re Petters Co.*, 506 B.R. 784, 794 (Bankr. D. Minn. 2013).

[89] *See, e.g., SK Foods*, 499 B.R. at 835.

unexplained withdrawals and transactions from the entities' bank accounts,[90] liabilities incurred by one entity were paid for by the other entity,[91] and there are corporate guarantees involving the entities to be consolidated.[92] This factor, like the others, heavily supports substantive consolidation.

For well over a decade, the finances of the LFM Debtors, KSMP, and the KSMP Investment Entities have been inextricably intertwined. As set forth above, Mattson used the 1059 Account as an off-balance sheet slush fund to, among other things: (i) recycle Investors' money, including the money received from the sale of Phantom Interests, and (ii) pay the expenses or obligations of KSMP or the KSMP Investment Entities with little or no accounting of transactions. Over the past seven years, (i) more than $60 million was transferred to KSMP and other non-Debtor entities that Mattson controlled, (ii) more than $30 million was paid directly to lenders to reduce KSMP's debt; (iii) more than $7 million of credit card charges were paid on behalf of KSMP or its affiliates; and (iv) LFM – over the course of 3,700 separate transactions – paid more than $20 million on account of various Property-related expenses on account of LFM or KSMP - ***all without a written agreement between LFM and KSMP or any discernible accounting***. Mattson similarly used funds in KSMP's 1380 Account to (i) recycle Investors' money, (ii) pay his own personal debts, or (iii) transfer funds to LFM.

The finances among the LFM Debtors, KSMP, and the KSMP Investment Entities were so entangled such that it would be nearly impossible to unwind thousands of transactions reflecting hundreds of millions of dollars worth of transfers, deposits, and withdrawals. For this additional reason, substantive consolidation is warranted.

4. <u>Asset and Property Transfers</u>

In determining whether separate entities should be substantively consolidated, courts also examine asset and property transfers between entities. In evaluating this factor, courts have examined, among other things, a lack of proper documentation of transfers and other transactions

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[90] *See, e.g., Owner Mgmt. Serv.*, 530 B.R. at 733.

[91] *See, e.g., Owner Mgmt. Serv.*, 530 B.R. at 733-34; *SK Foods*, 499 B.R. at 828.

[92] *See, e.g., Eastgroup Props. v. S. Motel Assoc., Ltd.*, 935 F.2d 245, 249 (11th Cir. 1991).

between entities,[93] improper diversion of assets,[94] and shared overhead costs without rational allocation among entities.[95] Here, the facts relating to asset and property transfers between and among the LFM Debtors, KSMP, and the KSMP Investment Entities support substantive consolidation. As discussed above:

- Not less than 81 Properties owned by the LFM Debtors as of the LFM Petition Date were previously owned by KSMP. KSMP encumbered many—if not most—of these Properties with Third-Party Loans (a fact, upon information and belief, unknown to the non-Mattson LFM personnel at the time of the transfer). Until the Mattson Enterprise collapsed, Mattson would make payments on these secured loans—sometimes from KSMP funds and sometimes from LFM funds—without the knowledge of the LFM Debtors' personnel.

- Not less than nine Properties owned by the LFM Debtors prior to the LFM Petition Date were previously owned by KSMP. KSMP encumbered many of these Properties with secured loans (a fact unknown to the non-Mattson LFM personnel at the time of the transfer).

- Not less than three Properties currently owned by KSMP were previously owned by an LFM Debtor.[96]

- Very few of the transfers of Properties between the LFM Debtors and KSMP occurred through a third-party escrow agent. Moreover, such transfers often lacked the paperwork expected of large-scale real property transfers (and generally, when there was such paperwork, like a purchase agreement, Mattson signed on behalf of both buyer and seller).

- The tens of millions of dollars that were moved between LFM and KSMP were not supported by any formal documentation, such as an intercompany note, and the purposes of such transfers are rarely ascertainable.

Therefore, this factor weighs in favor of substantive consolidation.

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[93] *See, e.g., SK Foods*, 499 B.R. at 828, 839; *Clark*, 548 B.R. at 255; *In re WorldCom, Inc.*, 2003 Bankr. LEXIS 1401, at *41 – 42 (Bankr. S.D.N.Y. Oct. 31, 2003); *Bonham*, 229 F.3d at 765 n.10 (noting that the "transfers of assets without formal observance of corporate formalities" is a factor that a court "should consider" in connection with substantive consolidation) (citing cases).

[94] *SK Foods*, 499 B.R. at 823-24.

[95] *Id.* at 839-40.

[96] Specifically, (a) 1549 E. Napa Street was purchased by KSMP on January 23, 2020, transferred by KSMP to LFM Debtor Napa Elm LP on April 20, 2020, transferred by Napa Elm LP to LFM on July 6, 2022, transferred by LFM to LFM Debtor RT Capitol Mall LP on July 7, 2022, and transferred by RT Capitol Mall LP to KSMP on November 13, 2023; (b) 62 Farragut Avenue was purchased by LFM on July 14, 1999 and transferred to KSMP on November 3, 2014; and (c) 3557 Golf View Terrace was purchased by LFM on July 27, 2011 and transferred to KSMP on August 21, 2020.

5. Creditor Confusion

Creditors' confusion about identity and affiliations of LFM, the LFM Debtors, and KSMP, the entities' relationship to one another, and the role each played in applicable transactions further underscores the need for substantive consolidation. As discussed *supra*, a substantial portion of Investors (i) entered into agreements with KSMP to purchase Interests in LFM Debtors or Properties owned by LFM, but received payments on account of such interests from both LFM and KSMP; (ii) entered into agreements with LFM to purchase purported Interests in LFM Debtors and/or LFM-owned Properties but received payments on account of such purported Interests from both LFM and KSMP; (iii) purchased purported Interests in LFM Debtors and/or LFM-owned Properties but paid their investment principal to KSMP. It is therefore not surprising that Investors often expressed confusion regarding the relationship between LFM, the other LFM Debtors, and KSMP (and its affiliated Investment Vehicles), with some Investors believing that KSMP was another LFM-related Investment Vehicle. The creditors' confusion as to the separateness of these entities was further compounded by the shared employees among KSMP and the LFM Debtors, with the LFM Debtors' email signatures including both LFM and KSMP. In light of the creditors' confusion about the LFM Debtors', KSMP's, and the KSMP Investment Entities' relationship to each other and to the Investors' transactions, this factor weighs heavily in favor of consolidation. For this additional reason, the Motion should be granted.[97]

[97] *See, e.g., SK Foods*, 499 B.R. at 819-21, 828 ("The number of related entities and their relationships have caused confusion as to on whose behalf certain acts have been taken"; confusion existed among parties including about which entity owned certain assets); *Clark*, 548 B.R. at 256 ("[M]any of the [nondebtor] LLC's creditors were also creditors in Debtor's [Jay Clark] bankruptcy case. One of the creditors testified that he had no good understanding of the difference between the LLC and Debtor. Other creditors did not draw distinctions, as shown by various checks made out to 'Crystal Springs Ranch,' 'Jay Clark,' 'Clark's Crystal Springs,' and 'Clark's Crystal Springs Ranch.'"); *In re Geo. W. Park Seed Co.*, 2010 Bankr. LEXIS 4632, at *5-6, *10, *13 (Bankr. D.S.C. June 22, 2010) ("The majority of the Debtors' employees are under the impression that they work for one of the five Debtors, either Park Retail or one of the Jackson & Perkins entities, and do not recognize that they actually work for five entities. This confusion extends to customers and vendors, who are often confused regarding the identity of the Debtors."; "The operations were so entangled that customers, employees, and vendors had difficulty distinguishing between the Debtors and were often confused by the different Debtor entities."; "Creditors were often confused with regard to the identity of the Debtor, and many creditors treated the Debtors as if they were one entity.").

C. Substantive consolidation will benefit creditors.

Substantive consolidation of the LFM Debtors, KSMP, and the KSMP Investment Entities will benefit the creditor body as a whole, including the defrauded Investors. In evaluating whether to substantively consolidate entities, courts must "balance the benefits that substantive consolidation would bring against the harms that it would cause."[98] This does not mean that each and every creditor must benefit from substantive consolidation, but rather that there is a benefit to the creditor body as a whole.[99] There is no bright line rule on whether the court must consider the highest number of creditors versus the creditors with the highest claim value. Instead, the court must make this determination "with an eye towards 'fairness to all creditors.'"[100] Here, at least four factors show that substantive consolidation of the LFM Debtors, KSMP, and the KSMP Investment Entities will benefit the Mattson Enterprise's creditor body as a whole.

First, it would be prohibitively expensive, and likely impossible, to fully disentangle KSMP and the LFM Debtors such that doing so would materially impact creditor recoveries.[101] Given, among other things, the fact that there are no less than 12,000 individual transactions among the LFM Debtors and KSMP ***just since 2017***, the state of the LFM Debtors' and KSMP's books and records, the lack of formal documentation of transactions, and the decades of history of the Mattson Enterprise, the Committee expects that it would cost ***at least $20 million*** to fully disentangle the affairs of KSMP and the LFM Debtors—or, come to the conclusion that disentanglement is not even possible.

Second, there is substantial overlap between the creditor body of the LFM Debtors and KSMP. As of the date hereof, based on the records available to the Committee, KSMP is the borrower under 17 Third-Party Loans that are encumbered by Property in which KSMP has an

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98 *Owner Mgmt. Serv.*, 530 B.R. at 723–24 (citing *Bonham*, 229 F.3d at 765); *see also In re Gyro-Trac (USA), Inc.*, 441 B.R. 470, 488 (Bankr. D.S.C. 2010) ("Substantive consolidation will not affect distributions to [Investors] but will actually facilitate implementation of Debtor's Plan and will allow [Investors] to be paid more efficiently. Allowing consolidation will also eliminate substantial confusion for [Investors] in determining who to look to for distributions and will ensure that creditors are paid using the reorganized debtor's combined resources.").

99 *Owner Mgmt. Serv.*, 530 B.R. at 739 (citing *Stayton*, 2009 U.S. Dist. LEXIS 119186, at *12).

100 *Rose Lenders,* 756 F. App'x at 733 (quoting *Bonham*, 229 F.3d at 765).

101 In addition, based on the information currently available to the Committee, the Committee believes that there is equity value in the Properties owned (in whole or in part) by KSMP above the secured debt on account of such Properties.

interest.[102] Of those Third-Party Loans, 14 (or approximately 82.4%) are Socotra Loans, including two Socotra Loans that are cross-collateralized by Property owned by both KSMP and an LFM Debtor. In addition, based on the Investor Claims filed in the Cases, 206 of the 434 investor families[103] (representing 47% of the investor families) indicated that they purchased an interest from KSMP, whether for an interest in an LFM Debtor or a non-LFM Debtor (such as an Entity or Property associated with KSMP). Of the 35 TICs with KSMP on various Properties, 23 (66%) have filed an Investor Claim against an LFM Debtor (and other such TICs may have formerly invested through an LFM Debtor). Therefore, the disentanglement of the LFM Debtors and KSMP would involve complicated, time-consuming, and expensive resolution of the LFM Debtors' and KSMP's individual liabilities under the Investor Claims. Absent substantive consolidation, the LFM Debtors and KSMP would each have to reconcile and potentially object to (and litigate) such Investor Claims *vis-à-vis* each Entity's liabilities thereunder, further increasing costs (and thus decreasing recoveries) while causing "substantial confusion for [Investors] in determining who to look to for distributions."[104]

Third, substantively consolidating LFM and KSMP would lead to increased efficiencies and an overall reduction of professional fees. Through the LFM Debtors' Cases, the LFM Debtors and Committee have, among other things: (i) created a unique proof of interest form and established confidentiality procedures for Investor proofs of interest and proofs of claim;[105] (ii) jointly retained FTI Consulting, Inc. as real estate advisor, who has worked closely with various real estate brokers to market the LFM Debtors' Properties;[106] (iii) established specialized

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[102] In addition, there are four loans encumbered by Property owned by KSMP but under which KSMP is not the borrower. For two such loans, Mattson is the borrower; for the other two, like the LFM Debtors, KSMP took ownership of the Property subject to an existing loan in the seller's name.

[103] In reviewing and working to reconcile the Investor Claims, the Committee has grouped Investors into "investor families" based on how Investors invested with the Mattson Enterprise. Specifically, an investor family includes (as applicable) all investments of an Investor, their spouse, their IRA, and any investment trust.

[104] *Gyro-Trac*, 441 B.R. at 488.

[105] *See Order (1) Establishing Bar Date; (2) Approving Form and Manner of Notice of Bar Date and Procedures with Respect Thereto; and (3) Approving Confidentiality Protocols* [Docket No. 459].

[106] *See Order Authorizing Employment of FTI Consulting, Inc. as Real Estate Advisors, Effective as of November 12, 2024* [Docket No. 641].

procedures for Property sales;[107] and (iv) built a searchable database repository for information necessary to investigate and reconcile investor proofs of interest (including hundreds of already-filed proofs of interest against KSMP or KSMP-affiliated Properties and Entities).[108] Moreover, the Committee has been investigating all aspects of the Mattson Enterprise for nearly eight months, issuing 30 subpoenas pursuant to Bankruptcy Rule 2004 and receiving over 1.1 million documents with nearly 4.4 million total pages in response thereto. Substantive consolidation would benefit KSMP's estate by leveraging the work that has already been done in the LFM Debtors' Cases and avoid the cost of (and delay inherent in) another set of professionals starting this intensive process from scratch. Substantive consolidation of LFM and KSMP would also eliminate the continued expense associated with the months-long litigation between the LFM Debtors and the Committee, on one hand, and KSMP, on the other hand, inuring to the benefit of creditors and Investors.

Finally, substantive consolidation would result in equitable treatment of defrauded creditors. As outlined above, KSMP and LFM each purportedly entered into investment agreements with hundreds of Investors and received and transferred money among the Mattson Enterprise and to Investors as part of Mattson's fraud. Here, substantive consolidation would help remedy the harm caused by the commingling of the LFM Debtors', KSMP's, and the KSMP Investment Entities' assets to perpetuate Mattson's fraud.[109] Accordingly, substantive consolidation would benefit the creditor body as a whole, including the defrauded Investors.

* * *

For the reasons discussed above, substantive consolidation is appropriate in this case because the LFM Debtors, KSMP, and the KSMP Investment Entities' assets, liabilities, and affairs are inextricably intertwined. Any disentanglement of these entities—if possible— would be prohibitively expensive and complex, such that the cost of doing so would substantially reduce

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[107] *See Order Establishing Omnibus Procedures for Real Property Sales [Docket No. 971]; see also Order Establishing Omnibus Procedures for Real Property Sales (Socotra Collateral)* [Docket No. 1381].

[108] *See First Supplemental Declaration of Steven J. Fleming in Support of the Application of the Official Committee of Unsecured Creditors for Order Authorizing Employment and Retention of PwC US Business Advisory LLP as Financial Advisor to the Official Committee of Unsecured Creditors* [Docket No. 1093].

[109] *See Woodbridge*, 592 B.R. at 778.

any recovery to the Investors. Prepetition, LFM, the other LFM Debtors, KSMP, and the KSMP Investment Entities (i) operated as an integrated or collective entity controlled by Mattson; (ii) mostly without proper documentation and recordkeeping, commingled and shuffled around many tens (if not hundreds) of millions of dollars in funds, assets, and receipts, and notably, used many millions of dollars from LFM's 1059 Account for the benefit of KSMP; (iii) interchangeably and/or in other combinations used the names of LFM, KSMP, and other related entities, in entering into investment agreements with hundreds of investors and receiving and transferring money as part of Mattson's fraud; and (iv) became so intertwined in a secret scheme, with incomplete and suspect records, rendering it virtually impossible to obtain an accurate and substantially complete picture of these entities' affairs. Substantive consolidation is warranted to protect the creditor body.

VI. CONCLUSION

WHEREFORE, the Committee respectfully requests that the Court grant the relief requested herein and enter the proposed order substantively consolidating the assets and liabilities of the LFM Debtors, KSMP, and the KSMP Investment Entities, and granting such other and further relief as this Court deems just, proper and equitable.

Dated: December 1, 2025

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Jason H. Rosell
Debra I. Grassgreen
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EXHIBIT A

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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SANTA ROSA DIVISION

In re LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtor.	Case No.: 24-10545 (Jointly Administered) Chapter 11
In re KS MATTSON PARTNERS, LP, Debtor.	Case No.: 24-10715 (CN) **ORDER SUBSTANTIVELY CONSOLIDATING DEBTORS AND KSMP INVESTMENT ENTITIES AND GRANTING RELATED RELIEF**

The *Amended Motion of the Official Committee of Unsecured Creditors for Substantive Consolidation of the Debtors and KSMP Investment Entities and for Related Relief* (the "Motion") [Docket No. ___] came on for hearing on _____, 2025.[2] Appearances were made as noted in the record of these proceedings. The Court having found that notice of the Motion was properly given in the circumstances; the Court having considered the Motion, the memorandum and declarations filed in connection therewith, the evidence presented, and the representations and

[1] The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in the above-captioned chapter 11 cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at *https://veritaglobal.net/LM*. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus1 Heights, CA 95621.

[2] A capitalized term used but not defined herein shall have the meaning ascribed to it in the Motion.

arguments of counsel at the hearing on the Motion, and the record in the above-captioned chapter 11 cases; and the Court having determined that good cause exists to exercise its equitable powers pursuant to 11 U.S.C. § 105(a) to substantively consolidate the Debtors and KSMP Investment Entities (collectively, the "Consolidated Debtors") for the reasons stated on the record; and the Court finding that substantive consolidation of the Consolidated Debtors and their respective estates into a single entity is fair, equitable, reasonable, and in the best interests of the Consolidated Debtors, their estates, and the holders of claims against and interests in the Consolidated Debtors;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted;

2. The Consolidated Debtors and their estates are substantively consolidated for all purposes (including the purposes of voting on a plan and distribution under a plan) into a single Consolidated Debtor under Case No. 24-10715 (CN) (the "Consolidated Case");

3. As a result of the substantive consolidation of the estates of the Consolidated Debtors: (a) all property of the Consolidated Debtors shall vest in, and constitute the property of, the Consolidated Debtors; (b) all guarantees of any Consolidated Debtor of the payment, performance, or collection of obligations of another Consolidated Debtor shall be eliminated and cancelled; (c) all joint obligations of the Consolidated Debtors and multiple claims against such entities on account of such joint obligations shall be treated and allowed as a single Claim against the Consolidated Debtors; (d) all intercompany claims between or among the Consolidated Debtors are deemed cancelled; and (e) each claim filed or scheduled in the chapter 11 case of either Consolidated Debtor shall be deemed filed against the Consolidated Debtors and a single obligation of the Consolidated Debtors.

4. Notwithstanding any other provision herein, the substantive consolidation provided for in this Order shall not: (i) affect the separate legal existence of the Consolidated Debtors for purposes other than under chapter 11 of the Bankruptcy Code; or (ii) constitute or give rise to any defense, counterclaim, or right of netting or setoff with respect to any cause of action of the estate of either Consolidated Debtor.

6. The entry of this Order is without prejudice to the Debtors seeking to substantively consolidate any of the Debtors with any other party, including the Consolidated Debtors.

EXHIBIT B

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. KENNETH MATTSON, Defendant, and KS MATTSON PARTNERS LP, Relief Defendant.	Case No. COMPLAINT **DEMAND FOR JURY TRIAL**

Plaintiff Securities and Exchange Commission (the "Commission") alleges:

SUMMARY OF THE ACTION

1. From approximately 2007 through April 2024, Defendant Kenneth Mattson ("Mattson") orchestrated a Ponzi-like scheme that involved offering and selling fake interests in various legitimate limited partnerships created and managed by his company LeFever Mattson, a California corporation ("LeFever Mattson"). In the last five years alone, since around January

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2020, Mattson fraudulently raised more than $46 million from approximately 200 investors, many of whom were retired senior citizens that Mattson met through his church community.

2. The limited partnerships in which Mattson purported to sell interests (the "LeFever Mattson-affiliated limited partnerships") were real and invested in residential and commercial real estate. The LeFever Mattson-affiliated limited partnerships were managed and partly owned by LeFever Mattson, a Citrus Heights, California-based company, which Mattson co-founded and ran as both the entity's chief executive officer and chief financial officer. LeFever Mattson has been in business since 1989 and boasted an approximately $400 million portfolio of real estate investments, most of which consisted of ownership interests in 50 limited partnerships.

3. While the LeFever Mattson-affiliated limited partnerships were real, and were in fact owned by a defined set of real investors, Mattson fraudulently raised funds from another set of investors by falsely purporting to sell them ownership stakes in those same LeFever Mattson-affiliated limited partnerships. Mattson falsely told the defrauded investors that their investments would buy them a portion of LeFever Mattson's ownership interests in specific LeFever Mattson-affiliated limited partnerships and would entitle them to proportional distributions of the income generated by the underlying properties. These lies were material to investors.

4. Mattson took deceptive steps to hide his fraudulent scheme from people associated with LeFever Mattson, including by using a personal post office box to receive documents from investors, receiving investor funds and sending purported distributions from a bank account in the name of LeFever Mattson that only Mattson could fully access, and instructing his personal assistant not to discuss the defrauded investors with anyone else at LeFever Mattson.

5. Mattson also kept documents related to his fraudulent scheme, including commercial bookkeeping records, on his laptop, and he deleted those documents after receiving an investigative subpoena from the staff of the Commission's Division of Enforcement that required him to produce certain records concerning, among other things, the LeFever Mattson-affiliated limited partnerships.

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6. Because he concealed his fake limited partnership sales from people associated with LeFever Mattson, the fake sales were not reflected in the legitimate records demonstrating ownership percentages of the LeFever Mattson-affiliated limited partnerships.

7. As a result, the investors who purchased the fake interests in certain LeFever Mattson-affiliated limited partnerships from Mattson never became actual limited partners or acquired any actual ownership interests, and they never received legitimate distributions from the limited partnerships in which they thought they invested.

8. Instead, Mattson commingled new investor funds with other personal and business funds in a bank account that he controlled and used the commingled funds to make Ponzi-like payments to existing investors. He also misappropriated investor money to fund certain real estate transactions through his personal partnership, Relief Defendant KS Mattson Partners LP ("KS Mattson Partners"), pay expenses of KS Mattson Partners, and pay for personal expenses.

9. Mattson concealed from investors the fact that he was orchestrating a Ponzi-like scheme by, among other things, using some new investor funds to make payments to deceive existing investors, and providing investors with altered limited partnership documents. Mattson also prepared a separate set of false tax records for the defrauded investors, which contradicted the legitimate annual tax filings for the LeFever Mattson-affiliated limited partnerships that he signed and submitted to the Internal Revenue Service ("IRS").

10. LeFever Mattson discovered Mattson's misconduct in late 2023. In around April 2024, following an internal investigation, Mattson resigned from his positions as chief executive officer and chief financial officer, although he remains a significant owner of the company. Later, in September 2024 and October 2024, LeFever Mattson and all of its affiliated limited partnerships filed for Chapter 11 bankruptcy protection.

11. As a result of the conduct alleged in this Complaint, Defendant Mattson violated the antifraud provisions of the Securities Act of 1933 ("Securities Act") and the Securities Exchange Act of 1934 ("Exchange Act") as well as the securities registration provisions of the Securities Act. Relief Defendant KS Mattson Partners was unjustly enriched by Mattson's violations.

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12. In this action, the Commission seeks against Defendant Mattson a permanent injunction, disgorgement of ill-gotten gains with prejudgment interest, and civil monetary penalties. The Commission also seeks an order prohibiting Mattson from serving as an officer or director of a public company as well as from participating in the issuance, purchase, offer, or sale of any security. Additionally, the Commission seeks disgorgement of ill-gotten gains with prejudgment interest from Relief Defendant KS Mattson Partners.

JURISDICTION AND VENUE

13. The Commission brings this action and this Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), 20(e), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), 77t(e), and 77v(a)] and Sections 21(d), 21(e), and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa(a)].

14. Mattson, directly or indirectly, made use of the means and instrumentalities of interstate commerce or of the mails in connection with the acts, transactions, practices, and courses of business alleged in this Complaint.

15. Venue is proper in this District pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)], because acts, transactions, practices, and courses of business that form the basis for the violations alleged in this Complaint occurred in this District. In addition, venue is proper in this district because Mattson resided in Alameda County and Sonoma County during the conduct alleged in this Complaint.

DIVISIONAL ASSIGNMENT

16. Under Civil Local Rules 3-2(d) and 3-5, this civil action should be assigned to the San Francisco Division or the Oakland Division because a substantial part of the events or omissions which give rise to the claims alleged herein occurred in Napa County and Sonoma County.

DEFENDANT AND RELIEF DEFENDANT

17. Defendant **Kenneth Mattson**, age 63, is a resident of Piedmont and Sonoma, California. He was the CEO and CFO of LeFever Mattson from 1989 until April 2024.

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18. Relief Defendant **KS Mattson Partners LP** is a California limited partnership with its principal place of business in Vacaville, California. KS Mattson Partners is owned 49% by Mattson; 49% by Mattson's spouse; and 2% by KS Mattson Company LLC, Mattson's wholly owned limited liability company.

RELATED ENTITIES

19. **LeFever Mattson, a California corporation**, is a California corporation with its principal place of business in Citrus Heights, California that primarily creates, manages, and holds ownership interests in 50 limited partnerships, which, in turn, own and invest in residential and commercial real estate. Mattson and a business partner each own 50% of LeFever Mattson.

20. **Home Tax Service of America d/b/a LeFever Mattson Property Management** ("Home Tax") is a California corporation with its principal place of business in Citrus Heights, California. Home Tax has approximately 40 employees who manage the business of the LeFever Mattson-affiliated limited partnerships. LeFever Mattson owns approximately 66.67% of the equity of Home Tax.

FACTUAL ALLEGATIONS

A. Background on LeFever Mattson and Its Affiliated Limited Partnerships

21. LeFever Mattson's primary business involves forming and acting as the general partner of 50 limited partnerships that purchase and invest in real estate. LeFever Mattson maintains an ownership interest in each limited partnership for which it acts as general partner.

22. During his tenure as LeFever Mattson's CEO and CFO, Mattson primarily was responsible for finding real estate investment opportunities and soliciting investors to contribute capital to fund real estate purchases.

23. After LeFever Mattson decided to buy a specific property, it formed a limited partnership, which was the entity that made the purchase and also served as the owner of the property. A group of initial investors, which included LeFever Mattson, provided the funds necessary to buy the property. The initial investors, who became the limited partners, then split up and proportionally allocated 100% of the limited partnership interests based on the amount of each

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investor's capital contribution. The percentage ownership of each limited partner was recorded in a document titled "Schedule A," which was attached to the limited partnership agreement.

24. LeFever Mattson has no employees. It relied on an affiliated property management company, Home Tax, to manage the limited partnerships. Of particular relevance to this Complaint, Home Tax was responsible for maintaining and updating the limited partnership agreements as well as the attached Schedules A.

25. After a limited partnership was formed and the limited partnership interests were fully distributed among the initial investors, there was no opportunity for new investors to join the limited partnership unless they purchased an interest from an existing limited partner. On a number of occasions, LeFever Mattson or KS Mattson Partners bought out a limited partner in one of the limited partnerships and thereby increased its ownership share; in certain other cases, LeFever Mattson sold portions of its own interests in particular limited partnerships to new or existing investors.

26. In these legitimate transactions involving LeFever Mattson and KS Mattson Partners, Mattson coordinated the signing of an "Agreement of Transfer and Purchase of Partnership Interest" (a "transfer agreement") by the buyer and the seller that specified the percentage interest that was being transferred. Mattson then sent the signed transfer agreement to Home Tax, and Home Tax updated the relevant limited partnership's Schedule A and other internal records to reflect the change in limited partners and their respective ownership percentages.

27. Each of the LeFever Mattson-affiliated limited partnerships is regulated by the California Department of Real Estate, and is required by state law to use a separate trust account to collect rental income for the limited partnership and to distribute funds to its limited partners. Home Tax was responsible for opening the separate accounts and distributing funds.

28. The distributions to limited partners were made at the discretion of the general partner, LeFever Mattson, but, typically, limited partners received a 6% to 8% annual return on their investments. At times, certain limited partnerships, at the direction of Mattson, bought or

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sold real estate, which resulted in additional income for that particular limited partnership. When those transactions happened, Home Tax increased the distribution to the relevant limited partners.

29. Each LeFever Mattson-affiliated limited partnership is required to file a partnership tax return with the IRS on a Form 1065. As part of that process, the limited partnership must send each of its limited partners a Schedule K-1 showing the limited partner's share of profits, losses, and capital. In addition, on the Form 1065 itself, the limited partnership has to identify the number of limited partners that it has and attach each Schedule K-1. The Form 1065 partnership tax returns were primarily prepared by an employee of Home Tax, but were reviewed and signed by Mattson. After Mattson reviewed a Form 1065, including the associated Schedules K-1, Home Tax sent out the Schedules K-1 to the real limited partners.

B. Kenneth Mattson Defrauded Investors by Selling Fake Limited Partnership Interests

30. In the last five years alone, Mattson sold at least $46 million of fake interests in LeFever Mattson-affiliated limited partnerships to approximately 200 investors throughout the United States, including many in the San Francisco Bay Area. Mattson met many of the defrauded investors through his church, where several of the investors were also members. A majority of the defrauded investors are over age 65, and many are retired. Some invested their life savings with Mattson.

31. Mattson's fraudulent Ponzi-like scheme took two main forms, but the general contours were the same for both: Mattson held himself out to potential investors as the CEO of LeFever Mattson, and he offered them the opportunity to purchase interests in certain LeFever Mattson-affiliated limited partnerships from LeFever Mattson. He had the investors sign what appeared to be limited partnership agreements and other related documents, and he accepted their funds. However, Mattson did not record these purported sales in LeFever Mattson's books and records, or submit the signed documents to Home Tax so that the Schedules A and other limited partnership records would be updated. As a result, the defrauded investors never became limited partners or acquired any ownership interests.

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32. To continue his deception, Mattson made payments to the defrauded investors that he mischaracterized as limited partnership distributions from a bank account that was held in the name of LeFever Mattson, but over which only he had control (the "Mattson Controlled Account"). He also created and provided the defrauded investors with fake Schedules K-1 that purported to show their financial interests in their specific limited partnerships.

33. In one iteration of Mattson's fraudulent scheme, Mattson made false offers and sales of LeFever Mattson-owned interests in about 25 different LeFever Mattson-affiliated limited partnerships to at least 120 defrauded investors.

34. In the other version of his fraudulent scheme, Mattson helped approximately 180 defrauded investors (some of whom also purchased fake interests in other LeFever Mattson-affiliated limited partnerships) change their individual retirement accounts ("IRA") so that they could use their IRA money to make purported investments in one particular LeFever Mattson-affiliated limited partnership called Divi Divi Tree LP (the "Divi Divi LP").

1. *Mattson's False Offers and Sales of Interests in LeFever Mattson-Affiliated Limited Partnerships*

35. Mattson's false offers and sales of LeFever Mattson's interests in certain limited partnerships raised at least $30 million from January 2020 through March 2024.

36. Mattson negotiated these sales himself, often during in-person meetings with the investors. Some meetings took place in the homes of the investors. In most cases, Mattson presented the investor with a limited partnership agreement for a particular LeFever Mattson-affiliated limited partnership that stated the investor would be a limited partner and would receive distributions commensurate with the investor's ownership interest. Typically, Mattson, claiming to act on behalf of LeFever Mattson, and the investor both signed the limited partnership agreement during the in-person meeting. Mattson also often falsely represented that the distributions would result from rental income or profits from real estate transactions involving the property owned by the limited partnership. Moreover, Mattson usually had the investor sign a transfer agreement that purported to identify the percentage of partnership interests being transferred.

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37. The defrauded investors wired money to, or gave Mattson checks that were deposited into, the Mattson Controlled Account. All the investor funds were paid into the single Mattson Controlled Account without regard to the specific limited partnerships that investors were supposedly investing in.

38. Mattson knew, or was reckless in not knowing, that he did not follow LeFever Mattson's well-established internal steps to inform Home Tax about the purported sales of partnership interests and to have the sales recorded. Indeed, he did not provide the signed limited partnership agreements and transfer agreements with the defrauded investors to Home Tax. As a result, Home Tax did not list the defrauded investors on the appropriate Schedules A for the limited partnerships that they had supposedly joined as limited partners. Mattson, who did send this documentation to Home Tax following his legitimate transactions on behalf of LeFever Mattson or KS Mattson Partners, hid his false sales from Home Tax.

39. Mattson also knew, or was reckless in not knowing, that his concealment of the sales meant that the new investors were not receiving distributions from the specific trust accounts for their limited partnerships, as required by California law. Instead, for any purported income distributions, Mattson used newly invested funds that had been commingled with other funds in the Mattson Controlled Account to make Ponzi-like payments to existing defrauded investors. Mattson knew, or was reckless in not knowing, that these payments were not true distributions because, as both the head of LeFever Mattson as well as the owner of KS Mattson Partners, he regularly received legitimate limited partnership distributions from Home Tax through the applicable limited partnerships' separate trust accounts.

40. Mattson did not tell investors that he would hide their investments from Home Tax and others associated with LeFever Mattson, or that they would receive purported distributions directly from Mattson rather than the limited partnerships that they invested in.

41. Every year, Mattson prepared false Schedule K-1 tax documents for certain of the defrauded investors that purported to show the percentage of the limited partnerships owned by the investors. Because Mattson also reviewed and signed the legitimate Form 1065 and Schedule K-1 documents submitted to the IRS, which did not list the defrauded investors as limited partners,

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Mattson knew, or was reckless in not knowing, that the defrauded investors did not actually own interests in any of the LeFever Mattson-affiliated limited partnerships and that the Schedules K-1 provided to the defrauded investors contained false information.

2. *Mattson Obtained IRA Retirement Funds from Investors in Exchange for Fake Divi Divi LP Interests*

42. In addition, Mattson made material misrepresentations to defrauded investors who used their IRA retirement money to purchase fake interests of Divi Divi LP. In total, over the last 18 years, Mattson sold at least $55 million of fake Divi Divi LP interests to more than 180 investors, and, in the last five years alone, he sold around $16 million of fake Divi Divi LP interests to approximately 75 investors.

43. IRAs are a type of retirement account that provide investors with certain tax benefits for retirement savings. Generally, IRAs maintained and managed by major financial institutions and brokerages are limited to holding stocks, mutual funds, and bonds.

44. In order to invest in less common assets, investors must open so-called self-directed IRAs. The companies that act as custodians for self-directed IRAs permit accountholders to invest in a wider array of assets, including real estate, promissory notes, private placement securities, and limited partnership interests like the ones at issue in this Complaint. Investors who have existing IRAs invested in equities and bonds can roll over their funds into self-directed IRAs.

45. As part of his fraudulent scheme, Mattson solicited investors to transfer funds from their existing IRAs to self-directed IRAs in order to invest in interests of Divi Divi LP. Mattson falsely told investors that they were purchasing interests from LeFever Mattson, which owned a significant stake of Divi Divi LP. He also falsely represented that, as limited partners, investors would receive a guaranteed annual return of 6% on their investment that would come from the income generated by Divi Divi LP's properties.

46. Mattson directed interested investors to work with his personal assistant to open self-directed IRA accounts at specific IRA custodians with which Mattson had established relationships. Mattson and his personal assistant communicated with investors by email and telephone. Mattson also directed the Divi Divi LP investors to wire money to the self-directed

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IRA custodians, and he instructed the custodians to transfer the money to the Mattson Controlled Account.

47. Mattson also provided defrauded investors who invested before 2016 with falsified Schedules A that purported to show their percentage ownership interest in Divi Divi LP. These falsified documents listed several dozen investors as limited partners and identified the fractional interest that they each purportedly owned of Divi Divi LP, with the total adding up to 100%. In fact, the true Schedule A for Divi Divi LP maintained by Home Tax only listed 19 real limited partners at its peak, and never included any of the defrauded investors.

48. Because the ownership interests could not add up to more than 100%, Mattson eventually ran out of fractional interests that he could pretend to assign to new Divi Divi LP investors. Starting in 2016, Mattson directed investors to work with a new self-directed IRA custodian, and, at the same time, he stopped sending falsified Schedules A to new Divi Divi LP investors. Those new investors were not told what percentages of Divi Divi LP they were supposedly buying with their investments.

49. In an effort to deceive the defrauded investors, also starting in 2016, Mattson knowingly or recklessly provided the new self-directed IRA custodian, which is based outside of California, with an altered version of the Divi Divi LP limited partnership agreement that omitted the signatures of the true Divi Divi LP limited partners. The custodian then provided the altered agreement to investors, who had to sign the agreement as part of their account-opening and investing process. In turn, the custodian returned the signed altered agreements to Mattson and his personal assistant.

50. Certain defrauded Divi Divi LP investors over age 72 were required by law to take minimum distributions from their IRAs. For those investors, Mattson wired money every month from the Mattson Controlled Account to the self-directed IRA custodians with instructions to distribute the money to the particular investors. The source of the funds used to pay distributions to defrauded investors included new investor money commingled with other funds in the Mattson Controlled Account. Other defrauded Divi Divi LP investors, who did not take distributions, were

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told that their putative 6% return on investment "rolled over" into their initial investments, which increased the value of their investments on paper.

51. Mattson did not record any of his purported sales of Divi Divi LP interests to the defrauded investors in LeFever Mattson's books and records or report them to Home Tax. He therefore knew, or was reckless in not knowing, that none of the defrauded Divi Divi LP investors ever actually purchased Divi Divi LP interests or became limited partners in Divi Divi LP.

52. As of April 2024, LeFever Mattson estimated that the total value of Divi Divi LP's real estate assets was $34 million, which represents an increase over time. However, as noted above, over the years Mattson collected from defrauded investors more than $55 million, an amount that well exceeded the value of Divi Divi LP.

C. Mattson Made Materially False and Misleading Statements to Investors

53. In both versions of his scheme, Mattson made numerous materially false and misleading statements to defrauded investors, including the following: Mattson falsely told the defrauded investors that they were purchasing interests, from LeFever Mattson, in certain LeFever Mattson-affiliated limited partnerships that were created and managed by LeFever Mattson, and he omitted to tell investors that, in fact, their investments would be commingled with other funds and used to make Ponzi-like payments to prior investors. Mattson directed many defrauded investors to sign limited partnership agreements and transfer agreements, both of which purported to specify the rights and obligations of the defrauded investors. But Mattson did not inform Home Tax of his purported sales to the defrauded investors, and the defrauded investors therefore were not listed on the appropriate Schedules A. As a result, the defrauded investors never became partners in the LeFever Mattson-affiliated limited partnerships they believed they were investing in, and they never owned any interests in those limited partnerships.

54. Mattson also misrepresented to investors that they would receive a 6% to 8% distribution from the LeFever Mattson-affiliated limited partnership they believed they were investing in. But these investors, who were not recorded as real limited partners, never received a legitimate distribution from a LeFever Mattson-affiliated limited partnership, because legitimate distributions were only made with funds from the trust account in the name of the specific limited

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partnership and were made by representatives of Home Tax. Instead, Mattson sent certain investors Ponzi-like payments from the Mattson Controlled Account that came from new investments by defrauded investors commingled with other funds. For certain other investors in the Divi Divi LP, Mattson did not send Ponzi-like payments, but instead provided quarterly statements showing the purported increase in value of their investments on paper.

55. Mattson was the maker of the false and misleading statements to the defrauded investors. He personally made verbal misrepresentations to investors. Additionally, he was the maker of the false and misleading statements in the limited partnership agreements and related documents that he provided to investors, which purported to reflect sales from LeFever Mattson to the investors. He also sent falsified and altered documents concerning Divi Divi LP to self-directed IRA custodians even though he knew, or was reckless in not knowing, that the custodians were providing those documents to investors.

56. Mattson's false and misleading representations about Divi Divi LP and other LeFever Mattson-affiliated limited partnerships were material to a reasonable investor, as well as the actual defrauded investors who bought the fake limited partnership interests. It was important to investors that they were acquiring ownership interests in specific LeFever Mattson-affiliated limited partnerships, and that they were thus entitled to distributions from those limited partnerships. Because the limited partnerships owned real estate, they had a source of income and could make reliable distributions. The fake or altered investment documents and false Schedule K-1 documents were also important to investors because they appeared to confirm that the investors did in fact own interests in the limited partnerships.

D. Mattson Acted with Scienter in Carrying Out His Scheme

57. Mattson's scheme to offer and sell the fake interests in the LeFever Mattson-affiliated limited partnerships was conducted knowingly or recklessly by Mattson.

58. With respect to Mattson's offers and sales, Mattson acted with scienter in representing to investors that their signature on limited partnership agreements and transfer agreements and payment of money would purchase interests in LeFever Mattson-affiliated limited partnerships, because he knew, or was reckless in not knowing, that the defrauded investors'

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purported interests were not being recorded in the relevant books and records and that the defrauded investors were not becoming true limited partners.

59. Moreover, Mattson knew, or was reckless in not knowing, that the false Schedules K-1 provided to the defrauded investors were not legitimate in light of his role in reviewing and signing the true tax forms filed with the IRS by the LeFever Mattson-affiliated limited partnerships.

60. With respect to Mattson's offers and sales through self-directed IRA custodians, Mattson acted with scienter in falsely representing to investors that their completion of paperwork with a self-directed IRA custodian, including their signature on an altered version of the Divi Divi LP limited partnership agreement and payment of money, would purchase interests in Divi Divi LP, because he knew, or was reckless in not knowing, that the defrauded investors' purported interests were not being recorded in the relevant books and records and that the defrauded investors were not becoming true limited partners.

61. Mattson further knew, or was reckless in not knowing, that his representation that investors would receive a distribution from the LeFever Mattson-affiliated limited partnerships was false and misleading because Mattson was paying defrauded investors purported distributions using new investor money commingled with other funds in the Mattson Controlled Account.

62. In addition, in February 2024, prior to his resignation, Mattson signed an indemnity agreement with LeFever Mattson in which he agreed to indemnify LeFever Mattson for claims related to "Third Party Transactions," which was defined in the agreement as "numerous transactions with individuals and/or entities pursuant to which Indemnitor has secured funds on terms and conditions not clearly documented." The agreement further stated, among other things, that "none of the Third Party Transactions were presented to the Board or shareholders of LeFever Mattson prior to the date that the Third Party Transactions were entered into"; "none of the Third Party Transactions were authorized or approved by the Board or shareholders of LeFever Mattson at any time prior to or after the date that the Third Party Transactions were entered into"; and neither Mattson's business partner nor "LeFever Mattson received any benefit, directly or

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indirectly, economic or otherwise, in connection with or as a result of the Third Party Transactions."

E. Mattson Perpetuated and Concealed His Fraud by Using the Mattson Controlled Account

63. To facilitate his schemes, Mattson used the Mattson Controlled Account, which he opened in the name of LeFever Mattson. Until April 2024, Mattson was the only person who controlled the Mattson Controlled Account and could access its statements, which were mailed to Mattson's personal post office box per his instruction.

64. Mattson used the Mattson Controlled Account to receive wire transfers and deposit checks from the defrauded investors and to pay them purported distributions from LeFever Mattson-affiliated limited partnerships. Defrauded investors sent more than $46 million to the Mattson Controlled Account between January 2020 and March 2024.

65. Mattson sent out hundreds of checks each month through the mail from the Mattson Controlled Account to defrauded investors that contained the memo-line notation "Owner WD [withdrawal]," as well as the name of the limited partnership that was supposedly paying the distribution. Mattson knew, or was reckless in not knowing, that these memo-line statements were false and misleading because legitimate distributions from any LeFever Mattson-affiliated limited partnership were only paid from the trust account in the limited partnership's name, and were exclusively handled by employees of Home Tax.

66. Images of the checks that Mattson sent to defrauded investors show that he used commercial bookkeeping software to generate the checks.

67. In around early-May 2024, Mattson received an investigative subpoena from the staff of the Commission's Division of Enforcement that required him to produce certain records, including documents and communications related to his purported offers and sales of interests in Divi Divi LP and other LeFever Mattson-affiliated limited partnerships.

68. Subsequently, in late May 2024, federal criminal authorities executed a judicially authorized search warrant and seized, among other things, a laptop belonging to Mattson.

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69. A forensic analysis of the laptop conducted by federal criminal authorities revealed that in May 2024, after Mattson received the Commission's subpoena, Mattson deleted from his laptop certain commercial bookkeeping software as well as hundreds of files, including ones with file names that contained the names of defrauded investors as well as Divi Divi LP and other LeFever Mattson-affiliated limited partnerships.

F. Mattson's Misuse and Misappropriation of Investor Funds

70. Mattson misappropriated millions of dollars of defrauded-investor funds for his own purposes, and to pay for the expenses of KS Mattson Partners.

71. Mattson commingled new investments from defrauded investors in the Mattson Controlled Account with money from other sources, including proceeds from real estate sales, distributions received based on LeFever Mattson's legitimate ownership interests in the LeFever Mattson-affiliated limited partnerships, and transfers from a bank account in the name of KS Mattson Partners.

72. Mattson used these commingled funds to make approximately $2.1 million in payments against multiple personal loans collateralized by properties including his primary and non-primary residences, and to pay for approximately $4.2 million in credit card bills for accounts in his name, among other personal expenses. He also spent approximately $9.9 million from the Mattson Controlled Account to buy real estate in the name of KS Mattson Partners. In addition, he paid approximately $13 million of interest on several high-interest loans that he had taken out to purchase other real estate properties in the name of KS Mattson Partners.

73. KS Mattson Partners had no legitimate claim to the ill-gotten funds of the defrauded investors, who were told by Mattson that they were investing in particular LeFever Mattson-affiliated limited partnerships and were not told that their funds would be used to pay for KS Mattson Partners' investments and expenses.

74. Mattson did not disclose these expenditures to the defrauded investors, who believed, based on Mattson's material misrepresentations, that they were investing in specific LeFever Mattson-affiliated limited partnerships. Mattson's failure to disclose his intention to misappropriate investment funds, and past practice of doing so, was material to a reasonable

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investor, as well as the actual defrauded investors who bought the fake limited partnership interests. It was important to investors to know that the money they were sending Mattson was in fact being used to purchase the promised limited partnership interests, rather than to pay existing investors; buy properties and pay expenses for Mattson's personal entity, KS Mattson Partners; or pay for certain of Mattson's other personal expenses.

G. The Registration Violations

75. The LeFever Mattson-affiliated limited partnership interests that Mattson offered and sold to the defrauded investors were securities.

76. No registration statements were filed with the Commission for the LeFever Mattson-affiliated limited partnership interests that Mattson offered and sold to defrauded investors and none of the exceptions to the registration requirements applied to the offering.

77. Mattson directly participated in the offer of the LeFever Mattson-affiliated limited partnership interests to the defrauded investors by holding in-person meetings with the defrauded investors.

78. Mattson also had the defrauded investors sign limited partnership agreements for a particular LeFever Mattson-affiliated limited partnership and other investment related documents.

79. Mattson additionally gave the defrauded investors instructions on how to transfer the funds needed to invest in the limited partnerships and encouraged many defrauded investors to use their IRA retirement money to invest in the limited partnerships.

80. Defrauded investors sent Mattson money in the belief that they were purchasing LeFever Mattson-affiliated limited partnership interests from Mattson.

81. Mattson led the defrauded investors to believe that by investing in the LeFever Mattson-affiliated limited partnerships they were investing in a common enterprise and that their fortunes were linked to the fortunes of Mattson and LeFever Mattson, who often also owned interests in the limited partnerships.

82. The money invested by the defrauded investors was pooled together and commingled in the Mattson Controlled Account and used by Mattson to pay existing defrauded investors as part of his Ponzi-like scheme, among other expenses.

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83. The defrauded investors passively received distributions and did not manage, or expect to participate in the management of, the LeFever Mattson-affiliated limited partnerships. Indeed, Mattson led the defrauded investors to believe they would earn profits based solely on the efforts of Mattson, LeFever Mattson, and others, who would use their expertise to choose real estate investments and manage acquired properties, which would result in profits for the defrauded investors derived from rents or real estate transactions.

84. Mattson engaged in a general solicitation of investors by offering the LeFever Mattson-affiliated limited partnerships interests to individuals located throughout the United States and by offering the limited partnership interests to individuals with whom Mattson had no pre-existing substantive relationship.

85. Mattson failed to take reasonable steps to verify that the defrauded investors he offered the limited partnership interests to were accredited investors. For instance, Mattson did not require the defrauded investors to provide any IRS forms reporting the investors' income, bank statements, brokerage statements, certificates of deposit information, tax assessments, or appraisal reports issued by an independent third party to verify their accredited status.

FIRST CLAIM FOR RELIEF (Mattson Only)

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

86. The Commission re-alleges and incorporates by reference Paragraph Nos. 1 through 85.

87. Mattson, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, or of the facilities of a national securities exchange, with scienter:

a. Employed devices, schemes, or artifices to defraud;

b. Made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

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c. Engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons, including purchasers of securities.

88. By reason of the foregoing, Mattson violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF (Mattson Only)

Violations of Section 17(a) of the Securities Act

89. The Commission re-alleges and incorporates by reference Paragraph Nos. 1 through 85.

90. Mattson, by engaging in the conduct described above, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails:

a. with scienter, employed devices, schemes, or artifices to defraud;

b. obtained money or property by means of untrue statements of material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

c. engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon purchasers.

91. By reason of the foregoing, Mattson violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

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THIRD CLAIM FOR RELIEF (Mattson Only)

Violations of Sections 5(a) and 5(c) of the Securities Act

92. The Commission re-alleges and incorporates by reference Paragraph Nos. 1 through 85.

93. The LeFever Mattson-affiliated limited partnership interests offered and sold by Mattson are securities under Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 77c(a)(10)].

94. By engaging in the conduct described above, Mattson, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, or of the mails, to offer to sell or to sell securities through the use or medium of any prospectus or otherwise, or carried or caused to be carried through the mails or in interstate commerce, by means or instruments of transportation, securities for the purpose of sale or for delivery after sale, when no registration statement had been filed or was in effect as to such securities, and when no exemption from registration was applicable.

95. By reason of the foregoing, Mattson violated, and unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

FOURTH CLAIM FOR RELIEF (KS Mattson Partners Only)

Relief Defendant – Unjust Enrichment

96. The Commission re-alleges and incorporates by reference Paragraph Nos. 1 through 95.

97. As described above, Mattson engaged in a scheme to defraud investors in connection with the offer, purchase, or sale of interests in the LeFever Mattson-affiliated limited partnerships and to use the money raised to unjustly enrich himself and Relief Defendant KS Mattson Partners.

98. KS Mattson Partners has no legitimate claim to the funds, property, and benefits described above, and has thus been unjustly enriched under circumstances in which it is not just, equitable, or conscionable for it to retain such profits.

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99. By reason of the foregoing, it would be inequitable for KS Mattson Partners to retain the proceeds resulting from Mattson's violations of the federal securities laws and such proceeds should be disgorged.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Enter an order permanently enjoining Mattson from directly or indirectly violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

II.

Enter an order permanently enjoining Mattson from directly or indirectly, including, but not limited to, through any entity owned or controlled by him, participating in the issuance, purchase, offer, or sale of any security, provided, however, that such an injunction shall not prevent Mattson from purchasing or selling securities for his own personal accounts, pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d)(1) and 21(d)(5) of the Exchange Act [15 U.S.C. §§ 78u(d)(1) and 78u(d)(5)].

III.

Enter an order permanently barring Mattson from serving as an officer or director of any issuer having a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78*l*] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)].

IV.

Enter an order requiring Mattson to disgorge all ill-gotten gains received as a result of his unlawful conduct plus prejudgment interest thereon pursuant to Sections 21(d)(3), 21(d)(5), and 21(d)(7) of the Exchange Act [15 U.S.C. §§ 78u(d)(3), 78u(d)(5), and 78u(d)(7)].

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V.

Enter an order requiring Mattson to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

VI.

Enter an order requiring KS Mattson Partners to disgorge the ill-gotten gains or unjust enrichment it obtained or derived from Mattson's unlawful conduct, together with prejudgment interest on all such amounts.

VII.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VIII.

Grant such other and further relief as this Court may determine to be just and necessary.

JURY DEMAND

Pursuant to Federal Rule of Civil Procedure 38 and L.R. 3-6, the Commission demands a trial by jury on all issues so triable.

Dated: May 22, 2025

Respectfully submitted,

/s/ Duncan C. Simpson LaGoy
Duncan C. Simpson LaGoy
Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION

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EXHIBIT C

Fill in this information to identify the case:

Debtor 1 LeFever Mattson, a California Corporation

Debtor 2 (Spouse, if filing) _____

United States Bankruptcy Court for the: Northern District of Califor (State)

naCase number 24-10545 (Jointly Administered)

Official Form 410

Proof of Claim

12/24

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) **that you received.**

Part 1: Identify the Claim

1. **Who is the current creditor?**
   KS Mattson Partners, LP
   Name of the current creditor (the person or entity to be paid for this claim)
   Other names the creditor used with the debtor _____

2. **Has this claim been acquired from someone else?**
   ☒ No
   ☐ Yes. From whom? _____

3. **Where should notices and payments to the creditor be sent?** Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)

Where should notices to the creditor be sent?	**Where should payments to the creditor be sent?** (if different)
Micheline N. Fairbank c/o Fennemore Name	_____ Name
7800 Rancharrah Pkwy Number Street	_____ Number Street
Reno NV 89511 City State ZIP Code	_____ City State ZIP Code
Contact phone 775-788-2200	Contact phone _____
Contact email mfairbank@fennemorelaw.com	Contact email _____

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4. **Does this claim amend one already filed?**
   ☒ No
   ☐ Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY

5. **Do you know if anyone else has filed a proof of claim for this claim?**
   ☒ No
   ☐ Yes. Who made the earlier filing? _____

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. **Do you have any number you use to identify the debtor?**
   - [X] No
   - [ ] Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____

7. **How much is the claim?** $ Unknown; See Attachment "A" . **Does this amount include interest or other charges?**
   - [X] No
   - [ ] Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. **What is the basis of the claim?**
   Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.
   Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).
   Limit disclosing information that is entitled to privacy, such as health care information.
   See Attachment "A"

9. **Is all or part of the claim secured?**
   - [X] No
   - [ ] Yes. The claim is secured by a lien on property.

   Nature of property:
   - [ ] Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.
   - [ ] Motor vehicle
   - [ ] Other. Describe: _____

   Basis for perfection: _____
   Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

   Value of property: $ _____
   Amount of the claim that is secured: $ _____
   Amount of the claim that is unsecured: $ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.)

   Amount necessary to cure any default as of the date of the petition: $ _____

   Annual Interest Rate (when case was filed) _____%
   - [ ] Fixed
   - [ ] Variable

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10. **Is this claim based on a lease?**
    - [X] No
    - [ ] Yes. **Amount necessary to cure any default as of the date of the petition.** $ _____

11. **Is this claim subject to a right of setoff?**
    - [X] No
    - [ ] Yes. Identify the property: _____

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12. **Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?**

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

☒ No

☐ Yes. *Check one:*

Amount entitled to priority

☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). $_____

☐ Up to $3,350* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7). $_____

☐ Wages, salaries, or commissions (up to $15,150*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends whichever is earlier 11 U.S.C. § 507(a)(4). $_____

☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8). $_____

☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5). $_____

☐ Other. Specify subsection of 11 U.S.C. § 507(a) (_____) that applies. $_____

* Amounts are subject to adjustment on 4/01/25 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(3) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☐ I am the creditor.

☒ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date _____
MM / DD / YYYY

_____
Signature

Print the name of the person who is completing and signing this claim:

Name: Stacy (First name) Middle name Mattson (Last name)

Title

Company

Identify the corporate servicer as the company if the authorized agent is a servicer.

Address: Post Office Box 459 (Number Street)

Vacaville (City) CA (State) 95696 (ZIP Code)

Contact phone 775-788-2200 Email mfairbank@fennemorelaw.com

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ATTACHMENT A

To Official Form 410

Proof of Claim

***In re: LeFever Mattson*, a California Corporation, Case No. 24-10545**

8. What is the Basis of the claim:

K.S. Mattson Partners, a California Limited Partnership, has paid on behalf of and for the benefit, either directly or indirectly through deposits into LeFever Mattson's and/or its subsidiaries, including, but not limited to, Home Tax Services of America, Inc., dba LeFever Mattson Property Management, banking account(s). These expenses, in which the total amount is presently undetermined, includes expenses for the following categories:

1. Mortgage Payments
2. Investor Distributions
3. Utility Payments
4. Operational Expenses
5. Insurance Payments
6. All subrogation rights, including the right to payments, arising from payments or other satisfaction of obligations made on account of personal or corporate indemnity or guarantee agreements or obligations
7. Loans to LeFever Mattson[1]
8. Other contributions in an amount and basis, yet to be determined.

Currently, K.S. Mattson Partners can identify deposits and wire transfers to and from accounts held by LeFever Mattson, Inc., but lacks specific detail as to the nature of the transfers. K.S. Mattson Partners recognizes that some of the transfers from LeFever Mattson may offset claims of K.S. Mattson Partners, but sufficient detail is presently unavailable to accurately determine whether, and to what extent, such transfers offset the claims of K.S. Mattson Partners. At this time, the claim is understood to be <u>at least</u> $82,742,043.74.

---

[1] In connection with the sale of real property held by Hagar Properties, LP in or around May 2024, LeFever Mattson coerced K.S. Mattson Partners to loan K.S. Mattson Partners' proceeds from the sale of the property to LeFever Mattson in the amount of $3,500,000.00. This is just one of numerous loan contributions to the operational expenses of LeFever Mattson that K.S. Mattson Partners made for the benefit of LeFever Mattson and it's entities, either those wholly owned or which LeFever Mattson operates as the General Partner of such entities.

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Further, information and details prior to calendar year 2019 necessary to support K.S. Mattson Partners' claims are unavailable to K.S. Mattson Partners, as such information is currently in the custody and control of the United States Department of Justice, which has not agreed to provide access to such documents for duplication and use to support K.S. Mattson Partners' claims at this time.[2]

The specific amount of monies claimed pursuant to this Proof of Claim will be supplemented as information becomes available to identify the specific dollar amount of the monies owed in accordance with 11 U.S.C. § 501(c) and Fed. R. Bankruptcy Pro. Rule 3002.[3]

---

[2] K.S. Mattson Partners acknowledges that its claims are duplicative of those of Kenneth W. and Stacy Mattson, husband and wife, and are not intended to compound the interests, but to identify the interests of the entity, as well as the partner's interests in K.S. Mattson Partner's claims against LeFever Mattson and its debtor entities.

[3] This Proof of Claim includes monies attributed to LeFever Mattson in Case No. 24-10545 and as proofs in all matters are amended, as necessary, any duplication of claim amounts will be resolved.

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EXHIBIT D

Limited Partnership Agreement
of
K S MATTSON PARTNERS, LP
A California Limited Partnership

Tax Identification Number 94-3335060

LAW OFFICES
DEAN YUEN ALLISON, LLP
ESTATE AND CHARITABLE TAX PLANNING & ADMINISTRATION
555 CAPITOL MALL, SUITE 645
SACRAMENTO, CALIFORNIA 95814
(916) 329-0200

K S MATTSON PARTNERS, LP

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Article Fifteen ..... General Matters

Exhibit

Exhibit A ..... Limited Partners and Contributions to the Partnership

Securities Law Disclosure

The units or percentages of ownership of the K S MATTSON PARTNERS, LP have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state. The units or percentages of ownership are offered and sold in reliance on exemptions from the registration requirement of the Securities Act and such laws, and particularly regulations enacted by the Securities and Exchange Commission effective April 15, 1982 pertaining to certain offers and sales of securities without registration under the Securities Act of 1933.

The Partnership will not be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and will not file reports, proxy statements and other information with the Securities and Exchange Commission, or any state securities commission.

The limited partnership interests of the K S MATTSON PARTNERS, LP have not, nor will be, registered or qualified under federal or state securities laws. The limited partnership interests of the K S MATTSON PARTNERS, LP may not be offered for sale, sold, pledged, or otherwise transferred unless so registered or qualified, or unless an exemption from registration or qualification exists. The availability of any exemption from registration or qualification must be established by an opinion of counsel for the owner thereof, which opinion of counsel must be reasonably satisfactory to the K S MATTSON PARTNERS, LP.

No Partner may register any interest in this partnership under any federal or state securities law without the express written consent of all partners.

K S MATTSON PARTNERS, LP
A California Limited Partnership

Article One

Creation of the Partnership

Section 1. The Limited Partnership

This Agreement, which is dated July 21, 1999, forms and establishes a Limited Partnership under the laws of the State of California, and specifically under the auspices of Uniform Limited Partnership Act as amended from time to time. The Partnership shall be effective upon the filing of a Certificate of Limited Partnership as required by the State of California. The Partners and their percentages of ownership are identified in the schedule attached to this Agreement as Exhibit "A".

This Agreement sets forth the rights, duties, obligations and responsibilities of the partners with respect to the partnership.

In consideration of the mutual promises, obligations and agreements set forth in this Agreement, the parties to this Agreement agree to be legally bound by its terms.

Section 2. The Name of the Partnership

The name of the Partnership is the K S MATTSON PARTNERS, LP. The General Partner may change the name of the Partnership or operate the Partnership under different names.

Section 3. Purpose and Scope of the Partnership

This Partnership is organized to accomplish the following purposes:

a. to provide consolidated management of the assets held by the Partnership.

b. to manage and/or develop real estate in 'California or elsewhere owned or acquired by the Partnership, now or in the future.

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c. to provide an orderly buy-sell arrangement between the members of the Mattson family to keep Partnership assets in the family.

d. to promote family harmony by insuring that any disputes will be resolved privately by arbitration rather than publicly through the courts.

e. to assist in preventing family assets from going through probate upon the death of any family member; or alternatively to simplify any probate proceeding that may be required.

f. to establish and maintain an order of succession and control of family assets.

g. to consolidate fractional interests in family-held assets.

h. to increase family wealth.

i. to establish a method by which annual gifts can be made without fractionalizing family assets.

j. to restrict the right of non-family members to acquire interests in family assets.

k. to prevent the transfer of a family member's interest in the Partnership as a result of a failed marriage.

l. to provide protection to family assets from claims of future creditors of Partners.

m. to provide protection to family assets from claims arising from divorce or from ex-spouses

n. to provide flexibility in business planning not available through trusts, corporations, or other business entities.

o. to promote knowledge of and communication about the family assets and business among family members.

In order to accomplish its purposes, the Partnership may conduct any lawful business and investment activity permitted under the laws of the State of California and in any other jurisdiction in which it may have a business or investment interest.

The Partnership may own, acquire, manage, develop, operate, sell, exchange, finance, refinance and otherwise deal with real estate, personal property and any type of business as the General Partner may from time to time deem to be in the best interest of the Partnership.

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The Partnership may engage in any other activities that are related or incidental to the foregoing purposes.

Section 4. Purpose of Partnership Restrictions

This Partnership is formed by those who know and trust one another, and who in forming this Limited Partnership will have surrendered certain management rights. One or more of the Partners may also have assumed management responsibility and risk based upon their relationship and trust.

Capital is material to the business and investment objectives of the Partnership and its federal tax status. An unauthorized transfer of a Partner's interest could create a substantial hardship to the Partnership, jeopardize its capital base, and adversely affect its tax structure.

There are, therefore, certain restrictions, as expressed in this Agreement, that attach to and affect both ownership of Partnership interests and the transfer of those interests. Those restrictions upon ownership and transfer are not intended as a penalty, but as a method to protect and preserve existing relationships based upon trust and to protect the Partnership's capital and its financial ability to continue to operate.

Section 5. Principal Office of the Partnership and Location of Records

The street address of the principal office in the United States where the records of the Partnership are to be maintained is:

131 Wykoff Drive Avenue
Vacaville, CA 95688

or such other place or places as the General Partner determines. The records maintained by the Partnership are to include all records that the Partnership is required by law to maintain. The Partnership shall likewise maintain a records office in any jurisdiction that requires a records office and the Partnership shall maintain at each such records office all records that the jurisdiction of its location shall require.

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Section 6. Registered Agent and Registered Office

The name of the Registered Agent of the Partnership is KENNETH W. MATTSON. and the registered office of the Partnership is:

131 Wykoff Drive Avenue
Vacaville, CA 95688

Section 7. The Term of the Partnership

This Partnership shall be a term of years Partnership pursuant to the Act. The Partnership shall begin on the date the Certificate of Limited Partnership is filed with the Secretary of State of California and shall terminate one hundred (100) years thereafter, unless terminated or extended as provided in this Agreement, but no later than December 31, 2099.

The Partnership may be continued beyond its scheduled termination date by the 75% vote of the Partners. However, at any time after the scheduled termination date, any Partner may withdraw his capital account by written request to the General Partners, who shall cause the Partnership to distribute such capital account within thirty calendar days of the receipt of such written request.

Section 9. Venue

Venue for any dispute arising under this Partnership Agreement or any disputes among any Partners or the Partnership shall be in the county of the Registered Office of the Limited Partnership.

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Article Two

Definitions

Section 1. Defined Terms

For purposes of this agreement, the following words and phrases shall be defined as follows:

a. Act

Act means the California Revised Limited Partnership Act, as amended from time to time.

b. Additional Partner

Additional Partner means a Partner admitted to the Partnership after the execution of the Agreement who is not a Substitute Partner.

c. Additional Capital Contribution

See Capital Contribution.

d. Affiliated Person

Affiliated Person means any Partner, a member of a Partner's Immediate Family, any legal representative, successor, or assignee or trust for the benefit of any Partner and members of their immediate families, and any corporation of which a majority of the voting interest is owned by any one or more of the persons referred to in this Section.

e. Agreement

Agreement means this Agreement of Limited Partnership as it may be amended from time to time.

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f. Assignee

Assignee means a transferee of a Partnership Interest who has not been admitted as a Substitute Limited Partner in accordance with the provisions of Article Twelve of this Agreement.

g. Bankrupt

Bankrupt as used in this Agreement shall mean the filing of a petition in voluntary bankruptcy or an assignment for the benefit of creditors or other action taken voluntarily or involuntarily, by a Partner under any Federal or State law for the benefit of an insolvent party, except the filing of a petition of involuntary bankruptcy against a Partner unless the petition is not dismissed within forty-five (45) days following such filing, or the issuance of a charging order against the interest of a Partner without the removal thereof within ten (10) days from the service of such order.

h. Capital Account

Capital Account shall mean the account established and maintained for each Partner as provided in Article Four.

i. Capital Contribution

Capital Contribution means the total cash and other consideration contributed and agreed to be contributed to the Partnership by each Partner. The Initial Capital Contributions are shown in Exhibit "A" of this Agreement, which is attached to this Agreement and incorporated in it. Additional Capital Contribution means the total cash and other consideration contributed to the Partnership by each Partner other than the Initial Capital Contribution. Any reference in this Agreement to the Capital Contribution of a current Limited Partner shall include any Capital Contribution previously made by any prior Partner with respect to that Limited Partner's interest. The value of a Partner's Capital Contribution shall be the amount of cash plus the fair market value of other property contributed to the Partnership.

j. Certificate of Limited Partnership

Certificate of Limited Partnership means the Certificate of Limited Partnership filed with the Secretary of State of California as required by the Act as amended from time to time, or such other similar instrument as may be required to be filed by the laws of any other state in which the Partnership intends to conduct business.

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k. Charity

Charity as used in this Agreement shall include an organization of a type described in each of Sections 170(c), 2055(a) and 2522(a) of the Code and Regulations thereunder.

l. Charitable Trusts

Charitable Trust as used in this agreement shall include any charitable remainder trust created under Section 664 of the Code or any charitable income trust created under Treas. Reg. 1.170A-6(c); Treas. Reg. 25.2522(c); Treas. Reg. 20.2055-2(e).

m. Code

Code means the Internal Revenue Code of 1986, as amended.

n. Disability

Disability of a Partner means that any one of the following has occurred:

(i) the Partner has been declared or adjudicated incompetent, incapacitated, or otherwise legally unable to effectively manage his or her property or financial affairs by a court of competent jurisdiction,

(ii) the Partner's incapacity has been certified in writing by at least two licensed physicians after examination of the Partner, or

(iii) the Partner has disappeared or is absent for unexplained reasons, or is being detained under duress where the Partner is unable to effectively manage his or her property or financial affairs.

o. General Partner

General Partner means any partner's or legal entity designated in this Agreement as a General Partner, or any person or legal entity who becomes a General Partner as provided in this Agreement, in each such person's or legal entity's capacity as a general partner of the Partnership.

Reference to "General Partner", used in the singular, will also include the plural, and vice versa.

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For purposes of this agreement, the pronoun "it" may be used when referring to a General Partner, regardless of whether the General Partner is a person or a legal entity.

p. Immediate Family

Immediate Family means any partner's spouse, other than a spouse who is legally separated from the person under a decree of divorce or separate maintenance, parents, parents-in-law, descendants, including descendants by adoption, brothers, sisters, brothers-in-law, sisters-in-law, and grandchildren-in-law.

q. Initial Capital Contribution

See Capital Contribution.

r. Limited Partner

Limited Partner means any person or legal entity designated in this Agreement as a Limited Partner or any person or legal entity who becomes a Limited Partner as provided in this Agreement, in each such person's or legal entity's capacity as a Limited Partner of the Partnership.

For purposes of this agreement, the pronoun "it" may be used when referring to a Limited Partner, regardless of whether the Limited Partner is a person or a legal entity.

s. Partners

Partners means the General Partner and all of the Limited Partners of the Partnership.

t. Partnership

Partnership means the K S MATTSON PARTNERS, LP, a California Limited Partnership.

u. Partnership Interest

Partnership Interest shall mean the ownership interest and rights of a Partner in the Partnership, including, without limitation, the Partner's right to a distributive share of the profits and losses, distributions and the property of the Partnership and the right to consent or

approve partnership actions. All Partnership Interests are subject to the restrictions on transfer imposed by this Agreement. Each Partner's interest is personal property and, as such, no Partner shall have any interest in any of the assets of the Partnership.

Each holder of a Partnership Interest will have the right to vote such holder's proportionate interest in the Partnership with respect to all matters that all Partners have a vote under this Agreement or by law.

> For example: A Partner with a Partnership Interest of 35.5 percent will have a 35.5 percent ownership interest in the Partnership, and will have 35.5 votes out of 100 votes on matters that require the consent or affirmative action of the Partners acting in concert. The term "majority in interest" will mean that more than 50 votes out of 100 votes will be determinative of a given matter. The term "85 percent in interest of the Partners" will mean that at least 85 votes of the total 100 votes will be determinative of a given matter.

Partnership Interests shall be adjusted from time to time as provided in Article Three of this Agreement.

v. Personal Representative

Personal Representative shall include an executor, administrator, guardian, custodian, conservator, trustee, or any other form of fiduciary.

w. Property

Property means all Partnership property and rights as described in Exhibit "A" and any property real or personal, tangible or intangible otherwise acquired by the Partnership.

x. Substitute Limited Partner

Substitute Limited Partner means any person not previously a Limited Partner who acquires, by purchase or otherwise, a Partnership Interest and is admitted as a Substitute Limited Partner in accordance with the terms of Article Twelve of this agreement.

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Article Three

Partnership Interests

Section 1. Percentage Interest in the Partnership

Each Partner's Initial Partnership Interest shall be the percentage interest set forth in Exhibit "A" which is attached to this agreement. Partnership Interests shall be adjusted from time to time to account for non-pro rata Additional Capital Contributions and non-pro rata distributions to Partners. When non-pro rata contributions or distributions are made, each partner's partnership interest shall then be determined by dividing the Capital Account of each partner by the aggregate of the then existing capital accounts.

For purposes of determining the respective voting rights of the partners, adjustments to Partnership Interests of the Partners resulting from Additional Contributions or Distributions shall be deemed to have been made on December 31 following the date of the contribution or distribution.

The General Partner of the Partnership shall maintain a correct record of all Partners and their Partnership Interests together with amended and revised schedules of ownership caused by changes in the Partners and changes in Partnership Interests.

Section 2. Valuation of Partnership Interests in the Partnership

For all purposes, the value of the Partnership as an entity and of Partnership Interests shall be their respective fair market value. Any dispute, contest or issue of fair market value is to be resolved and determined by the written appraisal of a person or firm selected by the General Partner, who is qualified to value the Partnership and the Partnership Interests of its Partners. The appraiser selected by the Partnership must be an independent appraiser who is qualified to perform business appraisals as determined in the discretion of the General Partner.

Section 3. Partnership to Comply with Subchapter K

The federal income tax basis of a Partner's Partnership Interest and all other matters relating to the distributive share and taxation of items of income, gain, loss, deduction and credit will be as prescribed by Subchapter K of the Code.

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Article Four

Capital Contributions and Capital Accounts

Section 1. Initial Capital Contributions

The Partners shall contribute as their initial capital contributions to the Partnership all of their right, title and interest in and to the property described in Exhibit A attached hereto. The Partners agree that the property described in Exhibit A has the fair market value (net of liabilities assumed or taken subject to by the Partnership to which such property is subject) listed opposite such property.

Each Partner's Interest shall be credited with an initial contribution equal to the fair market value listed opposite that Partner's name in Exhibit A.

Section 2. Voluntary Additional Capital Contributions

The Partners may make Additional Capital Contributions to the Partnership. Any Additional Capital Contribution shall be made pro rata, in accordance with the Partner's Partnership Interest unless agreed to by all of the General Partners. Such consent does not need to be in writing and will be presumed to have been obtained unless there is clear and convincing evidence to the contrary.

The fair market value of any property other than cash or publicly traded securities to be contributed as an Additional Capital Contribution shall be agreed upon by the contributing Partner and a majority in interest of the Partners at the time of contribution. Alternatively, the fair market value of such property may be determined by a disinterested appraiser selected by the General Partner.

Section 3. Mandatory Additional Capital Contributions

The Partnership, acting by its General Partner then serving, shall have no authority to require the Partners to contribute additional capital.

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Section 4. Establishment of Capital Accounts

A Capital Account shall be established for each Partner and shall be maintained at all times throughout the existence of the Partnership in a manner that complies with the Code and Regulations promulgated thereunder. Each Partner's Capital Account shall be maintained in accordance with the following provisions:

a. Credits to Partner's Interest

Each Partner's Interest shall be credited with the fair market value of such Partner's contribution of cash or other property, such Partner's distributive share of net profits and any item of income or gain that are specially allocated, and the amount of any Partnership liabilities that are assumed by such Partner.

b. Debits to Partner's Interest

Each Partner's Interest shall be debited the amount of cash and the fair market value of any property distributed to such Partner pursuant to any provision of this Agreement, such Partner's share of net losses and losses that are specially allocated, and the amount of any liabilities of such Partner that are secured by any property contributed by such Partner to the Partnership.

Section 5. Transfer of a Partner's Interest

Except as otherwise required by law, if any Partnership Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent that it relates to the transferred Partnership Interest.

Section 6. Capital Account Adjustments for Capital Events

a. Assumption of Liability

An assumption of unsecured liability by the Partnership shall be treated as a distribution of money to the Partner, and his Capital Account should be adjusted accordingly. An assumption of an unsecured liability of the Partnership by a Partner shall be treated as a cash contribution to the Partnership. In determining the amount of any liability for his purpose,

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there shall be taken into account Internal Revenue Code Section 752(c) and any other applicable provisions of the Code and Regulations.

b. Adjustments for Noncash Distributions

In the event that assets of the Partnership other than cash are distributed in kind to a Partner, the Capital Accounts of the other Partners shall be adjusted for the hypothetical "book" gain or loss that would have been realized by the Partnership if the distributed assets had been sold for their fair market values in a cash sale in order to reflect unrealized gain or loss.

c. Adjustment to Fair Market Value Upon Transfer of Partnership Interest

Capital Accounts of the Partners shall be adjusted to reflect fair market value of all properties held by the Partnership in the event of acquisition of an Interest by an existing or new Partner.

d. Adjustment for Constructive Termination of Partnership

Capital Accounts also shall be adjusted upon the constructive termination of the Partnership as provided under Internal Revenue Code Section 708 in accordance with the method set forth in the immediately preceding paragraph (as required by Internal Revenue Regulations Section 1.704-1(b)(2)(iv)(b)).

Section 7. Power of General Partner to Modify Capital Account Provisions

The General Partner shall modify the manner in which the Capital Accounts are computed in order to comply with Internal Revenue Regulations Section 1.704-1(b), provided that it is, in the reasonable judgment of the General Partner, not likely to have a material effect on the amounts distributable to any Partner pursuant to this Agreement. The General Partner shall also make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership Capital reflected on the Partnership's balance sheet, as computed for book purposes in accordance with Internal Revenue Regulations Section 1.704-1(b)(2)(iv)(g), relating to adjustments to book value.

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Section 8. Interest on and Return of Capital

No Partner shall be entitled to any interest on its Capital Account or Partnership Interest or on its Capital Contribution. No Partner shall have the right to demand or to receive the return of all or any portion of such Partner's Capital Account, Partnership Interest, or of such Partner's Capital Contribution.

Section 9. Negative Capital Accounts

Each Partner shall be required to restore a deficit in its Capital Account to zero prior to liquidation of the Partnership or of the Partner's Partnership Interest.

Section 10. Capital Requirements of the General Partner

The General Partners collectively must own at least 1% of the Partnership Interests. Upon the contribution of any capital by any one or more of the Limited Partners, or if a gift is made to the Partnership, that would cause the collective Partnership Interests of the General Partners to be less than 1%, the General Partners shall immediately contribute to the Partnership's capital cash or other property sufficient to increase the General Partners Partnership Interest to at least 1%. Additional Partnership Interests owned by one who is a General Partner may be owned by the Partner as a Limited Partner insofar as the laws of the State of California permits a partner to be both a General Partner and a Limited Partner.

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Article Five

Allocations and Distributions

Section 1. Allocation of Profits and Losses

The Partnership shall allocate all net profits and losses, that shall include every item of income, deduction, gain, loss, and credit, for each calendar year of the Partnership, to each Partner pro rata in accordance with the Partners' respective Partnership Interests during the period over which such profits, losses and tax items were accrued. The Partners agree to be bound by the provisions of this Article in reporting their shares of Partnership income and loss for income tax purposes.

Any Partnership net losses that cannot be allocated to one or more of the Partners without creating a negative Capital Account shall be allocated to the remaining Partners in proportion to their capital accounts until all Partners have a Capital Account of zero.

Net losses allocated when all Partners have a Capital Account of zero shall be allocated proportionately among the Partners according to their respective Partnership Interests.

Allocation of net profits and net losses may be modified by subsequent agreement to conform to adjustments made to the Percentage Interest because of loans to the Partnership converted to contributions to capital, any distributions of cash and any liquidating distribution.

If the Percentage Interest of a Partner is not the same throughout a given fiscal year, the General Partner shall determine the allocation of net profits and net losses to the Partner taking into account his or her varying Percentage Interest during the year but such determination shall be in conformity with the requirements of Internal Revenue Code Section 706(d) and the Regulations thereunder.

Section 2. Determination of Net Profits and Net Losses

For purposes of this Article, "net profits" and "net losses" mean, for each fiscal year or other period, an amount equal to the Partnership's taxable income or loss for such year or period, determined in accordance with Internal Revenue Code Section 703(a). All items of income, gain, loss or deduction required to be stated separately pursuant to Internal Revenue Code Section 703(a)(1) shall be included in taxable income or loss. This determination of Net Profits and Net Losses shall be include to the following:

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a. Any income of the Partnership that is exempt from federal income tax not otherwise taken into account in computing taxable income or loss pursuant to this Article.

b. Any expenditures of the Partnership described in Internal Revenue Code Section 705(a)(2)(B), relating to non-deductible expenses, not otherwise taken into account in computing taxable income or loss.

c. In the event the value of any Partnership asset is adjusted, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such assets.

d. Notwithstanding any other provision in this Article, any items that are specially allocated pursuant to this Article shall not be taken into account in computing net profits and net losses.

Section 3. Allocation to Avoid Capital Account Deficit.

Notwithstanding the above allocation provisions, the net losses allocated to Limited Partners shall not exceed the maximum amount of losses that can be so allocated without causing any Limited Partner to have a capital account deficit at the end of any fiscal year. In the event some but not all of the Limited Partners would have a deficit in their Capital Accounts as a consequence of an allocation of losses, the limitation set forth herein shall be applied on a Limited Partner by Limited Partner basis so as to allocate the maximum permissible losses to each Limited Partner under Regulations Section 1.704(b)(2)(ii)(d). All net losses in excess of the limitation set forth in this Paragraph 4.3 shall be allocated to the General Partner.

Section 4. Allocations Related to Contributed Property.

In accordance with Code Section 704(c) and the regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value on the date it was contributed. In the event the fair market value of any Partnership asset is adjusted, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its fair market value in the same manner as under Code Section 704(c) and the Regulations thereunder.

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Section 5. Allocation of Partner Nonrecourse Deductions.

"Partner Nonrecourse Debt" means nonrecourse Partnership debt for which one or more Partners bears economic risk of loss as defined in Regulations Section 1.704-2(b)(4). "Partner Nonrecourse Deductions" means, for each fiscal year, the Partnership deductions that are attributable to Partner Nonrecourse Debt and are characterized as "Partner Nonrecourse Deductions" under Regulations Section 1.704-2(b). All Partner Nonrecourse Deductions for each fiscal year shall be allocated to the Partner or Partners who bear the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with the ratio in which the Partners bear such economic risk of loss and Regulations Section 1.704-2(i)(1).

Section 6. Additional Special Allocations.

The following special allocations shall also be made:

a. Partnership Minimum Gain Chargeback

Notwithstanding any other provision of this Article 4, if there is a net decrease in Partnership Minimum Gain during any Partnership fiscal year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in proportion to the respective amounts required to be allocated to each Partner in accordance within Regulations Section 1.704-2(f) and (g). This Paragraph 4.6(a) is intended to comply with the minimum gain chargeback requirement in such section of the Regulations and shall be interpreted consistently therewith. To the extent permitted by such section of the Regulations and for purposes of this Paragraph 4.6(a) only, the deficit in each Partner's Capital Account shall be determined prior to any other allocations pursuant to this Article 4 with respect to such fiscal year and without regard to any net decrease in Partner Minimum Gain during such fiscal year. "Partnership Minimum Gain" means, with respect to all nonrecourse liabilities of the Partnership, the minimum amount of gain that would be realized by the Partnership if the Partnership disposed of all Partnership property subject to such liabilities in full satisfaction thereof, computed strictly in accordance with Regulations Section 1.704-2(b) and (d).

b. Partner Minimum Gain Chargeback

After the application of Paragraph 4.6 (a) above, but prior to the application for such fiscal year of any other provision of this Paragraph 4.6, if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during a fiscal year, then any Partner with a share of the Partner Minimum Gain Attributable to such debt at the beginning of such year shall be allocated items of income and gain for such year (and, if necessary, subsequent years) in the amount and proportions necessary to satisfy the provisions of Regulations Sec-

tion 1.704-2(i). "Partner Minimum Gain" means, with respect to a Partner Nonrecourse Debt, the minimum amount of gain that would be realized by the Partnership if the Partnership disposed of the Partnership property subject to such liability in full satisfaction thereof.

c. Qualified Income Offset

In the event any Limited Partner unexpectedly receives any adjustments, allocations, or distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4),(5) or (6), items of Partnership income and gain shall be specially allocated to each such Limited Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the deficit in the Capital Account of such Limited Partner as quickly as possible, provided that an allocation pursuant to this Paragraph 4.6(c) shall be made if and only to the extent that such Limited Partner would have a deficit in his Capital Account after all other allocations provided for in this Article 4 have been tentatively made as if this Paragraph 4.6(c) were not in the Agreement. This Paragraph 4.6(c) is intended to comply with the qualified income offset requirement of Regulations Section 1.704-1(b)(2)(ii)(d)(3), and shall be interpreted consistently therewith.

d. Gross Income Allocation to Restore Capital Account Deficit

In the event any Limited Partner has a deficit in his Capital Account at the end of any Partnership fiscal year that is in excess of the sum of (i) the amount such Limited Partner is obligated to restore and (ii) the amount such Limited Partner is deemed to be obligated to restore pursuant to Regulations, each such Limited Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Paragraph 4.6(d) shall be made only if and to the extent that such Limited Partner would have a deficit in his Capital Account in excess of such sum after all other allocations provided for in this Article 4 have been made as if this Paragraph 4.6(d) and Paragraph 4.6(c) were not in the Agreement.

e. Allocation From Disposition of Property Not Revalued

If, in connection with the admission of a Partner or the liquidation of an Interest, the properties of the Partnership are not revalued pursuant to Regulations Section 1.704-1(b)(2)(iv)(f) and the Capital Accounts of the Partners are not adjusted accordingly, then, upon any subsequent sale and other disposition of the property of the Partnership, gain or loss recognized upon the sale or other disposition shall be allocated among the Partners so as to take into account the variation between the adjusted basis of such property and its fair market value as of the date the Partner was admitted or the date the Interest was liquidated, as the case may be, in the same manner as under Code Section 704(c).

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f. Allocation Related to Adjustments in Tax Basis

To the extent an adjustment to the adjusted tax basis of any asset of the Partnership pursuant to Code Section 734(b) or 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining the Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such section of the Regulations.

g. Allocation Related to Capital Event Adjustments

To the extent the gross book value of any asset of the Partnership is increased or decreased for a "capital event" described in Paragraph 3.2 relating to Capital Account Adjustments for special events, any resulting book gain or loss shall be allocated as required for capital account purposes and subsequent allocations of income, gain, loss or deduction with respect to such asset shall take into account any difference between the adjusted basis of such asset for federal income tax purposes and its gross book value.

h. Allocation Consistent with Distributions

Notwithstanding any other provision of the Agreement, the net profits and net losses shall be allocated in a manner that is consistent with the requirements for distributions of cash described elsewhere in the Agreement, the requirements for distribution of assets of the partnership upon its dissolution and winding up strictly in accordance with capital account balances determined in accordance with these procedures described below and the requirements for the allocations to comply with applicable Regulations under Code Section 704(b).

i. Allocations to Comply with Regulations and Indentions of Partners

The allocations of net income, gains, net losses, and deductions set forth in the Agreement are intended to comply strictly with Regulations Section 1.704-1(b), Regulations Section 1.704-1T(b)(4)(iv), and Regulations Section 1.704-2, and are intended to have "substantial economic effect" within the meaning of those Regulations. The allocations may not be consistent with the intentions of the Partners to allocate distributions. Accordingly, the General Partner is hereby authorized to allocate net profits, net losses, and other economic items among the Partners so as to prevent the allocations from distorting the manner in which distributions are intended to be divided among the Partners pursuant to this Article 4. In general, the Partners anticipate that these allocations will be accomplished by specially allocating other net profits, net losses, and items of income, gain, loss, and deduc-

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tion among the Partners so that the net amount of the allocations and such special allocations to each such Partner is zero. If, for whatever reason, the General Partner determines that the allocation provisions of the Agreement are unlikely to be respected for federal income tax purposes, the General Partner is granted the authority to amend the allocation provisions of the Agreement, to the minimum extent necessary to effect the plan of allocations and distributions provided in the Agreement. The General Partner shall have the discretion to adopt and revise rules, conventions and procedures as he believes appropriate in any reasonable manner with respect to the admission of Partners to reflect the Interest at the close of the year in accordance with the intentions of the Partners.

Section 7. Order of Allocations.

Unless otherwise required by Regulations Section 1.704-2, the allocation provisions of this Article 4 shall be applied in the following order from first to last:

a. Allocation of Partnership Minimum Gain Chargeback ;

b. Allocation of Partner Minimum Gain Chargeback;

c. Allocation of qualified income offset;

d. Allocation of nonrecourse deductions;

e. Allocation of income, gains or losses related to contributed property;

f. Allocation of gains or losses from sale or other disposition of property not revalued;

g. Allocation of Net Profits;

h. Allocation of Net Losses;

i. Allocation of gains and losses related to adjustment in tax basis;

j. Allocation of gains and losses to avoid adjusted capital account deficit;

k. Allocation of gross income to restore capital account deficit;

l. Allocation of a capital account adjustment and subsequent effects;

m. Allocation of net profits and net losses consistent with distributions;

n. Allocation of income, gains, losses and deductions to comply with regulations and intentions of Partners.

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Section 8. Distributions to Partners

It is the primary intent of the Partnership to retain partnership funds in amounts determined in the sole discretion of the General Partner to meet the reasonable needs of the business or investments of the Partnership and other needs as provided in this Agreement. No Partner shall have the right to demand distributions of any Partnership funds or assets. Distributions of funds or other Partnership assets, when made, shall be made as follows:

a. Distributions of Cash

The General Partner may make distributions of Partnership cash to the Partners on a pro rata or non-pro rata basis as the General Partner, in its discretion, shall determine. The General Partner may distribute the cash reserves that exceed the amount necessary for the Partnership's business needs and/or strategy purposes.

The General Partner, in its sole and absolute discretion, rather than making an actual distribution of Partnership assets to the Partner, may elect to treat such distribution as a liability of the Partnership and execute a Note to the Partner payable to the Partner at the termination of the Partnership, said Note to bear interest annually at the applicable annual interest rate payable each year by the Internal Revenue Service.

Subject to this Agreement and applicable law, distributions of cash shall first come from cash from operations as permitted under this Agreement, then from cash from the liquidation of the Partnership as provided in this Agreement.

b. Distributions in Kind

The General Partner, in its sole and absolute discretion, may make distributions in kind of Partnership property to the Partners. Prior to any such distribution in-kind, the difference between such established fair market value and the book value of the property to be distributed shall be adjusted by a credit or charge, as is appropriate, to the Partners' Interests. Upon the distribution of such property, such adjusted value shall be charged to the Interests of the Partners receiving such distributions.

c. No Interest

If a Partner does not withdraw all or any portion of its share of any cash distribution made pursuant to subparagraph (a) above, the Partner shall not be entitled to receive any interest unless all Partners agree.

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d. Savings Clause

The General Partner may adjust the Partnership's accounting methodology in order to comply with the Internal Revenue Code as currently promulgated without prior notice to the Partners.

e. Tax Elections

The General Partner may make any applicable or available tax elections on behalf of the Partnership without prior notice to any Partner.

f. Cash from Capital Transactions

The proceeds of any Capital Transaction shall be applied to payment of all expenses incurred in connection with such transaction and to the extent specified in the terms of any such Capital Transaction, to the payment of any indebtedness secured by the asset involved in the Capital Transaction.

g. Allocation of Distributions

Except as otherwise provided in this Agreement, Distributions shall be allocated to the Partners in proportion to their Percentage Interests.

h. Return of Distribution

Any Distribution made to the Partners shall be considered to comply with all applicable law, including California Corporations Code Section 15666, if the Distribution is made from available Partnership assets. If a court of competent jurisdiction finds that a Distribution violates California Corporation Code Section 15666, the Limited Partners shall be required to return their respective share of the Distribution made in violation of Section 15666, provided that the request for return of the Distribution is approved by 51% of the Partners.

i. Deemed Notice to Creditors

Creditors of the Partnership shall be considered to have notice of the provisions of this Article and of the fact that Limited Partners shall not be required to return a Distribution

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unless the request for return of the Distribution has been approved by the 51% of the Partners.

j. Restoration of Negative Capital Account

Each Partner is obligated to restore its negative capital account to zero prior to termination of the Partner's interest.

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Article Six

Management of the Partnership

Section 1. General Authority of the General Partner

Subject to the specific rights given the Limited Partners in this Agreement, all decisions respecting any matter affecting or arising out of the conduct of the business of the Partnership shall be made by the General Partner who shall have the exclusive right and full authority to manage, conduct, and operate the Partnership business.

The General Partner shall have the obligation to manage and administer the Partnership in accordance with this Agreement and to perform all duties prescribed for a general partner by the laws of the State of California.

Section 2. A Majority in Interest of General Partners Required to Control

When three or more General Partners are acting, the concurrence and joinder of a majority of the General Partners' shall control in all matters pertaining to the administration of the Partnership.

If only two General Partners are acting, the concurrence and joinder of both shall be required.

Section 3. Authority to Make Tax Elections

The General Partner may, but shall not be required to, cause the Partnership to make all elections applicable to a Partnership for federal and state income tax purposes as the General Partner, in the General Partner's discretion, deems to be in the best interests of the Partners and the Partnership without prior notice to any partner. Such elections shall include, but are not limited to, an optional adjustment to basis election under section 754 of the Code relating to distributions of Partnership property in a manner provided for in Section 734 of the Code and in the case of a transfer of a Partnership Interest, in a manner provided for in 743 of the Code.

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Section 4. Authorization to Execute Certain Instruments

With respect to all of its obligations, powers and responsibilities under this Agreement, the General Partner is authorized to execute and deliver, for and on behalf of the Partnership, such notes and other evidence of indebtedness, contracts, agreements, assignments, deeds, leases, loan agreements, mortgages, and other security instruments and agreements in such form, and on such terms and conditions, as the General Partner in the General Partner's sole discretion deems proper.

Section 5. Affidavit of Authority of the General Partner

Any third party dealing with the Partnership may rely upon the affidavit of the General Partner, as to the General Partner's authority to act for the Partnership, in substantially the form as follows:

SAMPLE AFFIDAVIT OF AUTHORITY OF THE GENERAL PARTNER

On my oath and under the penalties of perjury, I swear that I am the duly elected and authorized General Partner of the K S MATTSON PARTNERS, LP, a CALIFORNIA LIMITED PARTNERSHIP. I certify that I have not been removed as General Partner and have the authority to act for, and bind, the K S MATTSON PARTNERS, LP in the transaction of the business for which this affidavit is given as affirmation of my authority.

K S MATTSON PARTNERS, LP

By: _____
KENNETH W. MATTSON, Member
K S MATTSON COMPANY, LLC, General Partner

Sworn and subscribed before me the undersigned authority, by KENNETH W. MATTSON, on this _____ day of _____, _____.

_____
Notary Public

In addition to the above Affidavit of Authority, the General Partner is authorized to execute and deliver to third parties a Memorandum of Partnership, a copy of which may be attached to this Agreement as an Exhibit.

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Section 6. Limitations on the Authority of the General Partner

The authority of the General Partner shall be limited in accordance with this Section.

a. Acts Requiring 75% Approval of Partnership Interests

The consent of 75% of the Partnership Interests shall be required to do any of the following:

1) Prior to actual termination of the Partnership, to sell substantially all of the property in liquidation or cessation of the business;

2) To confess a judgment against the Partnership;

3) To file or consent to filing a petition for or against the Partnership under any federal or state bankruptcy, insolvency or reorganization act;

b. Other Acts Requiring Approval of 75% of the Partnership Interests

The General Partner shall not have the power, without the written consent of 75% of all Partnership Interests, to do any of the following:

1) Except as otherwise provided, to admit any substitute or additional Limited or General Partner into the Partnership;

2) Except as provided in Section 3 of Article Fifteen, to amend this Agreement;

3) To change or reorganize the Partnership into any other legal form including but not limited to Subchapter S corporation, Subchapter C corporation, Limited Liability Company, Limited Liability Partnership, and any other business entity available;

4) To engage in any act that would subject any Limited Partner to liability as a General Partner.

5) To dissolve and liquidate the Partnership.

6) To contribute partnership property to a Charity.

7) To register any interest in this Partnership for an offering under any federal or state securities law.

8) Any return of distribution.

c. Acts Requiring 51% Approval of the Partnership Interests

The consent of 51% of the Partnership Interests shall be required to review and approve the operating budget of the Partnership.

d. Partners Who are Under Court Orders

The vote, consent or participation of any Partner under any kind of court order restraining, prohibiting or in any way preventing any Partner from voting, consenting or participating in Partnership matters shall not be required in order to obtain the necessary percentage vote or consent or participation for the Partnership, to act upon any proposed action.

Section 7. Delegation among the General Partners

A General Partner may delegate to any other General Partner the power to exercise any or all powers granted the General Partner as provided in this Agreement, including those that are discretionary, if allowed by law.

The delegating General Partner may revoke any such delegation at will.

The delegation of any such power, as well as the revocation of any such delegation, shall be evidenced by an instrument in writing executed by the delegating General Partner.

As long as any such delegation is in effect, any of the delegated powers may be exercised by the General Partner receiving such delegation with the same force and effect as if the delegating General Partner had personally joined in the exercise of such power.

Section 8. The Tax Matters Partner

The General Partner shall serve as the Tax Matters Partner pursuant to the Code. If there is more than one General Partner, the Partners shall, with written approval of 75% of all partnership interests, designate one of the General Partners to serve as the Tax Matters Partner.

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a. Legal and Accounting Costs for Tax Matters

The Partnership shall bear the legal and accounting costs associated with any contested or uncontested proceeding by the Internal Revenue Service with respect to the Partnership's tax returns.

b. Discretion as to Tax Matters

Subject to its fiduciary duty to the Partners, the Tax Matters Partner shall have the right in its reasonable good faith judgment to decide whether and in what manner to contest any such proceeding including appeals or judicial proceedings, and whether and on what terms to settle any such dispute with the Internal Revenue Service.

c. Tax Classification as a Partnership

The Tax Matters Partner shall take any and all steps reasonably necessary to classify the partnership as a partnership for tax purposes under the Code and Regulations, in particular IRC §7701 et. seq., and the "Check the Box" regulations effective January 1, 1997, as amended from time to time.

Section 9. Specific Powers of the General Partner

Subject to the limitations of Section 6 of this Article, the Partnership, by and through the General Partner, may acquire, hold, rent, lease, sell, convey, exchange, convert, improve, repair, manage, control, invest and reinvest the funds of the Partnership in every kind of real and personal property, both tangible and intangible, including property acquired "subject to" or "in assumption of" an existing indebtedness and property acquired in whole or in part for promissory obligations of the Partnership.

The Partnership may make any payment, receive any money, take any action, and make, execute, deliver and receive any contract, deed, instrument or document that may be necessary or advisable to exercise any of the powers conferred under this Agreement and that are necessary or prudent for the proper administration and conservation of the investments of the Partnership.

By way of illustration, but not by way of limitation, the Partnership, by and through the General Partner, shall be authorized to exercise the following powers:

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a. Agricultural Powers

The Partnership may retain, sell, acquire, and continue any farm or ranching operation.

The Partnership may engage in the production, harvesting, and marketing of both farm and ranch products either by operating directly or with management agencies, hired labor, tenants, or sharecroppers.

The Partnership may engage and participate in any government farm program, whether state or federally sponsored.

The Partnership may purchase or rent machinery, equipment, livestock, poultry, feed, and seed.

The Partnership may improve and repair all farm and ranch properties; construct buildings, fences, and drainage facilities; acquire, retain, improve, and dispose of wells, water rights, ditch rights, and priorities of any nature.

The Partnership may, in general, do all things customary or desirable to operate a farm or ranch operation.

b. Business Powers

The Partnership may acquire, hold and sell the following as Partnership Property:

(1) the stock of any corporation

(2) an interest in a partnership as a general partner or as a limited partner

(3) a membership interest in a limited liability company

(4) a partnership interest in a limited liability partnership

(5) an interest in a business trust

(6) an interest in any joint venture

The Partnership may elect or employ directors, officers, employees, managers and agents and compensate them for their services.

The Partnership may sell or liquidate any business interest that is part of the Partnership.

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The Partnership may carry out the provisions of any agreement entered into for the sale of any business interest or the stock thereof.

The Partnership may exercise all of the powers granted in this Agreement regardless of whether the General Partner is personally interested or an involved party with respect to any business enterprise forming a part of the Partnership Property.

c. Employment of Agents and Others

The Partnership may employ agents, employees, managers, accountants, attorneys, consultants, and other persons necessary or appropriate to carry out the business and affairs of the Partnership, whether or not any such persons so employed are Affiliated Persons, or are employed by Affiliated Persons.

The Partnership may pay as an expense of the Partnership such reasonable fees, costs, expenses, salaries, wages and other compensation to such persons as the General Partner shall determine. Such expenses shall include payment or reimbursement for all fees, costs, and expenses incurred in the formation and organization of the Partnership.

The Partnership may delegate management functions to any corporation, partnership, limited liability company or other entity qualified to manage the property and to conduct the business activities of the Partnership. Any delegation of management rights shall not relieve the General Partner from personal liability for management decisions and operations of the Partnership.

Any delegation of authority is to be considered in compensating the General Partner for services to the Partnership.

d. Expenditures in the Management of the Partnership

The Partnership may make any and all expenditures and investments that the General Partner, in the General Partner's sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Partnership and the carrying out of the obligations and responsibilities under this Agreement.

e. Formation of Trusts, Corporations, Partnerships, Limited Liability Companies and Other Legal Entities

The Partnership is permitted and authorized to form, or to participate in the formation of, a trust (revocable or irrevocable), corporation, partnership, limited partnership, joint venture, limited liability company and/or other legal entity, and to invest all or any part of the

Partnership Property in one or more trusts (revocable or irrevocable), partnerships, joint ventures, limited partnerships, corporations, limited liability companies and/or other legal entities.

The Partnership may serve as the general partner of a limited partnership or may serve as the manager of a limited liability company in which the Partnership has made (or intends to make or otherwise acquire) an investment.

The Partnership may invest in a trust, corporation, partnership, limited partnership, joint venture, limited liability company and/or other legal entity even though federal and state law restrictions and contractual restrictions on ownership, transfer of interests, and liquidation contained in the governing instrument or instruments, may cause the ownership interest of the Partnership in a trust, corporation, partnership, limited partnership, joint venture, limited liability company or other legal entity to have a fair market value that is less than the fair market value of the assets contributed to the entity.

f. Business or Trade Names

The Partnership may adopt such trade or business names as the General Partner shall determine to be appropriate.

g. Charitable Planning Opportunities

The Partnership may form, and contribute property to one or more Charities.

In the case of a charitable remainder trust or charitable lead income trust, the beneficiary for the non-charitable term of the trust will be the Partnership.

If, and only as, permitted by the tax laws of the United States with regard to a termination of the Partnership prior to the expiration of the term of a charitable trust, the beneficiaries during the non-charitable term, or of the non-charitable remainder (in the case of a charitable lead income trust), will be the Partners of the Partnership at the time of its termination according to their percentages and rights of ownership determined at the time the Partnership terminates.

h. Investment Powers in General

The Partnership may invest and reinvest in such classes of stocks, bonds, securities, commodities, options, metals, or other property, real or personal, of every kind and nature as the General Partner shall determine.

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The General Partner may establish an advisory committee of the Partnership consisting of two or more Limited Partners (the "Advisory Committee").

a. Annual Meetings

If the Advisory Committee is established, at least once per calendar year the General Partner, on notice to each member on or before the tenth day prior to the meeting, shall call a meeting of the Advisory Committee, at which the General Partner shall apprise it generally of the business and affairs of the Partnership since the last meeting of the Advisory Committee.

b. Committee is Advisory Only

The Advisory Committee may make recommendations to or otherwise advise and consult with the General Partner regarding the business and affairs of the Partnership; however, the Advisory Committee is not authorized to take any action on behalf of the Partnership or to compel any Partner to take any action. The Advisory Committee may make a report of the meeting to the remaining Limited Partners.

c. Payment of Expenses Authorized

A Limited Partner or representative shall be entitled to payment from the Partnership for its expenses relating to attendance at meetings of the Advisory Committee.

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The Partnership may invest in investment trusts as well as in common trust funds.

The Partnership may purchase life, accident, disability, medical or other insurance on behalf of and for the benefit of the General Partner or any Limited Partner.

i. Life Insurance and Annuity Powers

The Partnership may purchase, accept, hold, and deal with as owner, assignee and/or beneficiary, life insurance policies and annuity contracts.

The Partnership shall have the power to execute or cancel any automatic premium loan agreement with respect to any policy, and shall have the power to elect or cancel any automatic premium loan provision in a life insurance policy.

The Partnership may borrow money with which to pay premiums due on any policy either from the company issuing the policy or from any other source and may assign any such policy as security for the loan.

The Partnership shall have the power to exercise any option contained in a policy with regard to any dividend or share of surplus apportioned to the policy, to reduce the amount of a policy or convert or exchange the policy, or to surrender a policy at any time for its cash value.

The Partnership may elect any paid-up insurance or any extended-term insurance nonforfeiture option contained in a policy.

The Partnership shall have the power to sell policies at their fair market value to the insured or to anyone having an insurable interest in the policies.

The Partnership shall have the right to exercise any other right, option, or benefit contained in a policy or permitted by the insurance company issuing that policy.

j. Loan, Borrowing, and Encumbrance Powers

The Partnership may borrow money and, as security therefor, mortgage, pledge or otherwise encumber the assets of the Partnership.

The Partnership may prepay in whole or in part, recast, increase, modify, extend or refinance any mortgages affecting the Partnership Property, and in connection therewith, may execute any extensions, renewals, or modifications of any mortgage on the Partnership Property; provided, however, nothing in this Agreement shall permit the General Partner

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to subject any Limited Partner to personal liability for the indebtedness secured by any mortgage on the Partnership Property.

The General Partner may, at its discretion, lend Partnership funds to any person on such terms, time periods, interest rates (within legal limits), and for such security or collateral deemed appropriate or necessary by the General Partner.

k. Maintenance of Partnership Property

The Partnership shall maintain and operate the Partnership Property in a manner that satisfies in all respects the obligations imposed with respect to such maintenance and operation by any mortgages encumbering the Partnership Property from time to time, and by any other agreement pertaining to the Partnership Property or any part of it.

l. Margin, Brokerage, and Bank Account Powers

The Partnership is authorized to buy, sell, and trade in securities of any nature, including short sales, sales on margin and options of every kind and futures contracts.

The Partnership may maintain and operate margin accounts with brokers, and may pledge any securities held or purchased with such brokers as securities for loans and advances made to the Partnership. The General Partner is authorized to establish and maintain bank accounts of all types in one or more banking institutions that the General Partner may choose.

m. Nominee Powers

The General Partner may provide that any Partnership Property may be held in the name of a nominee, and may enter into agreements to facilitate holding such Property.

n. Nonproductive Property

The Partnership may hold property that is non-income producing or is otherwise nonproductive if the holding of such property is, in the sole and absolute discretion of the General Partner, in the best interest of the Partnership.

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o. Oil, Gas, Coal, and Other Mineral Powers

The Partnership may do all things necessary to maintain in full force and effect any oil, gas, coal, or other mineral interests comprising part or all of the Partnership Property.

The Partnership may purchase additional oil, gas, coal, and other mineral interests when necessary or desirable to effect a reasonable plan of operation or development with regard to the Partnership Property.

The Partnership may buy or sell undivided interest in oil, gas, coal, and other mineral interests, and may exchange any of such interests for interests in other properties or for services.

The Partnership may execute oil, gas, coal, and other mineral leases on such terms as the General Partner may deem proper, and may enter into pooling, unitization, repressurization, and other types of agreements relating to the development, operation, and conservation of mineral properties.

The Partnership may execute division orders, transfer orders, releases, assignments, farmouts, and any other instruments which the General Partner deems proper.

The Partnership may drill, test, explore, mine, develop, and otherwise exploit any and all oil, gas, coal, and other mineral interests, and may select, employ, utilize, or participate in any business form, including partnerships, joint ventures, co-owners' groups, syndicates, and corporations, for the purpose of acquiring, holding, exploiting, developing, operating, or disposing of oil, gas, coal, and other mineral interests.

The Partnership may employ the services of consultants or outside specialists in connection with the evaluation, management, acquisition, disposition, or development of any mineral interest.

p. Powers of Attorney

The Partnership, by and through the General Partner, may execute, deliver, and grant to any individual or corporation a revocable or irrevocable power of attorney to transact any and all business on behalf of the Partnership.

The power of attorney may grant to the attorney-in-fact all of the rights, powers, and discretion that the General Partner could have exercised.

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q. Real Estate Powers

The Partnership may purchase and sell interests in real estate and make leases and grant options to lease for any term, even though the term may extend beyond the term of the Partnership.

The Partnership may grant or release easements and other interests with respect to real estate, enter into party wall agreements, execute estoppel certificates, and develop and subdivide any real estate.

The Partnership may dedicate parks, streets, and alleys or vacate any street or alley, and may construct, repair, alter, remodel, demolish, or abandon improvements.

The Partnership may elect to insure, as they deem advisable, all actions contemplated by this subsection.

The Partnership may take any other action reasonably necessary for the preservation of real estate and fixtures comprising a part of the Partnership Property or the income therefrom.

The Partnership may likewise partition or exchange real property, in whole or in part, for other real or personal property; grant easements or charges of any kind; release, convey or assign any right, title or interest in or about an easement appurtenant to the property; alter, repair, add to or take from buildings on the premises, purchase or hold real property, improved or unimproved; act as trustee of any land trust of which the Partnership is a beneficiary; convey title to the real estate subject to such land trust and to execute all documents pertaining to the property subject to such land trust and act in all matters regarding such trust, and execute assignments of all or any part of the beneficial interests in such land trusts.

r. Sale, Lease, and Other Dispositive Powers

The Partnership may sell, lease, transfer, exchange, grant options with respect to, or otherwise dispose of the Partnership Property.

The General Partner may deal with the Partnership Property at such time or times, for such purposes, for such considerations and upon such terms, credits, and conditions, and for such periods of time, whether ending before or after the term of the Partnership as the General Partner deems advisable.

The General Partner may make such contracts, deeds, leases, and any other instruments it deems proper under the immediate circumstances, and may deal with the Partnership Property in all other ways in which a natural person could deal with his or her property.

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s. Securities Powers

The Partnership may acquire, hold and sell:

Publicly traded securities, including stocks, bonds, warrants, options, futures, mutual funds, partnerships, real estate investment trusts, diversified asset funds, including international investments and investment funds.

Obligations of the United States government or of any foreign government.

Cash deposits, money market funds, brokerage company investment and money market accounts, certificates of deposit, savings accounts, and checking accounts, without limitation as to the location of the account or depository.

In addition to those other securities powers granted throughout this Article, the Partnership may retain, exercise, or sell rights of conversion or subscription with respect to any securities held as Partnership Property.

The Partnership may vote or refrain from voting at corporate meetings either in person or by proxy, whether general or limited, and with or without substitutions.

t. Settlement Powers

The Partnership may pay, extend, renew, modify, adjust, submit to arbitration, prosecute, defend, or compromise, upon such terms as it may determine and upon such evidence as they may deem sufficient, any obligation, suit, liability, cause of action or claim, including taxes, either in favor of or against the Partnership.

u. Surety and Indemnity Powers

The Partnership may execute and deliver any surety, indemnity, or similar agreement to any person, firm or corporation that is reasonably necessary or required in connection with the business activities of the Partnership; to pledge or mortgage the assets of the Partnership to secure such surety or indemnity obligation.

v. Environmental Powers

The Partnership shall have the power to refuse to accept property if the Partnership determines that there is a substantial risk that such property is contaminated by any hazardous substance or has previously, or is currently, being used for any activities directly or indirectly involving hazardous substances that could result in liability to the Partnership

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assets. "Hazardous substance" shall mean any substance defined as hazardous or toxic by any federal, state, or local law, rule, regulation, or ordinance.

The Partnership shall have the power to inspect any Partnership property to determine compliance with any environmental law affecting such property or to respond to any environmental law affecting property held by the Partnership . "Environmental Law" shall mean any federal, state, or local law, rule, regulation, or ordinance relating to protection of the environment or of human health.

The General Partner shall have the power to take any necessary action to prevent, abate, clean up or otherwise respond to any actual or threatened violation of any environmental law affecting Partnership property prior to or after the initiation or enforcement of any action by any governmental body.

The General Partner may disclaim or release any power granted to it or implied by any document, statute, or rule of law that the Partnership determines may cause the Partnership to incur liability under any environmental law.

The Partnership may charge the cost of any inspection, review, prevention, abatement, response, cleanup, or remedial action authorized under this power against the Partnership property.

The Partnership shall not be liable for any decrease in value of the Partnership property by reason of the Partnership's compliance with any environmental law, specifically including any reporting requirement under such law.

w. Partnership Act Powers

In addition to all of the powers specifically granted to the General Partner in this Agreement, the General Partner may exercise those rights and powers of General Partners or Limited Partner as provided under the laws of the State of California.

The General Partner may perform every act reasonably necessary to administer the Partnership. Subject to any express limitations or contrary directions contained in this Agreement, the General Partner shall have both the administrative and investment powers enumerated under this Agreement and any other powers granted by federal and state law with respect to general partners.

Section 9. Creation of Advisory Committee

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Article Seven

The General Partner

Section 1. General Partner

Each Partner serving, or to serve, as General Partner will have the obligation to manage and administer the property of the Partnership and to perform all other duties prescribed for a general partner by the laws of the State of California. A General Partner will have personal liability for the obligations of the Partnership except as may be specifically limited by the laws of the State of California or any other jurisdiction in which the Partnership has qualified to do business.

The Partnership must have at all times at least one General Partner.

Section 2. Minimum Partnership Interest to be Owned by a General Partner

The General Partners must collectively own at least that Partnership Interest required by Section 8 of Article Four of this agreement.

Section 3. Extent and Scope of Services

During the existence of the Partnership, the General Partner shall devote such time and effort to the Partnership business as the General Partner, in its sole discretion, determines to be necessary to promote adequately the interest of the Partnership and the mutual interest of the Partners.

a. Full Time Not Required

It is specifically understood and agreed that the General Partner and its Affiliates shall not be required to devote full time to Partnership business.

b. Other Ventures

The General Partner and any of the General Partner's Affiliates may engage in and possess interests in other business ventures of any and every type or description, independently or

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with others. Neither the Partnership nor any Partner shall have any right, title, or interest in or to such independent ventures of the General Partner.

Notwithstanding the fiduciary duty owed by the General Partner to the partners of the partnership, the General Partner shall not be obligated to present any investment opportunity to the Partnership even if such opportunity is of a character that if presented to the Partnership, could be taken by the Partnership for its own account.

c. Fiduciary Duty of General Partner

In carrying out the duties of the General Partner under this agreement, the General Partner shall act as a fiduciary for the Limited Partners, and in its fiduciary capacity shall exercise the highest standard of conduct with respect to the interest of the Limited Partners. Accordingly, the General Partner may not act in any manner contrary to the Agreement; receive extra compensation not provided in the Agreement; commingle Partnership funds; fail to disclose material facts involving transfers to and from the Partnership; take a Partnership opportunity for its own benefit; or derive a secret personal profit from dealing with the Partnership. The General Partner must account to the Partnership for any benefit, and hold as trustee for it any profits derived by it without the consent of the other Partners from any transaction connected with the formation, conduct, or liquidation of the Partnership, or from any use by it of Partnership property.

d. Employment of Professionals

The General Partner may employ such brokers, agents, accountants, attorneys and other advisors as the General Partner may determine to be appropriate for the management of the Partnership business.

Section 4. Liability of General Partner to Limited Partners

The General Partner shall not be liable, responsible or accountable in damages or otherwise to any Limited Partner or Limited Partners for, and the Partnership shall indemnify the General Partner and hold the General Partner harmless against, any loss or damage incurred by reason of any act or omission performed or omitted by the General Partner in good faith on behalf of the Partnership and in a manner reasonably believed by the General Partner to be within the scope of the authority granted to the General Partner by this Agreement and in the best interests of the Partnership. This provision is intended to supplant any provision of state law to the contrary.

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Article Eight

The Limited Partners

Section 1. Limited Liability of Limited Partners

Except as provided in Section 3 of Article Four, no Limited Partner shall be required to make any contribution to the capital of the Partnership for the payment of any losses or for any other purposes; nor shall any Limited Partner be responsible or obligated to any third parties for any debts or liabilities of the Partnership in excess of the sum of its unpaid required contributions to the capital of the Partnership, its unrecovered contributions to the capital of the Partnership and its share of any undistributed profits of the Partnership.

Section 2. No Right to Participate in Management

No Limited Partner, other than a General Partner who is also a Limited Partner, may participate in the management and operation of the Partnership's business and its investment activities, or bind the Partnership to any obligation or liability whatsoever. However, a Limited Partner may exercise any power authorized by the Act that a Limited Partner may exercise without being considered to be taking part in the control of the business of the Partnership.

a. Transfer of Title to Partnership Assets

A Limited Partner may not transfer legal or beneficial title to property of the Partnership unless, supported by an affidavit of fact, the Limited Partner acts pursuant to the limited authority prescribed by the laws of the State of California relative to winding up of the Partnership in the absence of a qualified General Partner.

b. Use of Limited Partner's Name

No Limited Partner shall permit its name to be used in the name of the Partnership unless the use of the name of the Limited Partner is permitted under the Act.

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a. Gross Negligence or Willful Misconduct

A General Partner shall be personally liable, responsible, and accountable in damages or otherwise, to any Limited Partner or Limited Partners if the General Partner is guilty of gross negligence or willful misconduct with respect to an act or omission and no Limited Partner shall have any personal liability on account thereof.

b. Good Faith Acts or Omissions

Any act or omission performed or omitted by a General Partner on advice of counsel to the Partnership shall be conclusively deemed to have been performed or omitted in good faith

c. No Personal Liability for Capital Contributions

The General Partner shall not be personally liable for the return of the capital contribution of any Partner, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

d. Indemnity Provisions

The Partnership (but not the Limited Partners) shall indemnify and agree to hold the General Partner completely harmless from and against any loss, expense or damage suffered by the General Partner resulting from any act or omission of the General Partner relating to the Partnership. However, the Partnership shall not be required to indemnify the General Partner for any loss, claim, expense or damage incurred as a result of the willful misconduct, gross negligence, fraud or breach of fiduciary duty of such General Partner.

Section 5. Voluntary Withdrawal of a General Partner

A General Partner may withdraw from the Partnership only after complying with the provisions of this Section.

a. Conditions for Withdrawal

No General Partner may withdraw as a General Partner of the Partnership without the prior written consent of 75% of the Partnership Interests unless there is at least one remaining General Partner or a successor General Partner has been appointed as provided in this agreement. For purposes of this subsection, a majority of the Partnership Interests

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shall only include those Partnership Interests remaining after excluding the Partnership Interests of the Partner seeking to withdraw.

b. Effective Date of Withdrawal

Any withdrawal shall be effective upon the later of:

30 days after the necessary written consent is given by a majority of the Partnership Interests; or

The date specified in the written consent.

c. General Partner's Interests Sold or Converted to Limited Partnership Interests

Upon withdrawal, Partnership Interests held by the withdrawing General Partner shall be purchased by the remaining General Partners or converted to limited Partnership Interests.

d. Breach of Contract and Remedies

If a General Partner withdraws in violation of this section, the withdrawal will be treated as a breach of this Agreement and the Partnership may recover damages from the withdrawing Partner, including the reasonable cost of obtaining replacement of the services the withdrawing Partner was obligated to perform. In addition to any other remedies available under applicable law, the Partnership may recover from the withdrawing General Partner by offsetting any damages against any amount distributable to the withdrawing Partner.

Section 6. Removal of a General Partner

A General Partner may be removed as General Partner for cause by the affirmative vote of at least 75 percent of the Partnership Interests. The term "for cause" shall mean and include:

Any material act of self dealing by a General Partner;

Any material act constituting gross negligence, willful misconduct or fraud;

Any act constituting the willful and intentional disregard of a directive of the Partners pursuant to a vote on a matter that the Partners have a vote under this Agreement or under the laws of the State of California.

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The term "material" identifies a significant monetary damage to the Partnership as the result of the act or omission to act by a General Partner constituting self dealing, gross negligence or fraud.

The term "material" does not include incidental or insignificant monetary damage to the Partnership, monetary damages incurred by someone who is not a Partner and for which the Partnership is not liable, nor an intangible loss or damage that cannot be valued under the fair market valuation standards of federal tax law.

If the issues of self dealing, wilful misconduct, gross negligence or fraud and material damage to the Partnership are finally resolved against the General Partner as the result of a conclusive fact finding by the court or a jury, the voting attributes of a General Partner's Partnership Interest, both general and limited, may be disregarded in obtaining the required vote to remove the General Partner.

Section 7. Events Not Considered Withdrawal of General Partner

Notwithstanding any provision in the Act, the following events shall not be an event of withdrawal: (1) the General Partner becoming the subject of an order for relief or being declared insolvent in any federal or state bankruptcy or insolvency proceeding, or (2) the revocation of a corporate General Partner's charter and the expiration of 90 days after the date of notice to the corporate General Partner or revocation without a reinstatement of its charter.

Section 8. Addition and Replacement of General Partners

If all General Partners are individual persons, and one or more of the General Partners withdraws, is removed or otherwise cannot serve as a General Partner for any reason, the partners, with 75% approval of all remaining partnership interests, shall appoint an additional General Partner so that there shall be at least two General Partners serving at all times.

If all of the General Partners withdraw, are removed or otherwise cannot serve as General Partners for any reason, after 75% approval of the Partnership Interests of the Limited Partners shall, within 90 days after the date the last remaining General Partner ceased to serve, elect at least two new General Partners from among the Limited Partners.

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Section 9. Additional General Partners

At any time, with the written approval of 75% of the partnership interests, any person (including a Limited Partner) may become a General Partner on such terms and conditions as may be agreed upon. Any person becoming a General Partner will automatically have the rights, authorities, duties, and obligations of a General Partner under this agreement.

Section 10. Compensation and Expenses of General Partner

The General Partner shall be entitled to receive a reasonable salary or other compensation for services rendered, that shall be in addition to the General Partner's respective share of Partnership profits. The General Partner shall be entitled to charge the Partnership, and to be reimbursed by it, for any and all reasonable costs and expenses actually incurred by the General Partner in connection with the operation of the Partnership business.

The salary for the General Partner must be approved by 75% of the Partnership Interests.

Section 11. Bond

No person or entity serving as General Partner shall be required to furnish bond or other security as a prerequisite to the General Partner's service.

Section 12. The General Partner's Responsibility to File Necessary Forms and Make Elections

The General Partner shall prepare or cause to be prepared, and execute, acknowledge, and take all action necessary to assure prompt and timely filing of the following:

The Certificate of Limited Partnership and any amendments thereto in accordance with the Agreement;

Any and all state and federal tax returns, reports, and forms;

Any and all state and federal tax elections deemed by the General Partners to be in the best interest of the Partnership

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c. Bind the Partnership

No Limited Partner shall perform any act that would be binding on the Partnership or any other Partner.

d. Incur Expenditures

No Limited Partner shall incur any expenditures on behalf of the Partnership.

Section 3. No Right to Withdraw

No Limited Partner shall have the right to withdraw from the Partnership or to receive a return of any of its contributions to the Partnership until the Partnership is terminated and its affairs wound up in accordance with the Act and this Agreement. A Limited Partner will breach this agreement if the Limited Partner:

Attempts to withdraw from the Partnership,

Interferes in the management of the Partnership affairs,

Engages in conduct that could result in the Partnership losing its tax status as a partnership,

Engages in conduct that tends to bring the Partnership into disrepute,

Owns a Partnership Interest that becomes subject to a charging order, attachment, garnishment, or similar legal proceedings,

Breaches any confidentiality provisions of this Agreement, or

Fails to meet any commitment to the Partnership.

A Limited Partner who is in breach of this Agreement shall be liable to the Partnership for damages caused by the breach. The Partnership may offset for the damages against any distributions or return of capital to the Limited Partner who has breached this Agreement.

Section 4. No Right to Cause Dissolution

No Limited Partner shall have the right or power to cause the dissolution and winding up of the Partnership by court decree or otherwise.

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Section 5. Voting

Limited Partners shall have all rights exercise their voting power according to those provisions provided in the Act, as well as on the following matters:

Removal of the General Partner;

Election of a successor General Partner;

Termination and dissolution of the Partnership;

Amendment of this Agreement;

The extension of the term of the Partnership; and

Any matter requiring the vote of the Limited Partners as set out elsewhere in this Agreement or in the Act.

Limited Partners may vote by written consent, with or without a formal meeting.

Section 6. Access to Information

Subject to the provisions of this Section, each Limited Partner is entitled to all information under the circumstances and subject to the conditions stated in this Agreement and the Act.

a. Confidential Information

The Partners acknowledge that they may receive information regarding the Partnership in the form of trade secrets or other information that is confidential, the release of which may be damaging to the Partnership or to Persons with which it does business. Each Partner shall hold in strict confidence any information it receives regarding the Partnership that is identified as being confidential and may not disclose it to any Person other than another Partner, except for disclosures (1) compelled by law (but the Partner must notify the General Partner promptly of any request for that information, before disclosing it, if practicable), (2) to advisors or representatives of the Partner or Assignees of the Partner, but only if they have agreed to be bound by the provisions of this section, or (3) of information that Partner also has received from a source independent of the Partnership that the Partner reasonably believes it obtained without breach of any obligation of confidentiality.

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b. **Enforcement through Specific Performance**

The Partners acknowledge that breach of any provision of this section may cause irreparable injury to the Partnership for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the Partners agree that the provisions of this section may be enforced by specific performance.

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Article Nine

Books, Records, and Bank Accounts

Section 1. Books and Records

The General Partner shall keep books of account with respect to the operation of the Partnership. Such books shall be maintained at the principal office of the Partnership, or at such other place as the General Partner shall determine, and all Partners and their duly authorized representatives shall, at all reasonable times, have access to such books. The following records of the Partnership shall be kept at its principal office where they shall be subject to inspection and copying at the reasonable request and the expense of any Partner during ordinary business hours:

A current list of the full name and last known business address of each Partner, separately identifying the General Partners and the Limited Partners (in alphabetical order);

A copy of the Certificate of Limited Partnership and all certificates of amendment thereto, together with executed copies of any powers of attorney pursuant to which any certificate has been executed;

Copies of the Partnership's federal, state and local income tax returns and reports, if any, for the three most recent years;

Copies of this Agreement, as amended, and of any financial statements of the Partnership for the three most recent years; and

Any other documents required by law.

Section 2. Accounting Basis and Fiscal Year

The books of account of the Partnership shall be kept on a method authorized or required by the Code and as determined by the General Partner, and shall be closed and balanced at the end of each Partnership year. The fiscal year of the Partnership shall be the period authorized or required by the Code, and as determined by the General Partner.

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Section 3. Reports

The General Partner shall provide to each Partner within a reasonable time after the end of each fiscal year such information as is necessary to allow each Partner to prepare and file its federal and state income tax return. All financial statements and reports shall be prepared at the expense of the Partnership.

Section 4. Bank Accounts and Partnership Funds

All cash receipts shall be deposited in the Partnership's bank or other depository accounts maintained by the General Partner.

a. Accounts are Property of the Partnership

All accounts used by or on behalf of the Partnership shall be and remain the property of the Partnership, and shall be received, held and disbursed by the General Partner for the purposes specified in this Agreement.

b. No Commingling of Funds

Partnership funds shall not be commingled with other funds.

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Article Ten

Admission of Additional Limited Partners

Section 1. Admission by Consent of Partners

No person, firm, corporation, trust, limited liability company or other legal entity shall be admitted to the Partnership as an additional Limited Partner without the consent **75%** of the Partnership Interests.

Section 2. Capital Contributions and Fair Market Value

The General Partner shall determine the initial capital contribution to be made by an additional Limited Partner and the fair market value of such contribution. The fair market value of any property other than cash or publicly-traded securities to be contributed by an additional Limited Partner as its initial Capital Contribution shall be agreed upon by the additional Limited Partner and a majority of the Partnership Interests before contribution, or, alternatively, shall be determined by a disinterested appraiser selected by the General Partner.

Section 3. Limitations

Notwithstanding the provisions of Section 1 above, no additional Limited Partner shall be admitted until such prospective Limited Partner completes the following actions:

provides evidence satisfactory to the General Partners that such an admission will not violate any applicable securities laws, or cause a termination of the Partnership under applicable provisions of the Code; and

pays all reasonable expenses connected with such admission; and

agrees to be bound by all of the terms and provisions of this Agreement by becoming a signatory hereto.

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Section 4. Admissions in Violation of this Article

Any admission of an additional Limited Partner in violation of this Article Ten shall be null and void and of no force and effect whatsoever.

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Article Eleven

Transfer of Partnership Interests by a General Partner

Section 1. Restrictions on Transfer

Except as provided in this Article, a General Partner is prohibited from selling, transferring, encumbering or otherwise disposing of any General Partnership Interest without the unanimous written consent of all the Partners.

A transfer of a General Partnership Interest or the admission of a substitute General Partner in violation of the provisions of this Article shall be completely null and void.

Section 2. Sale of Interest

Each General Partner agrees not to sell, assign, transfer, mortgage, pledge, encumber, hypothecate or otherwise dispose of all or any part of his or her General Partnership Interest without first offering in writing to sell such interest to the Partnership and to all other Partners.

a. Notice

The selling General Partner shall give written notice to the Partnership and to all other Partners that he or she desires to sell, assign, transfer or otherwise dispose of his or her Partnership Interest.

1. Written Offer

The selling General Partner shall attach to the written notice any written offer of a prospective purchaser to acquire the Partnership Interest whether or not such offer is from an existing Partner. This notice shall be complete in all details respecting the purchase price and terms of payment.

2. Genuine Offer

The selling General Partner shall certify in writing that the offer is genuine and in all respects what it purports to be.

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b. Right to Purchase

The Partnership, or the Partners as they shall agree, shall have the right either to approve the transfer of the General Partner's Interest, or to purchase the General Partner's Interest in accordance with the terms of the written offer at any time during the 30 days following the date on which the written offer is delivered to the Partnership.

c. Right to Sell to Third Party

In the event the Partnership or the Partners elect not to acquire the selling General Partner's Partnership Interest, the selling General Partner shall be free to sell and transfer it's Interest to the prospective purchaser who made the genuine offer to the selling General Partner for the purchase price and terms and conditions contained in the original genuine offer. If the selling General Partner's Partnership Interest is not sold to the prospective purchaser within 60 days of notification by the Partnership and the other Partners of their approval of the sale, then the selling General Partner may not sell the selling General Partner's Partnership Interest to the prospective purchaser without once again offering the Partnership Interest as provided in this Section. In any event, unless all the conditions of Section 3 of this Article and Section 4 of Article Twelve are complied with, the purchaser shall only have the rights of an assignee.

Section 3. Consequences of Transfer

Upon the transfer by a General Partner of all or any portion of its General Partnership Interest, the transferred interest shall be converted into a Limited Partnership Interest unless all remaining Partners consent in writing to such Partnership Interest remaining a General Partnership Interest. The transferee of the Partnership Interest that is to become a Limited Partnership Interest shall be an assignee until the assignee satisfies the requirements of Section 4 of Article Twelve to become a substitute Limited Partner.

If all remaining General Partners and all Limited Partners consent, a transferee shall become a substitute General Partner only after:

a. the transferor General Partner or its Trustee or personal representative, as the case may be, and its transferee:

execute, acknowledge, and deliver to the Partnership such instruments of transfer and assignment as are in form and substance satisfactory to the Partnership; and

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furnish to the Partnership such assurances as the Partnership may request, including, without limitation, an opinion of counsel to the Partnership, that the transferring General Partner's interest in the Partnership has been registered for sale under the Securities Act of 1933, as amended, and under all applicable state securities laws or that such registration under the said Securities Act of 1933 and under all applicable state securities laws is not required and that the transfer will not cause a termination of the Partnership under Section 708(b) or any other provision of the Code; and

b. the transferee pays all reasonable expenses connected with such substitution, and agrees to be bound by the terms and provisions of this Agreement by becoming a signatory hereto.

Section 4. Permitted Transfers

During the lifetime of an individual General Partner, a General Partner may transfer his or her General Partnership Interest to his or her spouse or to a revocable or irrevocable trust created by the General Partner for the General Partner or for one or more members of the General Partner's Immediate Family, so long as the proposed transfer does not:

Cause the partnership to terminate for Federal Income Tax purposes;

Result in any event of default as to any secured or unsecured obligation of the partnership;

Cause a reassessment of any real property owned by the partnership; or,

Cause other adverse material impact to the partnership.

Likewise, upon the General Partner's death an individual General Partner may transfer his or her General Partnership Interest by will, trust, or by a validly executed beneficiary designation to an Immediate Family Member or to a trust created for the benefit of one or more Immediate Family Members of the General Partner.

Transfers of General Partnership Interests under this Section shall not require the approval of any other partner and the interests transferred shall continue as General Partnership Interests.

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Section 5. Effect Upon a General Partnership Interest Acquired Without Consent

If any person, organization or agency should acquire the Partnership Interest of a General Partner as a result of:

> An order of a court of competent jurisdiction that the Partnership is required by law to recognize; or
>
> Being subject to a lawful charging order by a court of competent jurisdiction; or,
>
> A levy or other transfer of a Partnership Interest, with voting rights, that the Partnership has not approved but which the Partnership is required by law to recognize

then, in such event, such General Partnership Interest shall be converted into a Limited Partnership Interest as of the date of the occurrence of such event. At such time, the General Partner owning such interest shall cease to be a General Partner and shall become solely a Limited Partner without any right or obligation to participate in the management of the Partnership.

The converted interest shall be that of an assignee only and subject to the same requirements as found in Section 12 of Article Twelve of this agreement.

In addition, upon the occurrence of any such event the Partnership shall have the unilateral option to acquire the General Partner's interest for its fair market value upon the same terms and conditions as the Partnership is permitted to acquire other Limited Partnership Interests as provided in Section 12 of Article Twelve of this Agreement.

It is acknowledged by the Partners that the General Partner possesses managerial skills essential for the continued operation of the business of the Partnership, and therefore the foreclosure upon or other court-ordered sale of the General Partner's interest would unduly interfere with the business and management of the Partnership. Accordingly, the interest of the General Partner may not be foreclosed upon or otherwise sold pursuant to court order without the express written consent of all of the Partners.

In the event that a court orders the foreclosure of a Partner's interest, including the interest of the General Partner, notwithstanding the provisions of this Article 11, then the Partnership and the other Partners shall have the option at any time prior to the consummation of the foreclosure or other court-ordered sale to redeem or purchase the interest of the Partner whose interest is so subject to foreclosure or other court-ordered sale.

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The price and the other terms and conditions of redemption or purchase shall be equal to the balance of such Partner's capital account as of the end of the calendar month immediately preceding the month in which the consummation of the foreclosure or other court-ordered sale is to occur.

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Article Twelve

Transfer of Partnership Interests by a Limited Partner

Section 1. Restrictions on Transfer

Except as provided in this Article, a Limited Partner is prohibited from selling, assigning, transferring, encumbering or otherwise disposing of any interest in this Partnership without the written consent of the General Partner and 75% of the Limited Partners.

The Partners are under no obligation to give such consent, nor are they subject to liability for withholding consent.

Section 2. Sale of Interest

Each Limited Partner hereby agrees not to sell, assign, transfer, mortgage, pledge, encumber, hypothecate or otherwise dispose of all or any part of its Partnership Interest without first offering in writing to sell such interest to the Partnership, and to all other Partners.

a. Notice

The selling Limited Partner shall give written notice to the Partnership and to all other Partners that it desires to sell, assign, transfer or otherwise dispose of its interest.

1. Written Offer

The selling Limited Partner shall attach to the written notice any written offer of a prospective purchaser to buy the interest whether or not such offer is from an existing Partner. This notice shall be complete in all details respecting the purchase price and terms of payment.

2. Genuine Offer

The selling Limited Partner shall certify in writing that the offer is genuine and in all respects what it purports to be.

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b. Right to Purchase

The Partnership or the Partners as they shall agree shall have the right either to approve the sale of the Interest, or to purchase the Interest in accordance with the terms of the written offer at any time during the 30 days following the date on which the written offer is delivered to the Partnership.

c. Right to Sell to Third Party

In the event the Partnership and the Partners elect not to purchase the selling Limited Partner's Partnership Interest, the selling Limited Partner shall be free to sell and transfer its interest to the prospective purchaser who made the genuine offer to the selling Limited Partner for the purchase price, terms and conditions contained in the original genuine offer. If the selling Limited Partner's Partnership Interest is not sold to the prospective purchaser within 60 days of notification by the General Partner of its approval of the sale, then the selling Limited Partner may not sell the selling Limited Partner's Interest to the prospective purchaser without once again offering the Partnership Interest as provided in this Section. In any event, unless all of the conditions of Section 4 of this Article are complied with, the purchaser shall have only the rights of an assignee.

Section 3. Assignment to Other Partners and Immediate Family Members

A Limited Partner may assign, without the consent of any other Limited Partner, all or any part of his or her Partnership Interest to another Partner or to a member of the Immediate Family of any Partner or to any Trust established primarily for the benefit of any member of the Immediate Family of a Partner or to a Charity or Charitable Trust. The General Partner shall consent to the assignment and such consent shall not be unreasonably withheld.

a. Trusts

A Limited Partner, upon the consent of the General Partner, may assign all or any part of its Partnership interest to any Trust in which the Partner or member of the Immediate Family of the Partner is a beneficiary. A Limited Partner that is a Trust may assign all or any part of its Partnership Interest to any Immediate Family member of the Partner or trust established for the benefit of such Immediate Family member.

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b. Custodianships for Minors

Any Partnership Interest that is held by a custodian for a minor under the Uniform Gifts to Minors Act, the Uniform Transfers to Minors Act or any similar legislation shall be fully transferable and assignable to the minor, without an offer being made to the Partnership, when the minor reaches the age of termination of such custodianship under the applicable statute.

c. Charities and Charitable Trusts

A Limited Partner, upon the consent of the General Partner, may assign all or any part of its Partnership Interest to any Charity or charitable trust.

An assignee under this Section must agree in writing to assume all of the obligations and undertakings of the assigning Partner under the terms of this Agreement, and no assignment or transfer shall be valid unless and until the assignee executes and delivers such instrument to the General Partner.

Section 4. Conditions Required to Become a Substituted Limited Partner

Except as provided in Section 3 of this Article, no Assignee of all or any portion of a Limited Partner's Partnership Interest shall have the right to become a Substitute Limited Partner in place of the assigning Limited Partner unless and until all of the conditions set forth in this Section have taken place.

a. Consent of the Partners

All General and Limited Partners (except the assigning Limited Partner), in their sole and absolute discretion, must consent in writing to the admission of the assignee as a substituted Limited Partner.

b. Executed Assignment

The fully executed and acknowledged written instrument of assignment setting forth the intention of the assigning Limited Partner that the assignee become a substitute Limited Partner must be delivered to the General Partners.

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c. Execution of All Other Agreements

The assigning Limited Partner and the Assignee must execute and acknowledge any other instruments as the General Partner may deem necessary or desirable to effect the admission of the Assignee as a substituted Limited Partner, including the written acceptance and adoption by the Assignee of this Agreement and the Assignee's execution, acknowledgment and delivery to the General Partner of a Power of Attorney, the form and content of which shall be as provided in Article Sixteen, Section 3 of this Agreement.

d. Payment of a Reasonable Transfer Fee

A reasonable transfer fee must be paid by the Assignee to the Limited Partnership. The General Partner may, in its sole and absolute discretion, establish the amount of the transfer fee on a case by case basis. No transfer fee shall be required upon the voluntary transfer by a Partner to an Affiliated Person or to a Charity.

Section 5. Rights of An Assignee

If an Assignee of a Partnership Interest is not admitted as a substitute Limited Partner because of the failure to satisfy the requirements of Section 4, such Assignee shall nevertheless be entitled to receive such distributions from the Partnership as the transferring Partner would have been entitled to receive under this Agreement with respect to such Partnership Interest had the transferring Partner retained such Partnership Interest. If an Assignee of a Partnership Interest becomes so due to a court order as described in Section 12 of this Article, then the General Partner has the discretion whether or not to make distributions to said Assignee.

Section 6. Amendment of Agreement and Certificate of Limited Partnership

If required by law, upon the admission of a new Partner, the General Partners will be required to amend the Agreement of Limited Partnership and/or the Certificate of Limited Partnership only quarterly to reflect the substitution of Limited Partners.

a. Substituted Limited Partner Acceptance Upon Amendment

Until the Agreement of Limited Partnership and/or Certificate of Limited Partnership is amended as contemplated by this Section, but only if such amendment is required by law, an Assignee shall not become a substituted Limited Partner.

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b. Assessment of Fees

The General Partner may assess the fees, costs and expenses of any amendments by reason of the admission of a substituted Limited Partner against the substitute Limited Partner whose entry into the Partnership is, in the opinion of the General Partner, necessitating such amendments.

Section 7. Death or Disability of a Limited Partner

If a Limited Partner becomes disabled or dies, the following provisions shall apply:

a. Incapacity of a Limited Partner

If a Limited Partner is an individual person, the duly authorized trustee of the Limited Partner's living trust or the agent of a disabled Limited Partner, acting under a durable power of attorney or a guardian or conservator acting under appropriate legal authority, may exercise all of the Limited Partner's rights and voting authority and shall be entitled to receive distributions of cash or other property from the Partnership on behalf of the Limited Partner.

b. Death Of A Limited Partner

If a Limited Partner is an individual person (as opposed to an entity that survives the person, such as a trust, corporation, partnership or limited liability company) or if that person is the beneficiary of a trust and has the limited or unlimited right or power to appoint the beneficiaries thereof upon his or her death, the interest or unit or units of ownership held by that person as a Limited Partner may pass to:

an Immediate Family member;

a trust established for the benefit of one or more Immediate Family Members;

a Charity or Charitable Trust;

under the last will and testament of the individual, duly admitted to probate, or under the beneficiary designation of a trust in which the individual has the right, limited or unlimited, to appoint the beneficiaries of the trust, or under a written and acknowledged designation of beneficiary or beneficiaries delivered by the individual to a General Partner prior to the death of the beneficiary or beneficiaries delivered by the individual to a General Partner prior to the death of the beneficiary.

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c. Personal Representative's Rights and Duties

Upon the death or disability of an individual Limited Partner, his or her personal representative shall have all of the rights of a Limited Partner for the purpose of settling or managing the Limited Partner's estate. The Limited Partner's personal representative shall also have such power as the decedent or incompetent possesses to provide a successor as an Assignee of its interest in the Limited Partnership and to join with such Assignee in making application to substitute such assignee as a Limited Partner.

d. Transferee Bound By This Agreement

A transferee of any transfer under this Section is bound by the exact terms and conditions of this Agreement.

Section 8. Transfers That May Result in Termination of Partnership

Notwithstanding anything in this Agreement to the contrary, no Limited Partner shall transfer, assign, or encumber all or any portion of its interests in the Limited Partnership if such transfer, assignment, or encumbrance would in the sole and unreviewable opinion of the General Partner result in the termination of the Partnership under the then applicable provisions of the Code or of the Act.

Section 9. Limited Partners May Vote Assigned Units

A Limited Partner shall, solely for the purpose of determining the Partnership Interest held by it in weighing its vote, be deemed the holder of any Partnership Interests assigned by the Limited Partner in respect of which the assignee has not become a substituted Limited Partner.

Section 10. Opinion of Counsel

In addition to the other requirements of this Article, no Limited Partner may sell, transfer, assign, give or encumber a Limited Partnership Interest without first delivering to the General Partner, upon the General Partner's request, a written opinion of counsel (in a form satisfactory to the General Partner) to the effect that such sale, transfer, assignment, gift or encumbrance:

a. will not result in a termination of the Partnership within the meaning of the Act or Code Section 708(b); and

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b. does not violate any applicable federal or state securities laws.

Section 11. Nonrecognition of an Unauthorized Transfer

The Partnership shall not be required to recognize the interest of any transferee who has obtained a purported interest as a result of a transfer of ownership that is not an authorized transfer. If the ownership of a Partnership Interest is in doubt, or if there is reasonable doubt as to who is entitled to a distribution of the income realized from a Partnership Interest, the Partnership may accumulate the income until this issue is finally determined and resolved. Accumulated income will be credited to the capital account of the Partner whose interest is in question.

Section 12. Effect Upon a Limited Partnership Interest Acquired Without Consent

If any person, organization or agency should acquire the interest of a Limited Partner, including voting rights, as the result of:

> an order of a court of competent jurisdiction that the partnership is required by law to recognize; or,
>
> being subject to a lawful "charging order" by a court of competent jurisdiction; or,
>
> a levy or other transfer of a Partnership Interest, with voting rights, that the Partnership has not approved but that the Partnership is required by law to recognize

the Partnership shall have the unilateral option to acquire all or any portion of the interest of the transferee for its fair market value upon the following terms and conditions.

a. Written Notice of Intent to Purchase

The Partnership shall have the option to acquire the interest by giving written notice to the transferee of its intent to purchase the interest within 90 days from the date it is finally determined that the Partnership is required to recognize the transfer.

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b. Exercise of Option and Date of Valuation

The Partnership shall have 180 days from the first day of the month following the month in which it delivers notice exercising its option to purchase the Partnership Interest. The valuation date for the Partnership Interest will be the first day of the month following the month in which notice is delivered.

c. Written Appraisal Requirement

Unless the Limited Partnership and the transferee agree otherwise, the fair market value of a Limited Partner's Partnership Interest to be acquired by the Partnership is to be determined by the written appraisal by a person or firm qualified to perform business appraisals and to value partnership interests.

d. Acceptance or Rejection of Appraisal

The transferee must accept or reject the valuation report within 30 days from the date it is delivered. If not rejected in writing within the required period, the report will be accepted as written. If rejected, closing of the sale will be postponed until the first Tuesday of the month following the month in which the valuation of the Partnership Interest is resolved. The transferee will be considered a non-voting owner of the Partnership Interest, but will be entitled to all items of income, deduction, gain or loss from the Limited Partnership interest, plus any additions or subtractions therefrom and until closing.

e. Date of Closing

Closing of the sale will occur at the principal office of the Partnership (as designated in this Agreement) at 10 o'clock A.M. on the first Tuesday of the month following the month in which the valuation report is accepted by the transferee (the "Closing Date").

f. Payment of Terms Upon Exercise of Option

In order to reduce the burden upon the resources of the Partnership, the Partnership will have the option, to be exercised in writing delivered at closing, to pay its purchase money obligation in 10 equal annual installments (or, if the remaining term of the Partnership is less than 10 years, in equal annual installments over the remaining term of the Partnership) with interest thereon at rates to be determined below, adjusted annually as of the first day of each calendar year at the option of the Partnership.

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1. Interest

The interest rate will be set at the then Applicable Federal Rate as found in Internal Revenue Code Section 7520 or similar section amended from time to time, that is in effect on the date of the exercise of the option to purchase.

2. Payment Dates

The first installment of principal, with interest due thereon, will be due and payable on the first day of the calendar year following the closing date, and subsequent annual installments, with interest due thereon, will be due and payable, in order, on the first day of each calendar year that follows until the entire amount of the obligation, principal and interest, is fully paid. The Partnership shall have the right to prepay all or any part of the purchase money obligation at any time without premium or penalty.

g. Suspension of Voting Rights During Option Period

Except for a Limited Partner whose interest is being acquired without its consent, neither the transferee of an unauthorized transfer or the Limited Partner consenting to or causing the transfer will have the right to vote during the prescribed option period or, if the option to purchase is timely exercised, until the sale is actually closed.

Section 13. Assignee to Assume Tax Liability

An Assignee of any Limited Partnership Interest as well as any person who acquires a charging order against such interest shall report income, gains, losses, deductions and credits with respect to such Limited Partnership Interest each year. The Assignee shall receive all State forms and Federal 1065 K-1 forms with respect to the income from such Partnership Interest.

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Article Thirteen

Dissolution and Termination

Section 1. Events of Dissolution

The Partnership shall be dissolved only upon the occurrence of an event described in this Section.

a. Date Designated by the General Partner

The Partnership shall be dissolved on a date designated by the General Partner with the unanimous written consent of the Limited Partners.

b. Death or Disability of all General Partners who are Natural Persons unless Other General Partners Remain

If no other General Partners remain, the Partnership shall be dissolved upon the Death or Disability of the last General Partner who is a natural person.

c. Judicial Dissolution

Entry of a decree of judicial dissolution by a court of competent jurisdiction.

d. End of Partnership Term

In any event, the Partnership shall be dissolved on December 31, 2099.

Section 2. Continuation of Partnership

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Upon dissolution, the Partnership shall thereafter conduct only activities necessary to wind up its affairs, unless within 90 days after the date of the event causing dissolution, all of the remaining Partners elect in writing to continue the Partnership.

a. Election of Successor General Partner

If an election to continue the Partnership is made, then a successor General Partner who shall agree to serve shall be elected by 75% approval of the Limited Partners.

b. Operation of the Partnership

Upon the election of a successor General Partner the Partnership shall continue to operate until the end of the term for which it is formed or until the subsequent death, incapacity, or bankruptcy or withdrawal of the General Partner, in which event the Partners may again elect under this provision to continue the Partnership.

c. Continuation Upon Dissolution

If, upon the dissolution of the Partnership, whether by expiration of the partnership term or by any other cause, 75% of the remaining Partnership Interests agree in writing to continue the Partnership, the Partnership shall continue for such additional term as may be agreed upon by the Partners. Prior to voting on the continuation of the Partnership, the Partnership Interest of any Partner opposed to continuing the Partnership for an additional term or terms shall be returned to such Partner and thereafter the Partnership Interest of such Partner shall be deemed terminated.

d. No General Partner

If there is no General Partner, the Limited Partners shall designate in the manner then required under applicable state law, one or more General Partners; provided, however, that in no event shall such designation be by the affirmative vote of less than 75% of the then outstanding Partnership Interests.

Section 3. Effective Date of Dissolution

Absent the election to continue the Partnership as provided in Section 2 of this Article, dissolution of the Partnership shall be effective on the date on which the event occurs giving rise to the dissolution,

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Exhibit A

The Partners and Contributions to the Partnership

Partner's Name	Type of Interest	Contribution	Value	% Interest
K S MATTSON COMPANY, LLC	General	See Schedule A-1		2
KENNETH W. MATTSON	Limited	See Schedule A-2		49
STACY L. MATTSON	Limited	See Schedule A-3		49

Date: 7/21/95

KENNETH S. MATTSON, Manager
K S MATTSON COMPANY, LLC
General Partner

Article Thirteen

Dissolution and Termination

Section 1. Events of Dissolution

The Partnership shall be dissolved only upon the occurrence of an event described in this Section.

a. Date Designated by the General Partner

The Partnership shall be dissolved on a date designated by the General Partner with the unanimous written consent of the Limited Partners.

b. Death or Disability of all General Partners who are Natural Persons unless Other General Partners Remain

If no other General Partners remain, the Partnership shall be dissolved upon the Death or Disability of the last General Partner who is a natural person.

c. Judicial Dissolution

Entry of a decree of judicial dissolution by a court of competent jurisdiction.

d. End of Partnership Term

In any event, the Partnership shall be dissolved on December 31, 2099.

Section 2. Continuation of Partnership

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Upon dissolution, the Partnership shall thereafter conduct only activities necessary to wind up its affairs, unless within 90 days after the date of the event causing dissolution, all of the remaining Partners elect in writing to continue the Partnership.

a. Election of Successor General Partner

If an election to continue the Partnership is made, then a successor General Partner who shall agree to serve shall be elected by 75% approval of the Limited Partners.

b. Operation of the Partnership

Upon the election of a successor General Partner the Partnership shall continue to operate until the end of the term for which it is formed or until the subsequent death, incapacity, or bankruptcy or withdrawal of the General Partner, in which event the Partners may again elect under this provision to continue the Partnership.

c. Continuation Upon Dissolution

If, upon the dissolution of the Partnership, whether by expiration of the partnership term or by any other cause, 75% of the remaining Partnership Interests agree in writing to continue the Partnership, the Partnership shall continue for such additional term as may be agreed upon by the Partners. Prior to voting on the continuation of the Partnership, the Partnership Interest of any Partner opposed to continuing the Partnership for an additional term or terms shall be returned to such Partner and thereafter the Partnership Interest of such Partner shall be deemed terminated.

d. No General Partner

If there is no General Partner, the Limited Partners shall designate in the manner then required under applicable state law, one or more General Partners; provided, however, that in no event shall such designation be by the affirmative vote of less than 75% of the then outstanding Partnership Interests.

Section 3. Effective Date of Dissolution

Absent the election to continue the Partnership as provided in Section 2 of this Article, dissolution of the Partnership shall be effective on the date on which the event occurs giving rise to the dissolution,

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ship is canceled and the assets of the Partnership have been distributed as provided in this Agreement.

Section 4. Operation of the Partnership After Dissolution

During the period in which the Partnership is winding up, the business of the Partnership and the affairs of the Partners shall continue to be governed by this Agreement.

Section 5. Liquidation of the Partnership Property

Upon dissolution of the Partnership, the General Partner or, in the absence of a General Partner, a liquidator appointed by a majority in interest of the Limited Partners, shall liquidate the Partnership Property, apply and distribute the proceeds derived from the liquidation of the Property as contemplated by this Agreement, and cause the cancellation of the Partnership's Certificate of Limited Partnership.

a. Payment of Partnership Creditors and Provision for Reserves

The proceeds derived from the liquidation of Partnership Property shall first be applied toward or paid to any creditor of the Partnership who is not a Partner. The order of priority of payment to any creditor shall be as required by applicable state law. After payment of liabilities owing to creditors, excluding Partners, the General Partners or liquidator shall set up such reserves as they deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership.

1. Ability to Create an Escrow Account

Any reserves for contingent liabilities may, but need not, be paid over by the General Partner or liquidator to a bank to be held in escrow for the purpose of paying any such contingent or unforeseen liabilities or obligations.

2. Distribution of Reserves

Following the expiration of such period as the General Partner or liquidator may deem advisable, such remaining reserves shall be distributed to the Partners or their assigns in the order of priority set forth in the provisions of this Agreement relating to distributions to the Partners.

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b. Distribution of Property After the Payment of Liabilities and Establishment of Reserves

After paying such liabilities and providing for such reserves, the General Partner or liquidator shall cause the remaining net assets of the Partnership to be paid to creditors who may be Partners, if any, and then distributed in the same manner as provided in this Agreement relating to distributions to the Partners.

c. Non-cash Assets

In the event that any part of the net assets distributable to the Partners consists of notes or accounts receivable or other non-cash assets, the General Partner or liquidator may take whatever steps deemed appropriate to convert such assets into cash or any other form to facilitate distribution. If any assets of the Partnership are to be distributed in kind. For purposes of maintaining capital accounts, such assets shall be distributed on the basis of their fair market value at the date of distribution.

Section 6. Partnership Assets Sole Source

The Partners shall look solely to the Partnership's assets for the payment of any debts or liabilities owed by the Partnership to the Partners and for the return of their capital contributions and liquidation amounts. If the Partnership property remaining after the payment or discharge of all of its debts and liabilities to persons other than Partners is insufficient to return the Partner's capital contributions, they shall have no recourse therefor against the Partnership or any other Partners, except to the extent that such other Partners may have outstanding debts or obligations owing to the Partnership.

Section 7. Sale of Partnership Assets During Term of the Partnership

The sale of Partnership Assets during the term of the Partnership shall not be considered a liquidation of the Partnership and therefore is not a dissolution and termination as defined under this Article. The General Partner shall have the power to reinvest the sale proceeds in other property, real and personal, tangible or intangible, that satisfies the business strategy purposes for this Partnership. Further, the General Partner is authorized to participate in any real property exchanges as defined in Internal Revenue Code Section 1031 if this fulfills the business strategy purposes of this Partnership.

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Article Fourteen

Dispute Resolution Provisions

Section 1. Creation of the Procedure

The procedure outlined in this Article is to be used to resolve any dispute, contest or claim that may result as to issues of valuation, ownership, the construction and enforcement of this agreement, and as to any other matter that may pertain to or relate to the agreement. It is the objective and purpose of all parties to resolve all disputes, contests and claims without litigation using the alternative dispute resolution procedures required herein.

Section 2. Person Defined

The term "person" is to have the same broad meaning as the definition thereof in Section 7701(a)(1) of the Internal Revenue Code. The term "person" will specifically include the partnership, its successors and assigns, each partner and each family assignee, their successors, assigns, heirs and personal representatives. The term "each other person" identifies any person corporation, partnership, limited liability company, trust or other party whose interest may be affected, adversely or otherwise, by the resolution of any dispute, contest or claim.

Section 3. Initiation of Procedure

Any person having a dispute, contest or claim ("claimant") shall give notice to each other person describing in general terms the nature of the dispute, contest or claim. The notice shall designate an independent person who will have the authority to settle the dispute for and on behalf of claimant. Each person receiving notice ("respondent") of the dispute will have 10 business days to designate an independent person who will have the authority to settle the dispute for and on behalf of respondent and to deliver to the claimant written notice of the designation.

The term "independent person" is defined to mean an individual who is not related to or subordinate to a claimant or respondent; is not a partner of the partnership; has nothing to gain or lose from the resolution of the dispute, contest, or claim, other than fair and reasonable compensation for services rendered. The independent persons designated as the authorized representative of a claimant and each respondent are together call "the authorized representatives."

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Section 4. Commencement of Procedure

The authorized representatives are to conduct an initial meeting within 30 days from the date claimant's notice is delivered to respondents. The authorized representatives are authorized to collection and review of all relevant evidence pertaining to this dispute and to negotiate and make a final determination that resolves the claim, dispute or contest. The resolution of the claim, dispute or contest by the authorized representatives is to be conclusive and binding.

If the authorized representatives cannot or do not come to mutual resolution of the claim, dispute or contest within 30 days from the date of their initial meeting, the authorized representatives shall cease direct negotiations and shall submit the claim, dispute or contest to mediation.

Section 5. Selection of a Mediator

The authorized representatives will have 5 business days from the date they terminate direct negotiations to submit to each other a written list of persons whom they consider to be qualified to serve as a mediator. A list of candidates may include those recognized by any court as a qualified mediator. The authorized representatives will have 15 days thereafter to mutually select and designate the mediator.

Section 6. Time and Place for Mediation Conference

The authorized representatives shall promptly designate a mutually convenient time and place for the mediation.

Section 7. Discovery, Exchange of Information

The authorized representatives shall be entitled to fully discover, obtain and review all information relevant to the resolution of a claim, dispute or contest.

Section 8. Summary and Development of the Evidence and the Law

Each authorized representative shall deliver to the mediator, at least 7 days prior to the first mediation conference, a concise written summary of fact and law pertaining to the issues to be resolved in mediation. Each claimant or respondent may be represented by legal counsel in the dispute resolu-

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tion process. Others who may participate in the mediation process will include accountants, appraisers and other experts who opinions may guide the mediator in a final resolution of the claim, dispute or contest.

Section 9. Conduct of Mediation

The mediator shall determine the format for mediation conferences. The format must be designed to assure that both the mediator and the authorized representatives have an equal opportunity to hear and review the evidence and to hear and review all technical and legal presentations. The mediator shall also determine the time schedule and to conclude mediation at any time and to come to a final resolution of all issues in dispute. The mediator's decision shall be in writing that includes a summary of the issues, his or her determination with regard to each issue, and the basis for his or her determination. The decision of the mediator will be conclusive and binding.

The authorized representatives of each claimant and each respondent may at any time prior to conclusion of mediation enter into an agreement resolving the claim, dispute or contest, and their decision will be conclusive and binding.

The mediator may conclude mediation without a decision if he or she determines that insufficient evidence was produced at the mediation conference or conferences to support a decision.

Section 10. Non-Responding Person, Group Representation

A final determination made by the authorized representatives or a mediator will be binding upon each person who receives notice of a claim, dispute or contest even though he, she or it does not respond or designate a representative or if his, her or its designated authorized representative fails or refuses to participate in the designation of a mediator.

Two or more claimants may designate a common representative. Likewise, two or more respondents may designate a common representative.

The rules of mediation are not to be as established by the law of any jurisdiction but by the law of this contract.

Section 11. Costs

Each claimant shall be solely responsible for the cost of his, her, or its representation and discovery. The compensation of the mediator is to be shared, as to any common claim, dispute or contest (a) □

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by claimant, or all claimants in common if more than one and □ by respondent, or all respondents in common if more than one or (b) as may be otherwise determined by the agreement of the authorized representatives. A mediator may require, as a precondition to service, that a fair and reasonable compensation amount be prepaid or placed in an escrow account.

Section 11. Arbitration

To the extent a final resolution of the claim, dispute or contest is not made according to alternative dispute resolution procedures above provided (as may be the case if the authorized representatives cannot come to agreement on the designation of a mediator or if the mediator does not make a final decision), mandatory and binding arbitration of the claim, dispute or contest is required, and the claim, dispute or claim shall be settled by arbitration in accordance with the provisions of the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having competent jurisdiction.

Section 12. Right to Seek Equitable Relief

Notwithstanding anything in this Article to the contrary, the parties shall have the right to seek temporary restraining orders, preliminary injunctions and similar provisional, equitable relief in a Court of competent jurisdiction in the event of a material breach of the terms of this Agreement, and the party seeking such relief has determined in good faith that the exigencies of the breach require such immediate relief.

Section 13. Attorneys Fees and Costs

In the event a dispute arises between any Partner and the Partnership or between the Partners themselves, the prevailing party shall be entitled to recover reasonable attorney's fees and court costs incurred.

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Article Fifteen

General Matters

Section 1. Successors and Assigns

Subject to the restrictions on transfers provided in this Agreement, this Agreement, and each and every provision of it, shall be binding upon and shall inure to the benefits of the Partners, their respective successors, successors-in-title, personal representatives, heirs and assigns.

Section 2. Power of Attorney

Each Limited Partner (including any substituted Limited Partner) by the execution of this Agreement or a true and correct copy hereof, does hereby irrevocably constitute and appoint the General Partner, as such Limited Partner's true and lawful agent and attorney-in-fact, with full power and authority in the Limited Partner's name, place, and stead, to make, execute, sign, acknowledge, swear to, deliver, file, and record such documents as may be necessary or appropriate to carry out the provisions of this Agreement, including, but not limited to:

a. The Partnership's Certificate of Limited Partnership and any amendments thereto;

b. The dissolution of the Partnership following its termination;

c. Any duly adopted amendments to this Agreement;

d. All such other instruments, documents, and certificates that may from time to time be required by the law of the State of California, the United States of America, or any other jurisdiction in which the Partnership shall determine to do business, or any political subdivision or agency thereof, to effectuate, implement, continue and defend the valid and subsisting existence of the Partnership; and

e. All other instruments, including, without limitation, all instruments relating to the acquisition, holding, selling, leasing and financing of Partnership property as the General Partner may deem necessary or desirable to carry out the provisions of this Agreement in accordance with its terms.

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The foregoing power of attorney is hereby acknowledged to be coupled with an interest and therefore is irrevocable, and shall survive the incapacity of any Limited Partner and also survives the assignment of the Limited Partner's interest and empowers the General Partners to act to the same extent for such successor Limited Partners. The power may be exercised by any General Partner by a facsimile signature or by listing all of the Limited Partners executing the instrument with a signature of the General Partner as the attorney in fact for all of them. Notwithstanding the foregoing, no attorney-in-fact hereunder shall take any action that would increase the liability of any Limited Partner beyond such Limited Partner's liability as set forth in this Agreement.

Section 3. Amendment

Pursuant to the power of attorney granted in this Agreement, the General Partner, without the consent of the other Partners, may amend any provision of this Agreement and/or the Certificate of Limited Partnership, and may execute, swear to, acknowledge, deliver, file and record such documents as may be required in connection therewith, to reflect:

a. A change in the name of the Partnership or the location of the principal office of the Partnership;

b. The admission, substitution or termination of Partners in accordance with this Agreement;

c. A change that the General Partner in its sole discretion determines to be necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any jurisdiction or to ensure that the Partnership will not be treated as an association taxable as a corporation for federal income tax purposes;

d. A change that does not adversely affect the Limited Partners in any material respect or that is required or contemplated by this Agreement; or

e. Any other amendments similar to the foregoing.

All other amendments shall require the written consent of 75 percent of the Partnership Interests; provided that the amendment of any provision of this Agreement requiring the approval of a greater percentage of Partnership Interests (including, by way of example, the liquidation of the Partnership prior to the expiration of its term), shall require the written consent of such greater percentage.

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Section 4. Partition

The Partners hereby agree that no Partner, nor any successor-in-interest to any Partner, shall have the right while this Agreement remains in effect to have the Property of the Partnership partitioned, or to file a complaint or institute any proceeding at law, or to demand, request or require the liquidation or dissolution of the Partnership, the return of capital or any specific assets of the Partnership or in equity to have the Property of the Partnership partitioned, and each Partner, on its own behalf or its successors, representative, heirs, and assigns, hereby waives any such right.

It is the intention of the Partners that during their term of this Agreement, the right of the Partners and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Partner or successors-in-interest to assign, transfer, sell, or otherwise dispose of its interest in the Partnership shall be subject to the limitations and restrictions of this Agreement.

Section 5. No Waiver

The failure of any Partner to insist upon strict performance of any provision or obligation of this Agreement, irrespective of the length of time for which such failure continues, shall not be a waiver of such Partner's right to demand strict compliance in the future. No consent or waiver express or implied, to or of any breach or default in the performance of any obligations under this Agreement, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

Section 6. Changing the Partnership's Situs

The situs of this Partnership may be changed only by the unanimous written consent of all of the Partners.

Section 7. No Duty to Mail Certificates

The General Partner shall have no obligation to deliver or mail copies of the Certificate of Limited Partnership or any amendments to the Limited Partners as required by any provision of the laws of the Act.

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Section 8. General Matters

The following general matters of construction shall apply to the provisions of this Agreement:

a. Construction

Unless the context requires otherwise, words denoting the singular may be construed as denoting the plural, and words of the plural may be construed as denoting the singular. Words of one gender may be construed as denoting another gender as is appropriate within such context.

b. Headings of Articles, Sections, and Paragraphs

The headings of Articles, Sections, and Paragraphs used within this Agreement are included solely for the convenience and reference of the reader. They shall have no significance in the interpretation or construction of this Agreement.

c. Notices

All notices required to be given in this Agreement shall be made in writing by either:

Personally delivering notice to the party requiring it, and securing a written receipt,

Mailing notice by certified United States mail, return receipt requested, to the last known address of the party requiring notice, or

Electronic transmission by facsimile to the party requiring notice, provided that such party's receipt of same is confirmed in writing.

The effective date of the notice shall be the date of the written receipt or the date of the return receipt, if received, or if not, the date it would have normally been received via certified mail, provided there is evidence of mailing.

d. Delivery

For purposes of this agreement "delivery" shall mean:

Personal delivery to any party,

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Delivery by certified United States mail, return receipt requested to the party making delivery, or

Electronic transmission by facsimile to any party, provided that such party's receipt of same is confirmed in writing.

The effective date of delivery shall be the date of personal delivery or the date of the return receipt, if received, or if not, the date it would have normally been received via certified mail, provided there is evidence of mailing.

e. Applicable State Law

The validity of this Agreement shall be determined by reference to the laws of the State of California, unless the situs of the Partnership has been changed by unanimous consent of the Partners, in which case the validity of this Agreement shall be determined by reference to the laws of the then current situs.

f. Duplicate Originals

This Agreement may be executed in several counterparts; each counterpart shall be considered a duplicate original Agreement.

g. Severability

If any provision of this Agreement is declared by a court of competent jurisdiction to be invalid for any reason, such invalidity shall not affect the remaining provisions of this Agreement. The remaining provisions shall be fully severable, and this Agreement shall be construed and enforced as if the invalid provision had never been included.

h. Acceptance

Each General and Limited Partner hereby acknowledges and confirms that he, she or it has reviewed this Limited Partnership Agreement, accepts all its provisions, and agrees to be bound by all the terms, conditions and restrictions of this Agreement.

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IN WITNESS WHEREOF, the Partners have executed this Agreement as of the day and year first above written.

By:

GENERAL PARTNER

KENNETH W. MATTSON, Manager
K S MATTSON COMPANY, LLC

STACY L. MATTSON, Member
K S MATTSON COMPANY, LLC

LIMITED PARTNERS

KENNETH W. MATTSON

STACY L. MATTSON

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On July 21, 1999, before me, C. Jordan Kosco, a Notary Public, in and for said State, personally appeared KENNETH W. MATTSON and STACY L. MATTSON, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signatures on the instrument, the persons, or the entit upon behalf of which the persons acted, executed the instrument.

Notary Public

My commission expires 05-31-2002

C. JORDAN KOSCO
Commission # 1185144
Notary Public - California
San Francisco County
My Comm. Expires May 31, 2002

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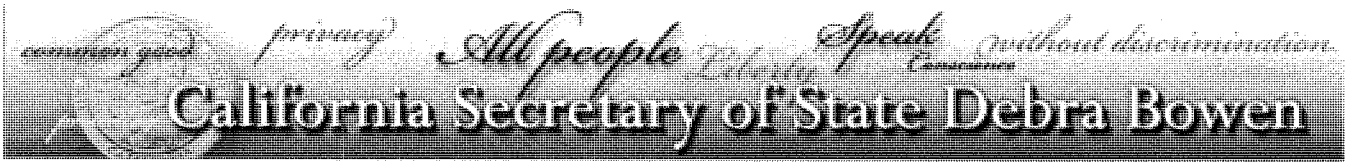
Exhibit A

The Partners and Contributions to the Partnership

Partner's Name	Type of Interest	Contribution	Value	% Interest
K S MATTSON COMPANY, LLC	General	See Schedule A-1		2
KENNETH W. MATTSON	Limited	See Schedule A-2		49
STACY L. MATTSON	Limited	See Schedule A-3		49

Date: 7/21/15

KENNETH S. MATTSON, Manager
K S MATTSON COMPANY, LLC
General Partner



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Data is updated to the California Business Search on Wednesday and Saturday mornings. Results reflect work processed through Friday, August 29, 2014. Please refer to **Processing Times** for the received dates of filings currently being processed. The data provided is not a complete or certified record of an entity.

Entity Name:	K S MATTSON PARTNERS, LP
Entity Number:	199922800002
Date Filed:	08/16/1999
Status:	ACTIVE
Jurisdiction:	CALIFORNIA
Entity Address:	131 WYKOFF
Entity City, State, Zip:	VACAVILLE CA 95688
Agent for Service of Process:	KENNETH W. MATTSON
Agent Address:	131 WYKOFF DR
Agent City, State, Zip:	VACAVILLE CA 95688

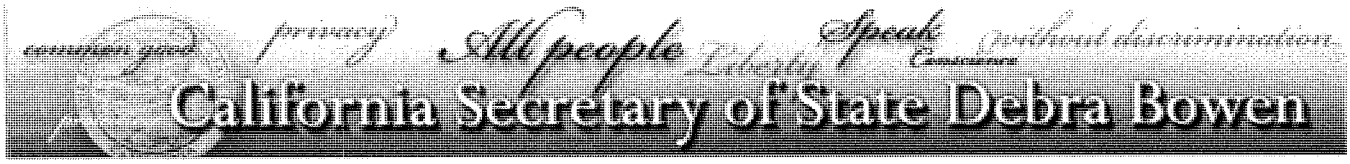
* Indicates the information is not contained in the California Secretary of State's database.

* **Note:** If the agent for service of process is a corporation, the address of the agent may be requested by ordering a status report.

- For information on checking or reserving a name, refer to **Name Availability**.
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Agent Address:	131 WYKOFF DR
Agent City, State, Zip:	VACAVILLE CA 95688

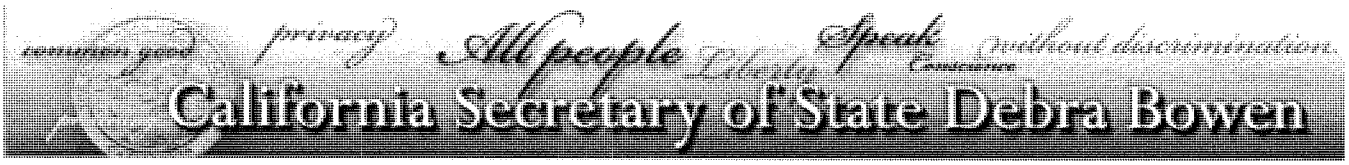
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- *Select an entity name below to view additional information.* Results are listed alphabetically in ascending order by entity name.
- For information on checking or reserving a name, refer to **Name Availability**.
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- For help with searching an entity name, refer to **Search Tips**.
- For descriptions of the various fields and status types, refer to **Field Descriptions and Status Definitions**.

Results of search for " THE K S MATTSON COMPANY, LLC " returned 1 entity record.

Entity Number	Date Filed	Status	Entity Name	Agent for Service of Process
199922810040	08/16/1999	ACTIVE	**K S MATTSON COMPANY, LLC**	KENNETH W MATTESON

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Entity Name:	K S MATTSON COMPANY, LLC
Entity Number:	199922810040
Date Filed:	08/16/1999
Status:	ACTIVE
Jurisdiction:	CALIFORNIA
Entity Address:	301 BUCK AVE
Entity City, State, Zip:	VACAVILLE CA 95688
Agent for Service of Process:	KENNETH W MATTESON
Agent Address:	301 BUCK AVE
Agent City, State, Zip:	VACAVILLE CA 95688

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State of California
Secretary of State

CERTIFICATE OF STATUS

ENTITY NAME: K S MATTSON PARTNERS, LP

FILE NUMBER:	199922800002
FORMATION DATE:	08/16/1999
TYPE:	DOMESTIC LIMITED PARTNERSHIP
JURISDICTION:	CALIFORNIA
STATUS:	ACTIVE (GOOD STANDING)

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

The records of this office indicate the entity is authorized to exercise all of its powers, rights and privileges in the State of California.

No information is available from this office regarding the financial condition, business activities or practices of the entity.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of September 10, 2012.

Debra Bowen

DEBRA BOWEN
Secretary of State

HSD

NP-25 (REV 1/2007)

EXHIBIT E

CONFIDENTIAL-ATTORNEY CLIENT PRIVILEDGE

Ken:

This is an update of where we are on a number of issues that need your attention:

1. Willowbrook—we are waiting for you to provide the breakdown for the $210,000 that came into that account. As you recall, we are going to show this as coming in post tax reporting. We need to square the account up and produce a deed that will be in Citrus Heights but not recorded so as not to create a lending issue.
2. Willow Glen and Norman Brooks—similar issue to that above. We need you to clarify investments into this account so we can square up this account. We have shown Norman's $160,000 contribution, but this was $10,000 more than what was originally showing on this account.
3. SHORT TERM—URGENT NEEDS:
   a. This month's shortage (Mark to provide)
   b. Payables (Mark to provide)
   c. 7575 Power Inn property tax--$46,566.67 by 6/30/2009 I have attached the statements including the "Notice of Potential Judicial Foreclosure Proceedings"
   d. Boulders property tax--$ WAMU is requiring payment by 6/28.
   e. Sterling Pointe--$
   f. Spring Glenn--$

4. LONG TERM PLAN:
   We have discussed our strategy for dealing with the cash flow shortage several times a week for quite awhile. I want to summarize some of where we are and where we are going.

   Our investment strategy assumed an ability to transfer properties in a period of 3-5 years. At that time our reserves would be exhausted. But with even a minor increase in value, we would be able to cover debt, equity, the reserves exhausted in operations and owner withdrawals with a profit. And it has worked many times over.

   That strategy has been frustrated by the current restrictions on lending. This has meant that we are holding properties longer than normal and have exhausted reserves at many properties. While the ownership agreements allow us to cut back the owner withdrawals and even make capital calls, we have chosen not to do this. The assumption is that we can weather this cash shortage and come out all right when lending and sales return without having to cause financial disruption to so many investors.

To do this, we have relied on interproperty loans as provided for in the management agreement, the management company deferring collections, and in some cases new capital coming in or loans. We have even

We are again making some assumptions about the future. New capital will dilute equity. But, we are doing so in properties that have increased in value since purchase. Portfolio wide we are paying down principal at approximately $320,000 per month and increasing due to the nature of the predominant index used. Our goal right now is to remain roughly stable portfolio wide. New capital coming in and new loans should be roughly balanced out by principal decrease and small gains in value in the relative short term. If this does not occur, we have various means of adjusting the results including forgiving funds owed to the management company and credit back from LeFever Mattson from brokerage fees upon transfer and/or from our equity.

But we have a number of issues that we need to pay attention to for this to work. Most important is the need to increase the pace of new funds coming in. Additionally, we need to finalize the terms for Sienna loans and gain the approval of the limited partners if necessary. I have attached the papers from Hanson Bridgette.

EXHIBIT F

SHARIS APARTMENTS

CO-TENANCY AGREEMENT

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CO-TENANCY AGREEMENT

THIS CO-TENANCY AGREEMENT (the "Agreement") is made effective as of December ___, 2004, by and among LeFever Mattson, a California corporation ("LeFever"), and each other party listed in Exhibit A hereto (each party and LeFever, a "Co-Tenant," and collectively, the "Co-Tenants") with respect to the following facts and circumstances:

A. The Co-tenants are (or will be) the owners as tenants-in common of certain improved real property and associated personal property and other assets located at 405-415 Fleming Avenue East, Vallejo, California, consisting of a 32-unit apartment complex and all related improvements, more commonly known as "Sharis Apartments" and which property is more fully described on the attached Exhibit B (the "Property"); the Property is acquired pursuant to a separate purchase contract, a copy of which is attached hereto as Exhibit C (the "Purchase Contract").

B. The parties hereto desire to memorialize their agreements concerning the ownership and operation of the Property to further a cooperative relationship between them in common ownership of the Property.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Co-Tenancy Interests. The Co-Tenants will hold title to the Property as Tenants-In-Common, with each owning an undivided fee simple interest (such an interest being referred to herein as "Percentage Interest" and all such interests being referred to herein collectively the "Percentage Interests"). Any Percentage Interest indicated on Exhibit A prior to the close of escrow with respect to the Co-Tenants' acquisition of the Property is only an estimate. The final Percentage Interests of the Co-Tenants will be determined after the Close of Escrow and will reflect actual contributions of cash, notes or other property used for the purchase of the Property or held for the operation of the Property. The final Percentage Interests of each Co-Tenant will be reflected on the attached Exhibit A as of the Effective Date hereof. The Percentage Interests shall not change by reason of any improvements or additions made to the Property or any additional expenditure by a Co-Tenant, except as otherwise indicated in Section 8, below. The Co-Tenants confirm that their relationship is strictly that of holders of undivided interests in the same real and personal property and that neither this Agreement nor any course of dealing between the Co-Tenants shall be construed to create or give rise to any partnership or joint venture between them, for state or Federal tax purposes or otherwise. Each Co-Tenant agrees to comport itself consistent with the foregoing express understanding and to instruct its accountants, attorneys, insurers and other relevant advisors and service providers to treat, and where relevant, report all matters respecting the Property and Co-Tenant relationships consistent with the foregoing. The Co-Tenants each agree that they shall be deemed to have made an election to exclude this co-tenancy from partnership treatment pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and Section 1.761-2(b)(ii) of the Regulations thereunder (the "Regulations"). The Co-Tenants agree that they will not file any partnership or corporate tax returns with respect to the Co-Tenancy or operate under a common name.

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2. Purpose. This Agreement is entered into for the limited purpose of setting forth the understanding of the Co-Tenants with respect to the holding, leasing, further development and selling of the Property and setting forth the rights, duties and obligations of the Co-Tenants with respect thereto. The Property was acquired by the Co-Tenants for the primary purpose of investment for long-term capital appreciation and not for the purpose of dealing in or selling real estate as a trade or business. Nothing in this Agreement shall be deemed to restrict in any way the freedom of any party to conduct any other business or activity whatsoever.

3. Nature of Owners' Obligations. The obligations of the Co-Tenants under this Agreement shall, in every case, be several and shall not be, or be construed to be, either joint or joint and several, except as otherwise expressly and specifically provided in this Agreement. Except as otherwise expressly and specifically provided in this Agreement, none of the Co-Tenants shall have any authority to act for, or to assume any obligations or responsibilities on behalf of, the other Co-Tenants. It is not the purpose or intention of this Agreement to create, and this Agreement shall not be construed to create, a partnership.

4. Ownership.

4.1 Ownership. This Agreement does not create, nor is it intended to create, a partnership or joint venture. It is merely an arrangement for the management of the jointly owned Property. Unless modified by amendment hereto, the Co-Tenants shall be the fee owners of the Property in the percentages set forth in Exhibit A and shall hold record title to the Property consistent therewith.

4.2 Liability for Mortgages, Encumbrances and Other Liabilities. All obligations under the mortgages and encumbrances on the Property and all liabilities and other obligations incurred in connection with the acquisition, ownership, management, operation, or disposition of the Property shall be borne and assumed by the Co-Tenants in proportion to their respective undivided Percentage Interests in the Property as set forth above in Section 4.1.

5. Notices. Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the party or to an officer of the party to whom directed at the following address, or to such other address as such party may from time to time specify by written notice to the Parties. Notices given or served pursuant hereto shall be effective upon receipt by the party to be notified.

6. Management.

6.1 The Property shall be managed by LeFever Mattson Property Management (the "Manager") pursuant to a Management Agreement of even date herewith (the "Management Agreement"), a copy of which is attached hereto as Exhibit D. The Management Agreement shall have an initial term of one year and shall thereafter be automatically renewed for successive one year terms on each anniversary of the Management Agreement unless either party thereto gives the other notice that it does not wish to renew the Management Agreement at least 60 days prior to the expiration of the then current term. Only upon the unanimous agreement of the Co-Tenants, and upon satisfaction of any applicable lender requirements regarding the Manager, can

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the Co-Tenants elect not to renew or to terminate the Management Agreement. In the event of any termination of the Management Agreement, voluntarily or for any other reason, the Co-Tenants shall unanimously agree upon a replacement Manager (and any successor Managers) for the Property provided that such Manager is experienced in managing assets of the nature of the Property, in the county where the Property is located and such Manager is acceptable to all of the Co-Tenants. The Management Agreement shall provide that the fee payable to the Manager shall not exceed the fair market value of the services rendered.

6.2 Except for contracts, leases and agreement which, under the terms of the Management Agreement, may be unilaterally entered into without the consent and approval of the Co-Tenants, any contract, lease, agreement or encumbrance binding, upon or affecting the Property interest of another Co-Tenant shall require the written approval of such other Co-Tenant and any contract, lease, agreement or encumbrance binding, upon the Property or any portion thereof shall require the written approval of all Co-Tenants.

6.3 Except to the extent otherwise required under the existing tenant leases, the Co-Tenants shall provide to their tenants only the "usual and customary tenant services" customarily performed in connection with the maintenance and repair of an apartment complex. The Co-Tenants shall not provide any "additional services" to the tenants beyond that which is considered "usual and customary" pursuant to the Code, Regulations and other Internal Revenue Service ("Service" or "IRS") pronouncements. In the event the Co-Tenants are unable to determine whether a particular service is "customary" or "additional," the Co-Tenants agree not to provide such service unless a Co-Tenant can obtain an opinion from independent tax counsel or a ruling from the IRS stating that providing such a service is "usual and customary." A Co-Tenant seeking to provide such a service shall use its best efforts to obtain such an opinion within forty-five (45) days following the Manager's request therefor.

7. Mortgage Loans. A deed of trust on the Property secures a mortgage loan (the "Mortgage Loan") for an amount and according to terms acknowledged and agreed to by the Co-Tenants.

8. Costs and Expenses, .Budget. The Co-Tenants shall cause the Manager to prepare an annual operating budget for the Property. A pro forma for the first year of operation of the Property has been prepared and is attached hereto as Exhibit E. Any and all budgets prepared by the Manager shall be estimates based on available information and the reasonable interpretation of such information by the Manager and shall not constitute any type of guaranty of results or performance. Neither the Manager nor any Co-Tenant shall be held liable for any deviation in performance from any such pro forma or any other budget. If any such budget shall disclose that revenues from the Property are, or are likely to become within the next year, insufficient to fund all costs and expenses of financing, ownership, operation, repair, replacement, and maintenance of the Property, including required payments on or in connection with the Mortgage Loan and any extension, replacements or substitutions thereof, real property taxes, casualty and liability insurance premiums for the Property, repairs, replacements, maintenance, and similar costs (collectively, "Expenses"), or if at any time during the year Manager shall otherwise inform any of the Co-Tenants that funds from sources other than Property revenues are then required, or required during the next 90 days, to pay Expenses, each Co-Tenant shall have the right but not the obligation to fund a portion of such Expenses in proportion to such Co-Tenant's respective

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Percentage Interest. In the event a Co-Tenant elects not to fund such amount (a "Defaulting Co-Tenant"), the other Co-Tenants (the "Non-Defaulting Co-Tenants") shall have the right, but not the obligation, to advance the money owing by the Defaulting Co-Tenant. The amount of such advance shall constitute a loan to the Defaulting Co-Tenant and shall bear interest at the rate of ten percent (10%) per annum from the date of advancement until paid in full. Any such advance shall be due and repayable upon demand of the advancing Non-Defaulting Co-Tenant. Unless repaid on demand, any such advances, together with interest as set forth above, shall, at the option of the Non-Defaulting Co-Tenants, be deducted and repaid from rents, issues and profits of the Property otherwise allocable and distributable to the Defaulting Co-Tenant. In addition, subject to compliance with any and all applicable lender requirements with respect to the Property, to the extent such advances are not repaid in full within twenty-four (24) months, the Non-Defaulting Co-Tenants shall have a lien upon the ownership interest of the Defaulting Co-Tenant in the Property to the extent of the advances and interest. In the event that after the expiration of such twenty-four (24) month period, the Defaulting Co-Tenant fails to repay, upon demand, the amount of the advances, together with interest, then, at their option, the Non-Defaulting Co-Tenants may at any time foreclose the lien by power of sale (subject to compliance with any and all applicable lender requirements with respect to the Property). The advancing Non-Defaulting Co-Tenants are expressly granted the power to sell that portion of the undivided interest of the Defaulting Co-Tenant necessary to satisfy such lien at a public sale conducted by the advancing Non-Defaulting Co-Tenants or their appointed agent in the same manner as a private foreclosure of a deed of trust under California law, at which sale the Non-Defaulting Co-Tenant are hereby authorized to credit bid on their behalf the amount of the unpaid advance made on behalf of the Defaulting Co-Tenant plus interest, attorney's fees, trustee's fees and other expenses of the sale (subject to compliance with any and all applicable lender requirements with respect to the Property). Any Co-Tenant may bid at the sale. In order to comply with any applicable lender requirements with respect to the Property, the Manager may require Members to delay any foreclosure proceedings pursuant to this Paragraph and the formal transfer of title until such time that the Property is sold or the consent of the lender is obtained.

9. Consent Requirements for Expenditures. Unless an emergency situation requires action before the other Co-Tenants can reasonably be contacted, and except as otherwise provided pursuant to the provisions of the Management Agreement, no Co-Tenant will make any expenditure for repairs, maintenance, replacements, or improvements to the Property.

10. Alterations and Additions. Except as otherwise provided in this Agreement, no Co-Tenant will perform any alterations or additions to the Property, without the prior written approval of the other Co-Tenants.

11. Insurance. The Co-Tenants agree to mutually confer with the Manager as to the obtaining of any insurance, and the obtaining of same shall be coordinated through the Manager. Insurance shall meet the minimum requirements of any mortgage loan during the time of that loan or any extension thereof. Unless otherwise directed in writing by the co-tenants, the Manager will not purchase earthquake insurance. Co-Tenants are advised to consult with their own insurance provider in regards to additional coverage under a personal umbrella policy. Co-Tenants should contact the insurance provider regarding naming each Co-Tenant as an additional insured.

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12. Term. Except as otherwise provided herein, this Agreement shall remain in full force and effect for a term beginning on the date hereof and ending on the earlier to occur of (a) the unanimous agreement of all Co-Tenants to terminate this Agreement, or (b) disposition of the Property by all of the Co-Tenants, or (c) the transfer of all of the Percentage Interests of all other Co-Tenants to one of the other Co-Tenants, or (d) fifty (50) years from the execution hereof.

13. Distributions from Positive Operating Cash Flow. "Positive Operating Cash Flow" shall mean all revenues received from operation of the Property, together with amounts the Manager has reasonably determined can be released from reserves (as opposed to revenues or proceeds from sale, refinancing or insurance, except to the extent such proceeds constitute proceeds from rent continuation insurance), remaining after (i) payment of all current expenses and costs relating to ownership and operation of the Property (including payments under any mortgage loan with respect to the Property and any extensions or replacements thereof), (ii) repayment of all funds advanced by the Co-Tenants for payment of Expenses that have not been prepaid or resulted in the foreclosure against all or part of the Defaulting Co-Tenants' ownership interest in accordance with Section 8, above; and (iii) agreed upon reserves that are set aside pursuant to the attached pro forma (as such pro forma may change by the unanimous agreement of Co-Tenants). Positive Operating Cash Flow shall, subject to the terms of this Agreement, be shared between the Co-Tenants in accordance with their Percentage Interests and shall be paid as agreed between the Co-Tenants. In no event however, shall said positive cash flow be distributed less than on a quarterly basis.

14. Sale of Interests. Except as otherwise provided in this Agreement, and subject to obtaining any requisite consent of the holder of the Mortgage Loan, and/or the holder of any replacement or secondary mortgage(s), no Co-Tenant shall commence an action to partition the Property, and no Co-Tenant shall sell, transfer, or assign or otherwise dispose of any interest in the Property without first complying with the provisions of this Section 14. The restrictions contained in this Section 14 shall apply to all transfers, including, but not limited to, transfers as the result of the death or dissolution of a Co-Tenant. Any act in violation of this Section 14 shall be null and void as against the other Co-Tenant and shall constitute a default of this Agreement.

14.1 Transfer Notice/Option to Purchase. Prior to commencing an action for partition of the Property, or in the event a Co-Tenant desires to sell or otherwise transfer all or part of its Percentage Interest in the Property, such Co-Tenant shall give written notice (the "Transfer Notice") to the other Co-Tenant of its intention to transfer, assign, encumber or otherwise dispose of its Percentage Interest in the Property, or a part thereof, setting forth, in the event of a proposed sale to a third party in an arm's length transaction, the name and address of the proposed transferee, the interest to be transferred, the price for the interest proposed to be transferred and the terms of payment or other relevant terms of the transaction. The remaining Co-Tenants shall have the option to purchase all of the Percentage Interest in the Property proposed to be transferred at the price and upon the terms hereinafter provided. Such option shall be and remain irrevocable for a period of sixty (60) days after giving of the Transfer Notice.

14.2 Exercise of Option. The non-transferring Co-Tenants who wish to exercise the option to purchase (the "Purchasing Co-Tenants") shall exercise the option by giving written notice of exercise to the Manager, to the transferring Co-Tenant and to the other Co-Tenants (if any). In the event that elections are made to purchase more than the offered

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Percentage Interest, each Co-Tenant shall have the right to purchase such proportion of the Percentage Interest as is equal to the ratio of such Co-Tenant's interest in the Property to the Percentage Interests of all Co-Tenants so electing. Notwithstanding anything to the contrary heretofore set forth, in order for the exercise to be effective, the Purchasing Co-Tenants must collectively elect to purchase all of the Percentage Interest proposed to be transferred.

14.3 Closing. The closing of the purchase pursuant to this Section 14, shall take place at a date designated by the Purchasing Co-Tenant(s), which date shall not be more than one hundred eighty (180) days after the date of the Transfer Notice, at which time the initial payment of the purchase price shall be paid, and any and all documents, drafts or other instruments necessary to be executed in order to effect the purchase and sale, shall thereupon be executed and delivered to the proper Party.

14.4 Release from Restrictions. If the remaining Co-Tenants do not elect to purchase all of the Percentage Interest which is proposed to be transferred or encumbered, as herein above provided, then the transferring Co-Tenant may transfer its offered Percentage Interest to the individual or entity at the price and terms set forth in the Transfer Notice (or, in the event that the Transfer Notice provides for an intent to partition, the Transferring Co-Tenant may commence its partition action); PROVIDED, HOWEVER, that in the event such transfer, encumbrance or partition action is not completed within one hundred fifty (150) days after the date of giving of the Transfer Notice, then the restrictions of this Section 14 will again attach to such Percentage Interest of the transferring Co-Tenant and no transfer shall be made without giving a Transfer Notice and complying with the other provisions of this Section.

14.5 Purchase Price. In the event that the Transfer Notice sets forth an intent to sell to an unrelated third party in an arm's length transaction, the purchase price for the remaining Co-Tenants shall be the price set forth in the Transfer Notice. In all other instances, the purchase price for the remaining Co-Tenants shall be the product (i) of the Transferring Co-Tenant's fractional Percentage Interest (or a fraction based upon such portion of such Percentage Interest which is being proposed to be transferred) and (ii) the fair market value of the Property (less any encumbrances against all Percentage Interests in the Property), as determined in the following manner:

Within ninety (90) days after the date of the Transfer Notice, the Purchasing Co-Tenants and the person legally entitled to the value of the interest being purchased shall attempt to agree upon the fair market value of the Property. In the event that the parties are unable within such ninety (90) day period to agree upon the value of the Property, the value of the Property shall be determined by an appraisal as follows:

The Purchasing Co-Tenants, acting collectively, and the person legally entitled to the value of the Percentage Interest being purchased shall each appoint one (1) appraiser. If the two (2) appraisers so appointed are unable to agree upon the value of the Percentage Interest within thirty (30) days after their appointment, they shall appoint a third (3rd) appraiser. The Purchasing Co-Tenants and the person entitled to the value of the Percentage Interest being purchased shall each pay the cost of the appraiser appointed by it, and the cost of the third appraiser, if necessary, shall be shared equally by the Purchasing Co-Tenants and the person entitled to the value or the interest in the Property being purchased. The three (3) appraisals shall be added together and their total divided by three (3); the resulting quotient shall be the value of

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a one hundred percent (100%) Percentage Interest for the purpose of this Agreement, which shall then be multiplied by the Transferring Co-Tenant's Percentage Interest for purposes of determining the purchase price. If, however, the low appraisal and/or the high appraisal is/are more than ten percent (10%) lower and/or higher than the middle appraisal, the low appraisal and/or the high appraisal shall be disregarded. If only one (1) appraisal is disregarded, the remaining two (2) appraisals shall be added together and the total divided by two (2); the resulting quotient shall be the value a one hundred percent (100%) Percentage Interest for the purpose of this Agreement. If both the low appraisal and the high appraisal are disregarded, as stated in this Section, the middle appraisal shall be the value a one hundred percent (100%) Percentage Interest for the purpose of this Agreement.

14.6 Payment. The purchase price shall be payable in full, in cash, at the closing of the sale.

14.7 Title. The transferred Percentage Interest shall be free and clear of liens and encumbrances, except those liens and encumbrances which encumber the interests of all of the Co-Tenants. The transfer shall be effected through an escrow with First American Title Guaranty Company, and shall be insured with a standard coverage (Eagle coverage) policy of title insurance. Title, escrow and all normal and customary closing costs shall be paid in accordance with the custom of the county where the Property is located.

14.8 Notwithstanding anything to the contrary contained in this Section 14, or any other provisions of this Agreement, in the event that a default shall occur under the Mortgage Loan, and by reason of any such default maker of such Mortgage Loan (or its successors-in-interest), or any other mortgagee, shall institute foreclosure proceedings or request that the Co-Tenants delivery a deed-in-lieu of foreclosure, neither Co-Tenant shall have the obligation to offer the Property to the other Co-Tenant as herein provided while any such default exists uncured and, if requested by any Co-Tenant, the other Co-Tenant shall reasonably cooperate with the requesting Co-Tenant in effecting a like-kind exchange pursuant to Section 1031 of the Code.

14.9 Provided there are no similar restrictions on transfers or assignments in any other document or agreement between the Co-Tenants, the restrictions on transfer and assignment contained in this Section 14 shall not apply, and each Co-Tenant shall be free to transfer or assign all or any portion of his, her or its Percentage Interest in the Property to (i) any revocable trust created for the benefit of the Co-Tenant, or any combination between or among the Co-Tenant, the Co-Tenant's spouse, and the Co-Tenant's issue, provided that the Co-Tenant retains a beneficial interest in the trust, or (ii) any entity, the legal and beneficial ownership interests of which are held only by the Co-Tenant, his or her spouse, and/or his or her lineal descendants, provided that the Co-Tenant controls the management and operation of such entity.

15. Exercise of Rights. So long as the Property, or any portion thereof, shall be subject to any covenants, conditions, restrictions or servitudes pursuant to which the Co-Tenants, in the aggregate as the "owner" of the Property (or such portion thereof), are entitled to vote, designate owner association representation, or otherwise take action as "owners", any such vote, designation or action shall require the unanimous concurrence of the Co-Tenants, notwithstanding any right they may otherwise have to act in accordance with their Percentage Interest in the Property.

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16. Bankruptcy, Charging Orders and Other Liens.

16.1 If (i) a petition for bankruptcy is filed by or against any Co-Tenant, or a court charges a Co-Tenant's Percentage Interest in the Property with the payment of an unsatisfied debt of such Co-Tenant, or there is recorded against the Property a lien or other encumbrance, arising out of an unsatisfied debt or obligation of a Co-Tenant or partner of a Co-Tenant (the Co-Tenant subject to such bankruptcy proceedings, charging order, or lien, being hereinafter referred to as the "Bankrupt Co-Tenant") and (ii) said bankruptcy petition or said charging order is not dismissed within sixty (60) days after the filing thereof, or such lien or encumbrance is not removed within sixty (60) days of its recording, then the other Co-Tenants (the "Remaining Co-Tenants") shall have an option, exercisable for a period of one hundred twenty (120) days following the expiration of said sixty (60) day period, to purchase the Bankrupt Co-Tenant's Percentage Interest in the Property at a price equal to the amount determined by multiplying the Bankrupt Co-Tenant's Percentage Interest by the excess of (1) the fair market value of the Property (as determined by an MAI appraisal obtained by the Remaining Co-Tenants) over (2) the sum of (A) all debts and liabilities associated with the property (including accrued interest), determined as of the date of such appraisal plus (B) a reasonable estimate of expenses, including brokerage commissions and attorneys fees, which would be incurred in connection with a hypothetical sale of the Property at such fair market value. In the event there are more than two Co-Tenants, if more than one of the Remaining Co-Tenants shall be entitled to purchase that portion of the Bankrupt Co-Tenant's Percentage Interest which bears the same ratio to the entire Percentage Interest of the Bankrupt Co-Tenant as such electing Remaining Co-Tenant's Percentage Interest bears to the total Percentage Interest of all the Remaining Co-Tenants electing to purchase such Percentage Interest of the Bankrupt Co-Tenant as of the date such option becomes exercisable.

16.2 If a Remaining Co-Tenant elects to purchase the Percentage Interest, such Remaining Co-Tenant shall, within the option period, give written notice (the "Purchase Notice") of such purchase to the Bankrupt Co-Tenant. The Purchase Notice shall specify (i) a date for the closing of the Remaining Co-Tenant's purchase of the such Percentage Interest, which date shall be within the 30-day period following the date the Purchase Notice is given (unless extended due to the necessity of obtaining an appraisal), (ii) the purchase price for such Percentage Interest (as determined hereunder, and if an appraisal is to be obtained, then statement to the effect that the purchase price will be based upon the appraisal) and (iii) such additional information, if any, as such Remaining Co-Tenant desires.

16.3 The purchase price to be paid by a Remaining Co-Tenant for the purchase of the Bankrupt Co-Tenant's Percentage Interest in the Property made pursuant to Section 16 shall be evidenced by a negotiable promissory note secured by a deed of trust encumbering the Property which provides, among other things, for, (i) interest on the unpaid principal balance thereof at the rate of 8% per annum (or, if lower, the then applicable maximum interest rate chargeable under California law); (ii) one hundred twenty (120) equal consecutive monthly installments of principal and interest, with principal amortized over a thirty-year period, payable commencing one month after the effective date of the purchase of the Percentage Interest, (iii) the right to prepay without penalty or charge, (iv) acceleration of the outstanding balance in the event of a default which remains uncured for a period exceeding thirty (30) days, and (v) attorney's fees and costs in the event of default.

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17. Recording of Liens. In the event a lien or other encumbrance shall be recorded against the Property which arises out of an unsatisfied debt of a Co-Tenant not relating to the business of the Property, such Co-Tenant (the "Liened Co-Tenant") shall promptly take all such action, at the Liened Co-Tenant's sole cost and expense, to remove such lien or encumbrance. Should the Liened Co-Tenant fail to remove such lien or encumbrance within sixty (60) days of its recording, then, in addition to the remedies afforded the Remaining Co-Tenants under Section 16 hereof, such Remaining Co-Tenant(s) may, at their option, pay all amounts necessary to satisfy the underlying debt or obligation giving rise to said lien or encumbrance. All amounts so advanced by Remaining Co-Tenant(s) under this Section 17 shall be treated as a recourse loan to the Liened Co-Tenant, payable on demand, with interest on the unpaid principal balance at the rate of 12% per annum (or, if less, the maximum amount allowable by law), to be secured by a deed of trust which shall encumber the Liened Co-Tenant's interest in the Property, and in the event such debt is not repaid in full within three years from the date of the advance, then the Co-Tenants agree to market and sell the Property. All fees related to said sale shall be charge against the Liened Co-Tenant.

18. Limitation of Liability. The Co-Tenants agree that neither the Co-Tenants nor any director, officer, shareholder, employee, agent, partner, beneficiary, trustee or representative of any Co-Tenant, shall be liable, accountable or responsible for damages or otherwise to any other Co-Tenant for any action taken or failure to act within the scope of the authority or discretion conferred or vested on or in such entity or person by this Agreement or by law, unless such action or omission was grossly negligent, or constituted intentional misconduct or a knowing violation of law.

19. Binding Effect. This Agreement shall run with the land for the benefit of each Co-Tenant's respective interest in the Property and shall bind and inure to the benefit of the parties' respective successors, assigns, and heirs so long as any of the original parties to this Agreement continue to own any interest in the Property (but in all events shall terminate as of the fifty year anniversary of the date of this Agreement unless all Co-Tenants then agree to extend the term hereof).

20. Memorandum of Agreement. The parties shall execute, acknowledge, and record a memorandum of this Agreement in the Official Records of the county where the Property is located, as constructive notice of this Agreement. Both parties agree to disclose the terms of this Agreement to any prospective lender or buyer who may inquire about it.

21. Amendment or Waiver. This Agreement may not be amended except by a written document specifically referring to it and signed by all parties and which complies with any and all applicable lender requirements. No waiver, modification, or amendment shall be deemed to result from the conduct of the parties, not shall a waiver of any one default, obligation, or payment be construed as a waiver of the right to demand strict performance in the future.

22. Governing Law. This Agreement and the obligations of the Co-Tenants hereunder shall be interpreted, construed and enforced in accordance with the laws of the State of California.

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23. Waiver. No consent or waiver, expressed or implied, by any party hereto, or of any breach or default by, any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be consent or waiver to or of any other default or breach in the performance by such other hereunder. Failure on the part of any party to complain of any act or failure to act of the other Party, or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver of such party of its rights hereunder.

24. Other Activities. During the term of this Agreement, each party may acquire, promote, develop, operate and manage real property (or any one or more of the foregoing) on its own behalf or on behalf of any other person or entity. Each party may, notwithstanding the existence of this Agreement, engage in any activity it so chooses, whether such activity is competitive with the Property or other Co-Tenants or otherwise, without having or incurring any obligation to offer any interest in such activities to the other parties. Neither this Agreement nor any activity undertaken pursuant hereto shall prevent any party from engaging in such activities or require a party to permit the other parties to participate in such activities, and, as a material part of the consideration for such Party's execution hereof, each party hereby waives, relinquishes, and reserve any such right or claim of participation. Furthermore, a party shall not be required to expend all of its time in the performance of its duties hereunder, but rather shall expend such time as it deems reasonably necessary for the management of the Property.

25. Severability. If any provision in this Agreement or the application thereof, to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent allowed by law.

26. Status Reports. Recognizing that each party hereto may find it necessary from time to time to inform third parties, such as accountants, banks, mortgagees or the like, of the then current status of performance hereunder, each party agrees upon the written request of any other, from time to time, to furnish promptly a written statement (in recognizable form, if requested) on the status of any matter pertaining to this Agreement or the Property.

27. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles of articles and sections are for convenience only and neither limit nor amplify the provisions of this Agreement itself.

28. No Third Party Beneficiary. Any agreement to pay an amount and any assumption of liability herein contained, expressed or implied, shall be only for the benefit of the undersigned parties and their respective successors and assigns, and such agreements and assumptions shall not inure to the benefit of the obligees of any indebtedness or any other party whomsoever, it being the intention of the undersigned that no one shall be deemed to be a third party beneficiary of this contract.

29. Further Assurances. Upon the request of the Manager, each Co-Tenant agrees to execute such other and further documents and instruments and take such further actions (i) as

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may be necessary to further evidence or carry out any of the provisions of this Agreement, or (ii) as may be required to comply with any mortgage or encumbrance with respect to the Property.

30. Entire Agreement. This Agreement contains the entire understanding among the parties and supersedes any prior written or oral agreements between them respecting the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between and among the parties relating to the subject matter of this Agreement which are not fully expressed herein.

31. Legal Action. In the event of any suit, action or proceeding commenced by any party or Parties in any court of competent jurisdiction to enforce any term of provision of this Agreement after default by any party or Parties, the party or parties prevailing in such suit shall be entitled to receive from the other party or parties, in addition to any other relief granted, reasonable attorneys' fees.

32. Modification; Waiver or Termination. Except or otherwise expressly provided in this Agreement, no modification, waiter or termination of this Agreement, or any part hereof, shall be effective unless made in writing signed by the party or parties sought to be bound thereby.

33. Relief of Obligation. Nothing herein contained shall be construed to relieve a Co-Tenant (or such of its successors or assigns) from any breaches or defaults incurred as a result of, in connection with, or prior to, the acquisition or disposition of the Percentage Interest of a Co-Tenant, and the obligation to cure all such breaches and defaults and to indemnify and hold harmless the other Co-Tenant and its successors, assigns and representatives shall survive such termination and continue unabated in full force and effect.

34. Arbitration. Any controversy or claim arising out of or related to this Agreement shall be submitted to binding arbitration in accordance with the then prevailing rules of JAMS/ENDISPUTE and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The prevailing party in any such arbitration proceeding, or in any court action to enforce an award resulting from such arbitration, shall be entitled to recover its reasonable attorneys' fees and costs. The arbitration shall take place in Napa, California.

35. Commissions, Broker's Fees, Etc. LeFever shall receive a credit towards its Ownership Percentages equal to 2% of the purchase price paid by the Co-Tenants for the Property, which credit is in consideration of the services provided by LeFever Mattson in connection with the acquisition of the Property. Should the Co-Tenants, as a group or individually, decide to sell the Property or any interest therein, LeFever Mattson, a California licensed real estate broker, shall be granted the exclusive authorization and right to sell the Property or interest, and shall be compensated at least 2.5% of the purchase price for its services.

36. Exhibits. Each of the exhibits hereto are incorporated herein by reference as though fully set forth herein.

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LM_01962891

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first indicated above.

"Albers"

By: Kenneth W. Albers
Kenneth W. Albers

"Wold"

By: _____
Anthony J. Wold

_____
Jodene R. Wold

"Brady Family Trust dated June 4, 2001"

By: _____ Ttee
Colin A. Brady, Trustee

_____ Ttee
Melissa J. Brady, Trustee

"Betyadegar"

By: _____ 12/15/04
Aprim Betyadegar

_____ 12/15/04
Karolin Betyadegar

"Fleming Family Trust dated August 27, 1998"

By: _____ 15Dec04
John C. Fleming, Trustee

_____ 12-15-04
Dominique Fleming, Trustee

"Thomasson"

By: _____ 12/15/04
Randal S. Thomasson

_____ 12/15/04
Cynthia A. Thomasson

"Katz"

By: _____ 12/15/04
Jeffrey Katz

_____ 12-15-04
Sarah Katz

"LeFever Mattson, Inc., a California corporation"

By: _____
Ken Mattson, President

"Powell"

By: _____
Ellis T. Powell, Jr.

_____
Jacquelyn Powell

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first indicated above.

"Albers"

By: _____
Kenneth W. Albers

"Wold"

By: _____ _____
Anthony J. Wold Jodene R. Wold

"Brady Family Trust dated June 4, 2001"

By: _____ _____
Colin A. Brady, Trustee Melissa J. Brady, Trustee

"Betyadegar"

By: _____ _____
Aprim Betyadegar Karolin Betyadegar

"Fleming Family Trust dated August 27, 1998"

By: _____ _____
John C. Fleming, Trustee Dominique Fleming, Trustee

"Thomasson"

By: _____ _____
Randal S. Thomasson Cynthia A. Thomasson

"Katz"

By: _____ _____
Jeffrey Katz Sarah Katz

"LeFever Mattson, Inc., a California corporation"

By: _____
Ken Mattson, President

"Powell"

By: _____ _____
Ellis T. Powell, Jr. Jacquelyn Powell

SignHere Please

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first indicated above.

"Albers"

By: _____
Kenneth W. Albers

"Wold"

By: _____ _____
Anthony J. Wold Jodene R. Wold

"Brady Family Trust dated June 4, 2001"

By: _____ _____
Colin A. Brady, Trustee Melissa J. Brady, Trustee

"Betyadegar"

By: _____ _____
Aprim Betyadegar Karolin Betyadegar

"Fleming Family Trust dated August 27, 1998"

By: _____ _____
John C. Fleming, Trustee Dominique Fleming, Trustee

"Thomasson"

By: _____ _____
Randal S. Thomasson Cynthia A. Thomasson

"Katz"

By: _____ _____
Jeffrey Katz Sarah Katz

"LeFever Mattson, Inc., a California corporation"

By: _____
Ken Mattson, President

"Powell"

By: _____ _____
Ellis T. Powell, Jr. Jacquelyn Powell

Sign Here

"Rogers Revocable Living Trust dated Sept. 4, 2003"

By: James H. Rogers Trustee Jorgine Allan Rogers, Trustee

James H. Rogers, Jr. Trustee Jorgine Allan Rogers, Trustee

"Rogers Revocable Living Trust dated Sept. 4, 2003"

By: _____ _____

James H. Rogers, Jr. Trustee Jorgine Allan Rogers, Trustee

Exhibit A

Ownership Percentages

SF/21591084.1
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SCHEDULE A
Sharis Apartments
Fleming Avenue

Owner's Name	Invested Amount	Investment Percent	Annual Payout	Monthly Payout
Albers, Kenneth	271,000.00	16.651%	16,260.00	1,355.00
Wold, Anthony & Jodine	154,000.00	9.462%	9,240.00	770.00
Brady Trust	135,000.00	8.295%	8,100.00	675.00
Betyadegar, Aprim & Karolin	93,000.00	5.714%	5,580.00	465.00
Fleming Family Trust	150,000.00	9.217%	9,000.00	750.00
Thomasson, Randal S. & Cynthia A.	100,000.00	6.144%	6,000.00	500.00
Katz, Jeffrey & Sarah	175,000.00	10.753%	10,500.00	875.00
LeFever Mattson, Inc. (14.286)	232,504.65	14.286%	13,950.28	1,162.52
Powell, Ellis & Jackie	150,000.00	9.217%	9,000.00	750.00
Rogers, James & Gorgine	167,000.00	10.261%	10,020.00	835.00
			-	-
			-	-
	1,627,504.65	100.00%	97,650.28	8,137.52

Total Capital Required 1,627,500.00

SCHEDULE A
Sharis Apartments
Fleming Avenue

Owner's Name	Invested Amount	Investment Percent	Annual Payout	Monthly Payout
Albers, Kenneth	271,000.00	16.651%	16,260.00	1,355.00
Wold, Anthony & Jodine	154,000.00	9.462%	9,240.00	770.00
Brady Trust	135,000.00	8.295%	8,100.00	675.00
Betyadegar, Aprim & Karolin	93,000.00	5.714%	5,580.00	465.00
Fleming Family Trust	150,000.00	9.217%	9,000.00	750.00
Thomasson, Randal S. & Cynthia A.	100,000.00	6.144%	6,000.00	500.00
Katz, Jeffrey & Sarah	175,000.00	10.753%	10,500.00	875.00
LeFever Mattson, Inc. (14.286)	232,504.65	14.286%	13,950.28	1,162.52
Powell, Ellis & Jackie	150,000.00	9.217%	9,000.00	750.00
Rogers, James & Gorgine	167,000.00	10.261%	10,020.00	835.00
			-	-
			-	-
	1,627,504.65	100.00%	97,650.28	8,137.52

Total Capital Required 1,627,500.00

Please Initial

SCHEDULE A
Snaris Apartments
Fleming Avenue

Owner's Name	Invested Amount	Investment Percent	Annual Payout	Monthly Payout
Albers, Kenneth	271,000.00	16.651%	16,260.00	1,355.00
Wold, Anthony & Jodine ene	154,000.00	9.462%	9,240.00	770.00
Brady Trust	135,000.00	8.295%	8,100.00	675.00
Betyadegar, Aprim & Karolin	93,000.00	5.714%	5,580.00	465.00
Fleming Family Trust	150,000.00	9.217%	9,000.00	750.00
Thomasson, Randal S. & Cynthia A.	100,000.00	6.144%	6,000.00	500.00
Katz, Jeffrey & Sarah	175,000.00	10.753%	10,500.00	875.00
LeFever Mattson, Inc. (14.286)	232,504.65	14.286%	13,950.28	1,162.52
Powell, Ellis & Jackie	150,000.00	9.217%	9,000.00	750.00
Rogers, James & Gorgine	167,000.00	10.261%	10,020.00	835.00
	1,627,504.65	100.00%	97,650.28	8,137.52

Total Capital Required 1,627,500.00

Please Initial

ARW

SCHEDULE A
Shan's Apartments
Fleming Avenue

Owner's Name	Invested Amount	Investment Percent	Annual Payout	Monthly Payout
Albers, Kenneth	271,000.00	16.651%	16,260.00	1,355.00
Wold, Anthony & Jodine	154,000.00	9.462%	9,240.00	770.00
Brady Trust	135,000.00	8.296%	8,100.00	675.00
Betyadeger, Aprim & Karolin	93,000.00	5.714%	5,580.00	465.00
Fleming Family Trust	150,000.00	9.217%	9,000.00	750.00
Thomasson, Randal S. & Cynthia A.	100,000.00	6.144%	6,000.00	500.00
Katz, Jeffrey & Sarah	175,000.00	10.753%	10,500.00	875.00
LeFever Mattson, Inc. (14.286)	232,504.65	14.286%	13,950.28	1,162.52
Powell, Ellis & Jackie	150,000.00	9.217%	9,000.00	750.00
Rogers, James & Georgine	167,000.00	10.261%	10,020.00	835.00
	1,627,504.65	100.00%	97,650.28	8,137.52

Total Capital Required 1,627,500.00

EXHIBIT G

Exhibit D

LEFEVER MATTSON
PROPERTY MANAGEMENT

6359 Auburn Boulevard, Suite B
Citrus Heights, CA 95621

Telephone 916.723.5111
FAX 916.676.0011

APARTMENT PROPERTY MANAGEMENT AGREEMENT

In consideration of the covenants herein contained, the parties named in this contract as Owner, and the party named in this contract as Agent, "LEFEVER MATTSON PROPERTY MANAGEMENT", agree as follows:

1. The Owner hereby engages the Agent to have the exclusive management of the Property know as:

   See Attachment Schedule A

   Property Address: Sharis Apartments 401 - 465 Fleming Avenue, East, Vallejo, CA 94591

   Property Description: 32 Unit Apartment Complex 20 One Bedroom Units and 12 One Bedroom Units

   Additional Properties: None

   Upon the terms hereinafter set forth, for the period commencing **December 1, 2004** and expiring **November 30, 2005**, and automatically renewed for like periods, subject to either party having the right to cancel this Agreement by giving the other party (30) thirty day written notice of their intention to do so at any time after the initial period described above. Termination of this agreement for any reason, except for gross negligence as later described, shall result in a termination fee of (3) three times the normal monthly management fee payable prior to relinquishing of management documents.

   The Agent hereby accepts the management of said property (together with the furniture, furnishing or personal property therein or used in connection therewith) as provided herein.

2. The Agent, in accepting the management of said property, will perform the duties as herein provided, using its best judgment, effort and ability relative to the following for and on behalf of the Owner:

   A. Placing advertising, at Owners expense, for property or portions of property for rent or lease; selecting and obtaining tenants; executing tenancies and leases as well as extensions and renewals of leases in the name of LEFEVER MATTSON.
   B. For and on behalf of the Owner, engaging and discharging employees and others needed for service in or maintenance of the premises up to the authority in paragraph 3 below, or with Owner approval.
   C. Effecting contracts for on-site management, utilities or other services in name of Owner, purchasing supplies and equipment for operation of the premises, with Owner approval.
   D. Effecting insurance, when instructed in writing by Owner, and paying the premiums from the Owner's account.
   E. Paying taxes and payment of interest and principal encumbrances can be accomplished, provided Agent receives such written instructions from Owner and provided funds are available in property account.
   F. Collecting and managing legal counsel for suing for rents and other moneys due; obtaining possession, terminating tenancies or leases, arranging and consenting to assignments or subletting of premises (Agent's or Owner's attorneys' fees for service pertaining to the property shall be an expense of the Owner).
   G. Assisting in obtaining settlements on insurance or other claims. Employing attorneys as and when needed.
   H. Paying all of the above expenses incurred for the Owner's account and at the Owner's expense, including the fees for Agent, moneys advanced by Agent, and reimbursable expenses of Agent which includes but is not limited to property supplies and property operating forms.

3. Notwithstanding anything herein contained to the contrary, the Agent shall not have the authority to do any of the following things without the consent of the Owner:

   A. Effect a lease or contract for a period longer than one (1) year.
   B. Incur any expense for a single repair, alteration, decoration cost, purchase or replacement of equipment or chattels in excess of the amount held in the subject property bank account without the consent of Owner, unless it is an emergency.

4. The following fee schedule shall apply to the services rendered:

   A. Our mutually agreed upon fee for management is 5% of the gross rent collected.
   B. As compensation for additional costs of collection of late rents and returned checks LEFEVER MATTSON will retain all Late Fees and NSF fees paid by tenants as related to their tenancy.
   C. Such other fee or fees may be agreed to, from time to time, to compensate Agent for making contracts and supervising repairs, alterations, replacements, improvements, remodeling, additions, decorating or otherwise, pertaining to the premises, which are not part of normal operations. These fees include but are not limited to; Rental Application Fees, (applicants are charged a $35.00 application fee which cover the cost of credit reporting and tenant screening. Credit reporting is generally less than $10.00 per applicant.); Lawn Fees, (LeFever Mattson utilizes an outside landscape maintenance company to service many of the properties we manage. Lawn Fees are charged to owners including an administrative charge of approximately 20% over the direct cost); on Fixed Fee (set monthly dollar amount not percentage of scheduled rent) management contracts LeFever Mattson Property Management retains Tenant Late Fees and NSF fees to offset the cost of posting notices and collection efforts. Tenant Late Fees and NSF Fees charged to Tenants are generally $35.00) Renovations, Construction Projects, Insurance Claims Administration and other Projects are outside the normal scope of the monthly management contract. These services generally require a fee of up to 10% of the cost of the work performed for project administration. Fees charged for maintenance and maintenance stock include a profit to LeFever Mattson averaging 15% to 20%.
   D. LEFEVER MATTSON provides maintenance to you, the client, at three different rates. The basic rate of $35.90 per work hour includes general maintenance; the lower rate of $29.90 per work hour includes unskilled labor, and the last rate of $45.90 per work hour includes special skills such as electrical, plumbing, etc. These rates are subject to change with notice.
   E. It is understood by all parties that LEFEVER MATTSON operates its management and maintenance departments in order to earn a profit.
   F. Agent may increase the management fee at renewal time with 30-day notice to Owner.

5. In the event the Agent advances money for the Owner's and/or the property's account, or the Owner is indebted to the Agent for services or otherwise arising out of this contract, all moneys advanced by Agent shall be due and payable by Owner upon demand, and bear interest at the rate of one and one-half (1½%) percent per month, computed on monthly debit balances on Owner's account and the recording of this contract or a notice with a notation of the amount owing Agent shall become a valid lien upon the premises.

6. The Agent shall establish a reserve in the Owner's account to make necessary funds available for necessary payments and withdrawals to maintain the property as herein outlined. Said reserve shall be maintained at $3,000.00 per property under management.

7. In the purchase of the subject apartments, the co-tenants have created a reserve account to provide funds for property improvements as well as any operating expense not covered by income in the initial phase of ownership. It is assumed that these funds will not be depleted in the short term and might best be used to generate additional income for the co-tenants through investment.

   To maximize the return on investment to the co-tenants, the property manager is authorized to invest reserve funds for the benefit of the co-tenants. Investments should allow for reasonable access to principal so that operation of the apartments is not jeopardized.

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Appropriate investments include, but are not limited to interest bearing accounts, certificates of deposit, and short term loans to other properties managed by management company. (From time to time, multi-family properties managed by property manager need additional funds for property improvements or operating expenses. In the past, short term commercial or private loans have been obtained to meet these needs. Loans from one property to another meet the need for funds by the borrowing property and provide an income source through interest to the loaning property.)

8. The Agent agrees at all times to keep and maintain, in accordance with customary business practices, suitable records and receipts pertaining to the supervision, management, care and operation of the said premises including all correspondence and data pertaining to, or in any matter related to the said premises, and to permit said Owner to inspect said records and other matters and to make copies or extracts therefrom, during the term of this Agreement.

9. The Agent shall render to the Owner monthly, a statement of receipts and disbursements incurred in connection with the management and operation of the said premises, and shall check and approve all invoices and other items of expense including operating and management expenses, and if applicable, shall remit moneys to Owner by approximately the twenty fifth day of the month. Statements sent are approved by Owner unless Agent is notified in writing within thirty (30) days from date of said statements, setting forth the errors.

10. The Owner agrees to save the Agent harmless from all damage suits, costs and expenses incurred there from in connection with the management of the premises and from liability suffered by any employee or other person whomsoever and to carry, at Owner's expense, adequate liability, and compensation insurance in amounts to protect the Agent in the same manner and to the extent as the Owner. Owner shall name LeFever Mattson Property Management as an "Additional Insured", on said policy. Agent shall have the right to effect said insurance at the expense of Owner; however, Agent shall not be liable for failure to effect or to renew said insurance.

11. Nothing herein contained shall relieve the Agent from responsibility to the Owner for gross negligence; however, the Owner agrees: (1) to hold and save the Agent from and harmless from damages sustained by person or property due to any cause whatsoever either in and about the premises or elsewhere when the Agent is carrying out the provisions of this contract or the express or implied directions of the Owner; (2) to reimburse the Agent for moneys the latter is required to pay out for any reason whatsoever, either in connection with or as an expense in defense of any civil or criminal action, proceeding, charge or prosecution instituted or maintained against the Agent or the Owner and Agent jointly, affecting omissions of Agent or employees of the Owner; (3) to defend promptly any such action, proceeding, charge or prosecution instituted or maintained against the Agent or the Owner and Agent jointly.

12. If the Owner shall fail or refuse to comply with or abide by any rule, order, determination, ordinance or law of any Federal, State, Municipal or Governmental authority, the Agent upon giving twenty-four (24) hour written notice mailed to the Owner at the address to which Owner's remittances are sent, may terminate this Agreement.

13. Unless the Owner, in writing, expressly directs and the Agent, in writing, agrees so to do, the Agent shall not be required to file any reports other than the rendering of said monthly statements.

14. In the event the Owner terminates the Agreement (other than pursuant to Paragraph No. 1 as herein above provided), the Agent shall be entitled to compensation at a rate of three times the average monthly fee on each additional period of the contract. Said fees are to be paid to Agent before termination becomes effective. The above fees will be waived by Agent for the following circumstances: (1) if the subject property is sold and the Agent is given a thirty (30) day notice of the termination of this Agreement; (2) in the event there has been a material breach of contract by Agent and notice has been given in writing by Owner to Agent and Agent has not made a diligent effort in starting to cure said breach within fourteen (14) days after notice by Owner.

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15. Should any provision of the Management Agreement be declared invalid by any court of competent jurisdiction, the remaining provisions hereof shall remain in full force and effect regardless of such declaration.

16. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the Owner, and on the successors and assigns of the Agent.

17. Notices: Any written notice to Owner or Property Manager required under this Agreement shall be served by sending such notice by first class mail to that party at the address below, or at any different address which the parties may later designate for this purpose, and shall be deemed received three business days after deposit into the United States mail.

18. Equal Housing Opportunity: All property shall be offered in compliance with federal, state and local anti-discrimination laws.

19. Attorney's Fees: In any action, proceeding or arbitration arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

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LM_01467170

IN WITNESS WHEREOF, the parties hereto Owners, and LEFEVER MATTSON Property Management have signed and delivered this Agreement in duplicate this _____ day of _____ 20____.

Owner: Melissa Brady	Date: 12/14/04	SSN: [redacted]
Owner: Colin K. Ry	Date: 12/14/04	SSN
Owner: Ap Belgarbo	Date: 12/15/04	SSN
Owner: Karolin Bet Judy	Date: 12/15/04	SSN
Owner: Fleming	Date: 12/15/04	SSN
Owner: John Fleming	Date: 15 Dec 04	SSN
Owner: Sarah Kay	Date: 12-15-04	SSN
Owner: Jeffrey A. Kay	Date: 12/15/04	SSN
Owner: Gabriel S. Thuesen	Date: 12/15/04	SSN
Owner: Cynthia A. Thomasson	Date: 12/15/04	SSN
Owner: Kenneth W. Allen	Date: 12-16-04	SSN
Owner: [illegible]	Date: _____	SSN
Owner: _____	Date: _____	SSN: _____
Owner: _____	Date: _____	SSN: _____
Owner: _____	Date: _____	SSN: _____
Owner: _____	Date: _____	SSN: _____
Owner: _____	Date: _____	SSN: _____
Owner: _____	Date: _____	SSN: _____
Owner: _____	Date: _____	SSN: _____
Owner: _____	Date: _____	SSN: _____

Agent: LEFEVER MATTSON Property Management

By: Karen Mullett Date: 12/1/04

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EXHIBIT H

No.	Common Name	Owner	Address	City	State	APN	Date of Acquisition	Date of Acquisition by KSMP	# of Days Between
1	Cottage Inn	Sienna Pointe, LLC	302/310 1st Street East	Sonoma	CA	018-171-019-000 018-171-031-000	5/9/2023	5/9/2023	0
2	Meadowlark/Arnold	Sienna Pointe, LLC	101 Meadowlark Lane	Sonoma	CA	128-484-013-000	7/21/2021	7/21/2021	0
3	Meadowlark/Arnold	Sienna Pointe, LLC	24101 Arnold Drive	Sonoma	CA	128-484-003-000	7/21/2021	7/21/2021	0
4	Meadowlark/Arnold	Sienna Pointe, LLC	24151 Arnold Drive	Sonoma	CA	128-484-024-000	7/21/2021	7/21/2021	0
5	Meadowlark/Arnold	Sienna Pointe, LLC	310 Meadowlark	Sonoma	CA	128-484-014-000	7/21/2021	7/21/2021	0
6	Perris Properties on Wilkerson	Windtree LP	333 Wilkerson Ave.	Perris	CA	310-061-023	3/16/2023	3/16/2023	0
7	Perris Properties on Wilkerson	Windtree LP	371 Wilkerson Ave.	Perris	CA	310-070-078	3/16/2023	3/16/2023	0
8	Perris Properties on Wilkerson	Windtree LP	411 Wilkerson Ave.	Perris	CA	310-081-012	3/16/2023	3/16/2023	0
9	Perris Properties on Wilkerson	Windtree LP	No Address	Perris	CA	310-070-077	3/16/2023	3/16/2023	0
10	Pinyon Creek II - 10344 Badger Lane	LeFever Mattson	10344 Badger Lane	Truckee	CA	107-170-012-000	3/1/2022	2/28/2022	1
11	Pinyon Creek II - 107 Quail Court	LeFever Mattson	107 Quail Court	Truckee	CA	107-170-035-000	3/1/2022	2/28/2022	1
12	Pinyon Creek II - 109 Quail Court	LeFever Mattson	109 Quail Court	Truckee	CA	107-170-036-000	3/1/2022	2/28/2022	1
13	Pinyon Creek II - 10393 Badger Lane	LeFever Mattson	10393 Badger Lane	Truckee	CA	107-170-026-000	11/27/2023	11/22/2023	5
14	Pinyon Creek II - 10395 Badger Lane	LeFever Mattson	10395 Badger Lane	Truckee	CA	107-170-025-000	11/27/2023	11/22/2023	5
15	Sojourn Tasting Room	Sienna Pointe, LLC	141-145 E. Napa Street	Sonoma	CA	018-261-006-000	9/21/2022	9/15/2022	6
16	786-790 Broadway SFR	Firetree I, LP	786 Broadway	Sonoma	CA	018-352-043-000	4/29/2022	4/18/2022	11
17	786-790 Broadway SFR	Firetree I, LP	790 Broadway	Sonoma	CA	018-352-044-000	4/29/2022	4/18/2022	11
18	222-226 W. Spain	RT Capitol Mall LP	222-226 W. Spain St	Sonoma	CA	018-151-005-000	9/28/2022	9/15/2022	13
19	925-927 Broadway Street	Sienna Pointe, LLC	925-927 Broadway Street	Sonoma	CA	128-082-015-000	9/28/2022	9/15/2022	13
20	Meadowlark/Arnold	Firetree III, LP	201 Meadowlark	Sonoma	CA	128-484-033-000 128-484-034-000	5/25/2022	5/12/2022	13
21	446-462 W. Napa	Windscape Apartments, LLC	446 W. Napa	Sonoma	CA	018-193-041-000	8/3/2022	7/19/2022	15
22	Pool Mart	Buckeye Tree LP	16721 Sonoma Highway	Sonoma	CA	056-562-020-000	11/8/2022	10/24/2022	15
23	An Inn to Remember	Sienna Pointe, LLC	171 W. Spain Street	Sonoma	CA	018-202-051-000	8/6/2021	7/21/2021	16
24	17700 Highway 12	Firetree III, LP	17700 Sonoma Highway	Sonoma	CA	056-303-025-000	4/20/2022	3/30/2022	21
25	446-462 W. Napa	Windscape Apartments, LLC	454 W. Napa	Sonoma	CA	018-193-040-000	8/3/2022	7/6/2022	28
26	French Quarter Apartments	River Birch LP	170 - 182 1st Street East	Sonoma	CA	092-010-014-000 092-010-015-000	6/29/2021	5/27/2021	33
27	Duggan's Duplex & Single Family	Windscape Apartments, LLC	520/530/532 Studley St	Sonoma	CA	018-530-014-000	11/2/2022	9/19/2022	44
28	Duggan's Mission Chapel	Windscape Apartments, LLC	525 W Napa	Sonoma	CA	018-530-054-000	11/2/2022	9/19/2022	44
29	653 3rd S West	Black Walnut, LP	653 3rd Street W	Sonoma	CA	018-283-005-000	12/20/2022	10/25/2022	56
30	596 3rd St E	Ginko Tree LP	596 3rd St E	Sonoma	CA	018-271-037-000	11/8/2022	8/23/2022	77
31	391-455 Oak and 19173 Railroad Ave	Black Walnut, LP	391-455 Oak Street; 19173 Railroad Ave	Sonoma	CA	052-402-022-000	12/20/2022	9/28/2022	83
32	Pinyon Creek II - 10306 Badger Lane	LeFever Mattson	10306 Badger Lane	Truckee	CA	107-170-003-000	7/28/2021	5/3/2021	86
33	Pinyon Creek II - 10328 Badger Lane	LeFever Mattson	10328 Badger Lane	Truckee	CA	107-170-008-000	7/28/2021	5/3/2021	86
34	20564 Broadway	Black Walnut, LP	20564 Broadway	Sonoma	CA	128-321-008-000	12/20/2022	9/13/2022	98
35	789 Cordilleras	Black Walnut, LP	789 Cordilleras	Sonoma	CA	023-010-069-000	12/20/2022	9/8/2022	103
36	24160 Turkey Rd 24237 Arnold Rd.	Windscape Apartments, LLC	24160 Turkey Rd/24237 Arnold Rd.	Sonoma	CA	128-484-066-000 128-484-067-000	7/21/2022	3/28/2022	115
37	Ravenswood Winery	Windscape Apartments, LLC	1045 Bart Rd	Sonoma	CA	127-051-059-000	9/1/2022	5/3/2022	121
38	Coco Planet	RT Capitol Mall LP	921 Broadway	Sonoma	CA	128-082-011-000	9/21/2022	5/20/2022	124
39	4920 Samo Lane	LeFever Mattson	4920 Samo Lane	Fairfield	CA	0174-010-090	11/12/2016	6/22/2016	143
40	Pinyon Creek II - 10335 Badger Lane	LeFever Mattson	10335 Badger Lane	Truckee	CA	107-170-037-000	7/28/2021	3/1/2021	149
41	Pinyon Creek II - 101 Quail Court	LeFever Mattson	101 Quail Court	Truckee	CA	107-170-033-000	7/28/2021	2/26/2021	152
42	Pinyon Creek II - 102 Quail Court	LeFever Mattson	102 Quail Court	Truckee	CA	107-170-032-000	7/28/2021	2/26/2021	152
43	Pinyon Creek II - 10298 Badger Lane	LeFever Mattson	10298 Badger Lane	Truckee	CA	107-170-001-000	7/28/2021	2/26/2021	152
44	Pinyon Creek II - 103 Quail Court	LeFever Mattson	103 Quail Court	Truckee	CA	107-170-034-000	7/28/2021	2/26/2021	152

No.	Common Name	Owner	Address	City	State	APN	Date of Acquisition	Date of Acquisition by KSMP	# of Days Between
45	Pinyon Creek II - 10300 Badger Lane	LeFever Mattson	10300 Badger Lane	Truckee	CA	107-170-002-000	7/28/2021	2/26/2021	152
46	Pinyon Creek II - 10308 Badger Lane	LeFever Mattson	10308 Badger Lane	Truckee	CA	107-170-004-000	7/28/2021	2/26/2021	152
47	Pinyon Creek II - 10316 Badger Lane	LeFever Mattson	10316 Badger Lane	Truckee	CA	107-170-005-000	7/28/2021	2/26/2021	152
48	Pinyon Creek II - 10318 Badger Lane	LeFever Mattson	10318 Badger Lane	Truckee	CA	107-170-006-000	7/28/2021	2/26/2021	152
49	Pinyon Creek II - 10326 Badger Lane	LeFever Mattson	10326 Badger Lane	Truckee	CA	107-170-007-000	7/28/2021	2/26/2021	152
50	Pinyon Creek II - 10350 Badger Lane	LeFever Mattson	10350 Badger Lane	Truckee	CA	107-170-013-000	7/28/2021	2/26/2021	152
51	Pinyon Creek II - 10352 Badger Lane	LeFever Mattson	10352 Badger Lane	Truckee	CA	107-170-014-000	7/28/2021	2/26/2021	152
52	Pinyon Creek II - 10358 Badger Lane	LeFever Mattson	10358 Badger Lane	Truckee	CA	107-170-015-000	7/28/2021	2/26/2021	152
53	Pinyon Creek II - 10360 Badger Lane	LeFever Mattson	10360 Badger Lane	Truckee	CA	107-170-016-000	7/28/2021	2/26/2021	152
54	Pinyon Creek II - 10366 Badger Lane	LeFever Mattson	10366 Badger Lane	Truckee	CA	107-170-017-000	7/28/2021	2/26/2021	152
55	Pinyon Creek II - 10368 Badger Lane	LeFever Mattson	10368 Badger Lane	Truckee	CA	107-170-018-000	7/28/2021	2/26/2021	152
56	Pinyon Creek II - 10378 Badger Lane	LeFever Mattson	10378 Badger Lane	Truckee	CA	107-170-019-000	7/28/2021	2/26/2021	152
57	Pinyon Creek II - 10379 Badger Lane	LeFever Mattson	10379 Badger Lane	Truckee	CA	107-170-028-000	7/28/2021	2/26/2021	152
58	Pinyon Creek II - 10380 Badger Lane	LeFever Mattson	10380 Badger Lane	Truckee	CA	107-170-020-000	7/28/2021	2/26/2021	152
59	Pinyon Creek II - 10381 Badger Lane	LeFever Mattson	10381 Badger Lane	Truckee	CA	107-170-027-000	7/28/2021	2/26/2021	152
60	Pinyon Creek II - 10386 Badger Lane	LeFever Mattson	10386 Badger Lane	Truckee	CA	107-170-021-000	7/28/2021	2/26/2021	152
61	Pinyon Creek II - 10388 Badger Lane	LeFever Mattson	10388 Badger Lane	Truckee	CA	107-170-022-000	7/28/2021	2/26/2021	152
62	Pinyon Creek II - 10394 Badger Lane	LeFever Mattson	10394 Badger Lane	Truckee	CA	107-170-023-000	7/28/2021	2/26/2021	152
63	Pinyon Creek II - 10396 Badger Lane	LeFever Mattson	10396 Badger Lane	Truckee	CA	107-170-024-000	7/28/2021	2/26/2021	152
64	Pinyon Creek II - 104 Quail Court	LeFever Mattson	104 Quail Court	Truckee	CA	107-170-031-000	7/28/2021	2/26/2021	152
65	Pinyon Creek II - 108 Quail Court	LeFever Mattson	108 Quail Court	Truckee	CA	107-170-030-000	7/28/2021	2/26/2021	152
66	Pinyon Creek II - 110 Quail Court	LeFever Mattson	110 Quail Court	Truckee	CA	107-170-029-000	7/28/2021	2/26/2021	152
67	Pinyon Creek II - 10333 Badger Lane	LeFever Mattson	10333 Badger Lane	Truckee	CA	107-170-038-000	7/28/2021	2/3/2021	175
68	23250 Maffei Road	Sienna Pointe, LLC	23250 Maffei Road	Sonoma	CA	128-461-009-000 128-471-012-000	9/22/2021	3/26/2021	180
69	453/457/459 2nd St W	Firetree III, LP	453/457/459 2nd St W	Sonoma	CA	018-201-016-000	4/1/2022	6/23/2021	282
70	377 West Spain Street	Beach Pine, LP	377 West Spain Street	Sonoma	CA	018-192-028-000	12/29/2022	9/10/2021	475
71	19450 Old Winery Rd	RT Capitol Mall LP	19450 Old Winery Rd	Sonoma	CA	127-242-049-000	5/3/2022	1/5/2021	483
72	Pinyon Creek II - 10334 Badger Lane	LeFever Mattson	10334 Badger Lane	Truckee	CA	107-170-009-000	7/26/2023	2/28/2022	513
73	Pinyon Creek II - 10336 Badger Lane	LeFever Mattson	10336 Badger Lane	Truckee	CA	107-170-010-000	7/26/2023	2/28/2022	513
74	Pinyon Creek II - 10342 Badger Lane	LeFever Mattson	10342 Badger Lane	Truckee	CA	107-170-011-000	7/26/2023	2/28/2022	513
75	424 2nd St W	Windscape Apartments, LLC	424 2nd St W	Sonoma	CA	018-202-002-000	10/4/2022	1/12/2021	630
76	19340 7th St E	Golden Tree, LP	19340 7th St E	Sonoma	CA	127-242-025-000	8/21/2020	10/18/2018	673
77	Cottage Inn	Sienna Pointe LLC	304 First St E	Sonoma	CA	018-171-030	10/5/2021	7/8/2019	820
78	The Post (Fly Fishing Venue)	Windscape Apartments, LLC	24120 Arnold Dr	Sonoma	CA	128-461-029-000	9/21/2022	2/20/2019	1309
79	900 E Napa St	Windscape Apartments, LLC	900 E Napa St	Sonoma	CA	127-231-040-000	9/12/2022	12/26/2018	1356
80	Fence Post	Windscape Apartments, LLC	1025 Napa St	Sonoma	CA	126-032-037-000	10/4/2022	9/22/2017	1838
81	Ceres West Mobile Home Park	Valley Oak Investments, LP	2030 E Grayson Rd	Ceres	CA	041-032-023-000	7/15/2020	8/3/2007	4730

EXHIBIT I

No.	Common Name	Address	City	State	APN	Borrower	Lender
1	Cottage Inn	302/310 1st Street East	Sonoma	CA	018-171-019-000 018-171-031-000	KS Mattson	Socotra
2	An Inn to Remember	171 W. Spain Street	Sonoma	CA	018-202-051-000	KS Mattson	Socotra
3	Thornsberry Single Family	1870 Thornsberry Rd	Sonoma	CA	127-192-056-000	KS Mattson	Socotra
4	Sasaki Vineyard	Vineyard 8th Street E	Sonoma	CA	128-422-075-000	KS Mattson	Sasaki
5	Coco Planet	921 Broadway	Sonoma	CA	128-082-011-000	KS Mattson	Socotra
6	596 3rd St E	596 3rd St E	Sonoma	CA	018-271-037-000	KS Mattson	Socotra
7	789 Cordilleras	789 Cordilleras	Sonoma	CA	023-010-069-000	KS Mattson	Socotra
8	19450 Old Winery Rd	19450 Old Winery Rd	Sonoma	CA	127-242-049-000	KS Mattson	Socotra
9	222-226 W. Spain	222-226 W. Spain St	Sonoma	CA	018-151-005-000	KS Mattson	Socotra
10	24265 Arnold Drive	24265 Arnold Dr	Sonoma	CA	128-484-009-000	KS Mattson	Socotra
11	24321 Arnold Drive	24321 Arnold Dr	Sonoma	CA	128-484-010-000	KS Mattson	Socotra
12	786-790 Broadway SFR	786 Broadway	Sonoma	CA	018-352-043-000	KS Mattson	Socotra
13	786-790 Broadway SFR	790 Broadway	Sonoma	CA	018-352-044-000	KS Mattson	Socotra
14	453/457/459 2nd St W	453/457/459 2nd St W	Sonoma	CA	018-201-016-000	KS Mattson	Frank Bragg Revocable Trust
15	17700 Highway 12	17700 Sonoma Highway	Sonoma	CA	056-303-025-000	KS Mattson	Socotra
16	377 West Spain Street	377 West Spain Street	Sonoma	CA	018-192-028-000	KS Mattson	Socotra
17	20564 Broadway	20564 Broadway	Sonoma	CA	128-321-008-000	KS Mattson	Socotra
18	653 3rd S West	653 3rd Street W	Sonoma	CA	018-283-005-000	KS Mattson	Socotra
19	391-455 Oak and 19173 Railroad Ave	391-455 Oak Street; 19173 Railroad Ave	Sonoma	CA	052-402-022-000	KS Mattson	Socotra
20	Sojourn Tasting Room	141-145 E. Napa Street	Sonoma	CA	018-261-006-000	KS Mattson	Socotra
21	23250 Maffei Road	23250 Maffei Road	Sonoma	CA	128-461-009-000 128-471-012-000	KS Mattson	Socotra
22	925-927 Broadway Street	925-927 Broadway Street	Sonoma	CA	128-082-015-000	KS Mattson	Socotra
23	Meadowlark/Arnold	101 Meadowlark Lane	Sonoma	CA	128-484-013-000	KS Mattson	Socotra
24	Meadowlark/Arnold	24101 Arnold Drive	Sonoma	CA	128-484-003-000	KS Mattson	Socotra
25	Meadowlark/Arnold	24151 Arnold Drive	Sonoma	CA	128-484-024-000	KS Mattson	Socotra
26	Meadowlark/Arnold	310 Meadowlark	Sonoma	CA	128-484-014-000	KS Mattson	Socotra
27	Meadowlark/Arnold	201 Meadowlark	Sonoma	CA	128-484-033-000 128-484-034-000	KS Mattson	Socotra
28	Pool Mart	16721 Sonoma Highway	Sonoma	CA	056-562-020-000	KS Mattson	Socotra
29	Perris Properties on Wilkerson	333 Wilkerson Ave.	Perris	CA	310-061-023	KS Mattson	Socotra
30	Perris Properties on Wilkerson	371 Wilkerson Ave.	Perris	CA	310-070-078	KS Mattson	Socotra
31	Perris Properties on Wilkerson	411 Wilkerson Ave.	Perris	CA	310-081-012	KS Mattson	Socotra
32	19340 7th St E	19340 7th St E	Sonoma	CA	127-242-025-000	KS Mattson	Socotra
33	Pinyon Creek II - 107 Quail Court	107 Quail Court	Truckee	CA	107-170-035-000	KS Mattson	Socotra
34	Pinyon Creek II - 109 Quail Court	109 Quail Court	Truckee	CA	107-170-036-000	KS Mattson	Socotra
35	Pinyon Creek II - 10306 Badger Lane	10306 Badger Lane	Truckee	CA	107-170-003-000	KS Mattson	Socotra
36	Pinyon Creek II - 10308 Badger Lane	10308 Badger Lane	Truckee	CA	107-170-004-000	KS Mattson	Socotra
37	Pinyon Creek II - 10326 Badger Lane	10326 Badger Lane	Truckee	CA	107-170-007-000	KS Mattson	Socotra
38	Pinyon Creek II - 10328 Badger Lane	10328 Badger Lane	Truckee	CA	107-170-008-000	KS Mattson	Socotra
39	Pinyon Creek II - 10334 Badger Lane	10334 Badger Lane	Truckee	CA	107-170-009-000	KS Mattson	Socotra
40	Pinyon Creek II - 10336 Badger Lane	10336 Badger Lane	Truckee	CA	107-170-010-000	KS Mattson	Socotra
41	Pinyon Creek II - 10342 Badger Lane	10342 Badger Lane	Truckee	CA	107-170-011-000	KS Mattson	Socotra
42	Pinyon Creek II - 10344 Badger Lane	10344 Badger Lane	Truckee	CA	107-170-012-000	KS Mattson	Socotra
43	Pinyon Creek II - 10393 Badger Lane	10393 Badger Lane	Truckee	CA	107-170-026-000	KS Mattson	Socotra
44	Pinyon Creek II - 10395 Badger Lane	10395 Badger Lane	Truckee	CA	107-170-025-000	KS Mattson	Socotra
45	Ceres West Mobile Home Park	2030 E Grayson Rd	Ceres	CA	041-032-023-000	KS Mattson	CBB
46	430 West Napa	430 West Napa	Sonoma	CA	018-193-048-000	KS Mattson	Poppy Bank
47	446-462 W. Napa	446 W. Napa	Sonoma	CA	018-193-041-000	KS Mattson	Socotra
48	446-462 W. Napa	454 W. Napa	Sonoma	CA	018-193-040-000	KS Mattson	Socotra
49	24160 Turkey Rd 24237 Arnold Rd.	24160 Turkey Rd/24237 Arnold Rd.	Sonoma	CA	128-484-066-000 128-484-067-000	KS Mattson	Socotra Walker
50	Fence Post	1025 Napa St	Sonoma	CA	126-032-037-000	KS Mattson	Socotra
51	900 E Napa St	900 E Napa St	Sonoma	CA	127-231-040-000	KS Mattson	Socotra
52	424 2nd St W	424 2nd St W	Sonoma	CA	018-202-002-000	KS Mattson	Socotra

No.	Common Name	Address	City	State	APN	Borrower	Lender
53	The Post (Fly Fishing Venue)	24120 Arnold Dr	Sonoma	CA	128-461-029-000	KS Mattson	Socotra
54	Duggan's Mission Chapel	525 W Napa	Sonoma	CA	018-530-054-000	KS Mattson	Duggans Mission Chapel
55	Duggan's Duplex & Single Family	520/530/532 Studley St	Sonoma	CA	018-530-014-000	KS Mattson	Duggans Mission Chapel
56	Ravenswood Winery	18701 Gehricke Road	Sonoma	CA	127-051-073-000 127-051-074-000	KS Mattson	Socotra
57	Ravenswood Winery	1045 Bart Rd	Sonoma	CA	127-051-059-000	KS Mattson	Socotra

EXHIBIT J

American Land Title Association

FINAL ALTA Settlement Statement - Borrower
Adopted 05-01-2015

File No./Escrow No.: 1777904
Officer/Escrow Officer: Deana Curtis

Stewart Title of Sacramento
5729 Sunrise Boulevard
Citrus Heights, CA 95610
(916) 962-1400

Property Address: 525 WEST NAPA STREET
SONOMA, CA 95476 (SONOMA)
(018-530-054, 018-530-014)

520, 530 & 532 STUDLEY STREET
SONOMA, CA 95476 (SONOMA)

Borrower: KS MATTSON PARTNERS, LP, A CALIFORNIA LIMITED PARTNERSHIP
PO Box 5490
Vacaville, CA 95696

Seller: DUGGANS MISSION CHAPEL, A CALIFORNIA CORPORATION

Settlement Date: 9/16/2022
Disbursement Date: 9/23/2022

Description	Borrower		
	P.O.C.	Debit	Credit
Deposits, Credits, Debits			
Contract sales price		$6,500,000.00	
Deposit or Earnest Money			$100,000.00
Tenant Security Deposit			$14,350.00
transfer of funds from KS Mattson Partners, LP, A California Limited Partnership			$1,128,727.86
Prorations			
County taxes 7/1/2022 to 9/22/2022 @ $10,722.20/Six Months			$4,836.64
9/22/2022 to 10/1/2022 @ $13,400.00/Month			$4,020.00
Commissions			
$130,000.00 to Sotheby's International Realty		$130,000.00	
New Loans			
Principal amount of new loan			$4,875,000.00
Title Charges			
Lender's coverage $4,875,000.00 Premium $3,438.00 to Stewart Title of California Inc.		$3,438.00	
Owner's coverage $6,500,000.00 Premium $6,463.00 to Stewart Title of California Inc.		$6,463.00	
Document preparation to Stewart Title of Sacramento		$60.00	
Settlement or closing fee to Stewart Title of Sacramento		$3,695.00	
Recording Service Fee to Stewart Title of California Inc.		$16.00	
Government Recording and Transfer Charges			
County tax/stamps: Deed $7,150.00		$7,150.00	
Recording fees: Deed $30.00		$30.00	
Mortgage $37.00		$37.00	
Additional Settlement Charges			
Transfer of funds to KS Mattson Partners, LP, A California Limited Partnership		$50,000.00	
	P.O.C.	Debit	Credit
Subtotals	$0.00	$6,700,889.00	$6,126,934.50
Due From Borrower			$573,954.50
Totals	$0.00	$6,700,889.00	$6,700,889.00

Acknowledgement

We/I have carefully reviewed the ALTA Settlement Statement and find it to be a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction and further certify that I have received a copy of the ALTA Settlement Statement. We/I authorize Stewart Title of Sacramento to cause the funds to be disbursed in accordance with this statement.

BORROWER(S)

KS Mattson Partners, LP, A California Limited Partnership

BY : _____
Kenneth W. Mattson, manaing partner

File # 1777904
Printed on 9/23/2022 at 11:14 AM

Case 24-10545 Doc# 29-2 Filed 08/22/25 Entered 08/22/25 15:28:44 Page 47 of 265
LFM-S_01048167

EXHIBIT K

Direct Exchange

BUYER'S FINAL SETTLEMENT STATEMENT

PROPERTY: 525 W Napa and 520,530,532 Studley St
Sonoma, CA 95476

CLOSING DATE: November 1, 2022

SELLER: KS Mattson Partners

BUYER: Windscape Apartments LLC
Investment Property Exchange Services, Inc- Windscape Apartments LLC

	DEBIT	CREDIT	525 W Napa		520/530/532 Studley	
FINANCIAL CONSIDERATION						
Total Consideration	7,500,000.00		3,750,000.00		3,750,000.00	
Deposit from First American Exchange Services		2,625,000.00		1,312,500.00		1,312,500.00
ACQUISITION COSTS	225,000.00		112,500.00		112,500.00	
LOAN INFORMATION						
Existing 1st Trust Deed - Seller Wrap at 7% interest over 5 years		4,875,000.00		2,437,500.00		2,437,500.00
New 2nd Trust Deed						
PRORATIONS / ADJUSTMENTS						
Property Tax Proration						
Rent Prorations						
Security Deposits						
COMMISISONS DUE TO LM		225,000.00		112,500.00		112,500.00
CHARGES						
TITLE / ESCROW CHARGES						
	7,725,000.00	7,725,000.00	3,862,500.00	3,862,500.00	3,862,500.00	3,862,500.00

LFM-S_00246754

EXHIBIT L

United States District Court

FOR THE
NORTHERN DISTRICT OF CALIFORNIA

VENUE: SAN FRANCISCO

CR25-00126 CRB

UNITED STATES OF AMERICA,

V.

KENNETH W. MATTSON,

DEFENDANT(S).

FILED

May 13 2025

Mark B. Busby
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO

INDICTMENT

Counts 1-7: 18 U.S.C. § 1343 – Wire Fraud
Count 8: 18 U.S.C. § 1957 – Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity (Money Laundering)
Count 9: 18 U.S.C. § 1519 – Destruction/Alteration of Records in a Federal Investigation (Obstruction of Justice)
18 U.S.C.§§ 981, 982; 28 U.S.C. § 2461(c) – Forfeiture

A true bill.

/s/ Foreperson of the Grand Jury
Foreman

Filed in open court this 13th day of

May, 2025.

S. Ybarra
Clerk

Bail, $ Warrant

Hon. Alex G. Tse, U.S. Magistrate Judge

PATRICK D. ROBBINS (CABN 152288)
Acting United States Attorney

FILED

May 13 2025

Mark B. Busby
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. KENNETH W. MATTSON, Defendant.	CASE NO. CR25-00126 CRB VIOLATIONS: 18 U.S.C. § 1343 – Wire Fraud; 18 U.S.C. § 1957 – Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity (Money Laundering); 18 U.S.C. § 1519 – Destruction/Alteration of Records in a Federal Investigation (Obstruction of Justice); 18 U.S.C. §§ 981(a)(1)(C), 982(a)(1) and (b)(1) and 28 U.S.C. § 2461(c) – Forfeiture Allegation SAN FRANCISCO VENUE UNDER SEAL

INDICTMENT

The Grand Jury charges:

INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

1. For more than a decade, defendant KENNETH W. MATTSON orchestrated and operated a scheme whereby he fraudulently solicited and obtained millions of dollars in investments from hundreds of investors—many of whom were nearing or in retirement—in what he represented were legitimate and safe interests in limited partnerships that owned real estate. Although MATTSON was a

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part-owner of a company that formed and managed partnerships that owned real estate, the victim investor funds did not go to that company or to the partnerships managed by that company. Instead, MATTSON siphoned those victim investor funds into a scheme in which the investors had no legal interest in the properties in which they believed they were investing, and any distributions they received were in part funded by money from new investors—a Ponzi scheme. The scheme collapsed when MATTSON was no longer able to raise new investor money to pay existing investors.

2. Through oral and written false statements, misrepresentations, half-truths, and omissions, MATTSON falsely represented to these victims that their investments gave them partnership interests and corresponding legal rights in certain real estate-holding limited partnerships (LPs) managed by LeFever Mattson, a California Corporation (LM). In fact, MATTSON never intended to make those victims true and legal partners in the LM LPs. Instead of using the victims' funds to buy an ownership interest in the LM LPs, as he represented, MATTSON used victim money for personal expenses, to purchase and fund properties held in the name of his personal real estate holding entity, and to make payments to existing investors. Instead of communicating to LM that the investors had purchased interests in LM LPs and ensuring that the investors were recorded as official owners of the LM LPs, MATTSON concealed the existence of the investors and their investments from LM. In doing so, MATTSON breached his fiduciary duty to LM and the partners of the LM LPs.

3. To perpetuate the scheme and ensure that victim investors and officers and employees of LM and a related entity that kept LM's official books and records did not discover the fraud, MATTSON manufactured records he knew were false and falsely represented to investors that LM managed their partnership stakes. He also utilized a bank account in the name of LM to issue checks to victim investors, issued and caused paperwork to be issued in the name of LM and LM LPs purporting to reflect the value of the purported investments, and provided fictitious tax forms to investors that falsely reflected LP ownership interests and other material information. All of these were false statements designed to make investors believe they had invested in and owned legitimate shares of real LM-managed LPs and to induce future investments with MATTSON.

4. MATTSON also laundered money by using proceeds of the scheme—specifically victim investments—to fund personal expenditures and real estate ventures that benefitted himself, not victim

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investors.

5. MATTSON also engaged in similar fraudulent conduct through another real-estate holding entity over which he exercised sole business control—KS Mattson Partners, LP (KSMP).

6. After MATTSON learned that federal authorities were investigating his scheme, and two days before the execution of a federal search warrant at his residence in Sonoma, California, MATTSON obstructed justice by, among other things, deleting from his personal computer thousands of documents related to the scheme and victim investors.

RELEVANT INDIVIDUALS AND ENTITIES

7. Defendant KENNETH W. MATTSON resided in Sonoma County and Alameda County in the Northern District of California. MATTSON was previously a registered financial advisor and broker. He was also a tax preparer who possessed an Internal Revenue Service (IRS) Preparer Tax Identification Number (PTIN), which he used to prepare and submit federal tax returns.

8. LM was a California corporation with its principal place of business in Citrus Heights, California. MATTSON was the President of LM and owned 50 percent of its shares. LM, and related and subsidiary entities owned and/or controlled by LM, owned and managed commercial and residential properties, including in the Northern District of California.

9. MATTSON, as President of LM, had primary responsibility for soliciting investments for LM projects and finding and acquiring real estate for LM LPs.

10. Home Tax Service of America, Inc. d/b/a LeFever Mattson Property Management (Home Tax), majority-owned by LM, acted as the property manager for properties owned by LM and LM-managed LPs. Home Tax's duties included collecting rents, property maintenance, and paying distributions owed to limited partners in LM LPs. Home Tax also acted as the official keeper of books and records for LM LPs and other entities over which it exercised control. In that role, Home Tax tracked and updated information about those limited partnerships and other entities, including names and contact information of the initial limited partners, changes in ownership, and monthly distributions owed to record limited partners. Home Tax also submitted IRS Form 1065 partnership returns for the LM LPs and provided K-1 partnership distribution forms to record limited partners of the LM LPs.

11. Divi Divi Tree, LP (Divi Divi) was a California limited partnership. Divi Divi was

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formed in 2002. Divi Divi was formed to acquire and maintain a large multi-unit apartment community called the "Sienna Pointe Apartments." Divi Divi had approximately 19 original investors and limited partners, who contributed more than $10,000,000 in initial capital. LM was the General Partner. Over time, LM, KSMP, and others purchased the interests of other investors, such that by December 2023, the official books and records maintained by Home Tax reflected only four partners with interests in Divi Divi.

12. Heacock Park Apartments, LP (Heacock Park) was a California limited partnership that was formed in 2013 to acquire and maintain a large multi-unit apartment community called the "Heacock Park Apartments." Heacock Park initially had 19 investors who contributed nearly $3,500,000 in initial capital. LM was the General Partner.

13. LENDING ENTITY 1 was a hard money lender headquartered in Sacramento, California. LENDING ENTITY 1 described itself as a premier private lender with over 2,000 loan transactions totaling over $2 billion worth of loans. Between 2011 and 2024, LENDING ENTITY 1 provided more than $180,000,000 in loans to KSMP for various properties across California.

THE SCHEME TO DEFRAUD

14. Beginning at a time unknown but no later than in or about May 2009, and continuing through in or about May 2024, MATTSON, knowingly and with the intent to defraud, participated in, devised, and intended to devise a scheme and artifice to defraud as to a material matter, and to obtain money and property by means of materially false and fraudulent pretenses, representations, half-truths, and promises, and by means of omission and concealment of material facts.

15. As part of the scheme to defraud, MATTSON offered and sold to investors what he stated were interests in LM partnerships, promising regular returns in the form of rent distributions and the security of being a partner in an entity that owned valuable real estate. In fact, MATTSON kept these investments "off books"—that is, MATTSON kept these investments secret from LM, Home Tax, other owners and principals, and the record limited partners of the LM LPs. MATTSON deceived investors into believing they were, through their investment and the signing of false agreements, becoming true limited partners in LM LPs, with certain legally enforceable rights and privileges, access to regular monthly distributions derived from rents on the properties, and the ability to withdraw their principal on

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request. In fact, MATTSON knew these investors never actually acquired interests in those LM LPs. MATTSON concealed these "off-books" transactions from LM and Home Tax. In doing so, MATTSON breached the fiduciary duties he owed to LM, Home Tax, other owners and principals, and to the record limited partners in the LM LPs. In addition, MATTSON owed a duty of candor and loyalty to the "off-books" investors based on MATTSON's control of the information that investors would need to make an informed investment choice, and his representations to them that he was an authorized representative of the general partner of the LPs at issue. He also breached these duties, and omitted material information from investors to obtain their investments.

16. MATTSON executed the fraud scheme through a web of false representations and material omissions to these "off-books" investors, which included (1) falsely identifying the entity in which they were investing, (2) falsely representing that they had purchased a specific percentage of an LM LP that owned identified real estate, (3) creating and providing false documents that indicated "off-books" investors had certain legally enforceable rights and privileges that were significant to the decision to invest, (4) false statements about the security of the investments, and (5) falsely representing that the investment would generate distributions from rents of the underlying real property assets.

"Off-Books" Divi Divi Tree LP Investors

17. As part of the scheme, MATTSON persuaded investors to roll over funds from their existing tax-advantaged retirement accounts to MATTSON-controlled "self-directed" individual retirement accounts (IRAs) managed by various third-party custodians.

18. MATTSON represented to these individuals that by rolling over their retirement funds, they were purchasing ownership interests in Divi Divi. These representations were false.

19. MATTSON also represented to these investors that their investments would earn approximately six percent returns every year and they could withdraw their principal investment at any time.

20. Between 2019 and 2024, MATTSON obtained at least $24,000,000 from at least 75 victims by falsely promising them that they were purchasing interests in Divi Divi. MATTSON did not disclose the existence of these "investors" to LM or Home Tax.

21. To assure investors that their money was safe, and throughout the course of the scheme,

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MATTSON caused third-party IRA custodians to generate and provide to the "off-books" investors false and fraudulent statements reflecting that the value of their purported investments increased annually.

22. MATTSON, a sophisticated finance expert and registered tax preparer, knew that because IRAs and similar tax-advantaged retirement accounts grow tax-free, Divi Divi investors were unlikely to withdraw their principal investments or demand regular distribution payments. Rather, owing to retirement accounts' tax-advantaged status, those investors were likely to only withdraw the "required minimum distribution" (RMD) after they reached the age provided by law. MATTSON knew that this made his scheme more difficult to detect and delayed his payment obligations.

23. Some investors—including those of retirement age—who sought their distributions (or in the rare case, principal withdrawals) from their purported investments received payments from MATTSON. Between 2019 and 2024, MATTSON wired or caused to be wired more than $10,000,000 to a third-party IRA custodian for distributions, fees, minimum account balances, and other payments related to "off-books" Divi Divi investors. But those wires were not funded by rents or other profits generated by any Divi Divi assets. Rather, they were funded by co-mingled funds controlled by MATTSON and by purported investments from new victims MATTSON recruited into the scheme.

24. In order to conceal the scheme, MATTSON caused to be created false and fraudulent IRS Forms 5498 reflecting the fictitious fair market value of the victims' purported ownership interests and false and fraudulent IRS Forms 1099-R reporting distributions from the "off-books" Divi Divi investments. MATTSON provided these tax forms to investors.

MATTSON's Misrepresentations to Divi Divi "Off-Books" Investors

25. D.R. and K.R. were unwitting "off-books" investors in Divi Divi who invested more than $3 million with MATTSON between 2007 and 2022, including at least $1.74 million in Divi Divi. In 2009, D.R. and K.R. invested more than $200,000 with MATTSON by transferring funds from their retirement accounts to a third-party custodian controlled by MATTSON at MATTSON's direction. On or about May 22, 2009, MATTSON provided D.R. with an "Agreement of Limited Partnership of Divi Divi Tree, L.P.," which purported to give D.R. a percentage ownership in Divi Divi. In or about October 2022, at MATTSON's urging, D.R. rolled over another $1.54 million in retirement funds into what MATTSON represented to be an additional investment in Divi Divi.

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26. K.B. was also an unwitting "off-books" investor in Divi Divi who invested approximately $1.5 million with MATTSON. K.B. began investing with MATTSON in 2006. K.B. invested $500,000 in Divi Divi by rolling over funds from his existing retirement accounts—$200,000 in 2012 and $300,000 in 2022.

27. MATTSON made material false statements, misrepresentations, half-truths and omissions to induce victims to unknowingly invest in the "off-books" Divi Divi scheme. These included, but were not limited to the following:

a) MATTSON misrepresented to "off-books" Divi Divi investors that they were purchasing from LM a "percent ownership" and legitimate interest in Divi Divi; MATTSON, in fact, never communicated to LM or to Home Tax—which kept the official books and records for Divi Divi—that he had sold "off-books" shares in Divi Divi. MATTSON represented to investors that he was acting on behalf of LM and selling a portion of LM's ownership in Divi Divi to them. This was false. By hiding his sale of "off-books" Divi Divi investments that were not recorded on LM or Divi Divi's books and records, MATTSON concealed his lack of authority to engage in the transactions and breached his fiduciary duty to LM and Divi Divi's record limited partners;

b) MATTSON provided written documents to memorialize the purported sale of these fictitious limited partnerships, such as the actual 2002 "Agreement of Limited Partnership for Divi Divi Tree L.P.;" these Agreements contained false statements as to the "off-books" investors, including misstating the off-books investors' legal rights and privileges since the investors never became limited partners in Divi Divi;

c) MATTSON provided false tax documents to the "off-books" investors related to their purported Divi Divi investment;

d) MATTSON misrepresented the underlying asset and financial soundness of the purported Divi Divi investment. MATTSON misrepresented to investors that Divi Divi's primary asset was the Sienna Pointe Apartments in Riverside County, a multi-unit apartment community that generated monthly rental income. Prior to August 2021, Divi Divi owned that asset and record investors received distributions from its rental income. But the "off-books"

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investors never had any right to receive rent from the Sienna Pointe Apartments and could not receive such rents because they were unknown to LM;

e) MATTSON concealed the 2021 sale of the Sienna Pointe Apartments from existing and subsequent "off-books" Divi Divi investors. MATTSON and LM caused the Sienna Pointe Apartments, the property underlying Divi Divi, to be sold in August 2021 for $86,513,600, resulting in net proceeds of $33,625,829. Notwithstanding MATTSON's prior representations to "off-books" investors that they would be notified upon sale and be entitled to share in profits proportionate to their ownership stake, MATTSON concealed the existence of the sale from existing "off-books" Divi Divi investors and omitted that the primary asset of Divi Divi had, in fact, been sold when recruiting new investments for Divi Divi;

f) MATTSON misrepresented the safety and security of the victims' purported investments by representing that their distribution flowed from rents secured by an income-generating, LM-backed asset when in fact, the distributions were funded in part by monies from new investors, including later investors, in the manner of a Ponzi scheme;

g) MATTSON made misrepresentations to the "off-books" Divi Divi investors about their ability to share in the profits from the sale of the underlying Divi Divi asset and to withdraw their principal investment at any time, subject to a 60-to-90 day waiting period;

h) MATTSON omitted information material to the "off-books" investors' decision to invest in Divi Divi. For example, MATTSON omitted and failed to disclose, in violation of his duty of candor, that he was selling "off-books" investments that were untethered and unknown to LM, that he was doing so without legal authorization, and that "off-books" investors were investing personally with MATTSON, who omitted the true financial condition of the entities into which they were investing. MATTSON concealed and failed to disclose that the "off-books" Divi Divi investors were not actually investing in a LM LP, but instead in a MATTSON-controlled Ponzi scheme.

28. "Off-Books" Divi Divi investors, including D.R. and K.B., invested in Divi Divi based on MATTSON's material false statements, misrepresentations, half-truths and omissions.

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"Off-Books" Heacock Park Apartments LP Investors

29. MATTSON also recruited investors to invest directly in purported LM limited partnerships such as Heacock Park. Between approximately 2019 and approximately April 2024, MATTSON sold at least $4,000,000 in purported partnership interests in Heacock Park to at least 26 "off-books" investors. None of the "off-books" Heacock Park investments appear on any of the LM books and records maintained by Home Tax, or in the tax filings MATTSON caused to be filed on behalf of LM and Heacock Park. In fact, MATTSON provided some of these "off-books" investors with false IRS Form K-1s. Between 2019 and 2024, MATTSON paid at least $1.4 million in distributions to these "off-books" investors. MATTSON convinced many of these "off-books" investors to enter into an "Agreement of Transfer and Purchase of Partnership Interest," ostensibly between LM and the investor, in exchange for a direct payment, usually in the form of a personal check.

MATTSON's Misrepresentations to Heacock Park "Off-Books" Investors

30. K.A. and her spouse, R.A., are longtime residents of Sonoma County, in the Northern District of California, who were introduced to MATTSON through neighbors who had previously invested with MATTSON.

31. In 2017, MATTSON promised K.A. and R.A. that a $500,000 investment with him would ensure $2,500 per month for the rest of the life of their special-needs dependent. They started investing with MATTSON in February 2018, and by August 2022, had invested $350,000 with MATTSON across four purported LM LPs. MATTSON guaranteed a six percent annual return, described the property that was subject to the investment, and promised that they would be notified if the property sold and that they would be paid their fair share of profit from any sale.

32. On September 23, 2020, K.A. and R.A. met with MATTSON. Based on MATTSON's promises, they signed a Transfer and Purchase of Partnership Interest that purported to grant them a 0.611 percent partnership interest in Heacock Park and gave MATTSON a check for $100,000.

33. In August 2022, K.A. asked MATTSON if it was too late for her to make an additional investment in Heacock Park since she understood the underlying asset was to be sold soon. MATTSON assured her that it was not too late.

34. On August 11, 2022, K.A. and R.A. met with MATTSON at a MATTSON-owned deli in

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Sonoma. MATTSON again made the same promises he made in 2020 regarding Heacock Park. As a result of these representations, K.A. and R.A. gave MATTSON a check for another $50,000 for a purported additional investment in Heacock Park. During this meeting, MATTSON concealed the fact that LM had sold the apartment building underlying Heacock Park in 2021. In fact, MATTSON never notified K.A. or R.A. that the underlying asset had sold, despite his September 2020 promises that he would notify K.A. and R.A. of any sale and provide them an opportunity to share in profits from the sale of the apartments at that time.

35. MATTSON made the following material misrepresentations and omissions to victim investors to induce "off-books" investments in Heacock Park:

a) MATTSON misrepresented to "off-books" Heacock Park investors that they were purchasing from LM a "percent ownership" and legitimate limited partnership interest in Heacock Park from LM; MATTSON, in fact, never communicated to LM or to Home Tax—which kept the official books and records for Heacock Park—that he had sold "off-books" shares in Heacock Park. MATTSON misrepresented to investors that he was acting on behalf of LM and selling a portion of LM's ownership in Heacock Park to them. By hiding his sale of "off-books" Heacock Park investments that were not recorded on LM or Heacock Park's books and records, MATTSON concealed his lack of authority to engage in the transactions and breached his fiduciary duty to LM and Heacock Park's record limited partners;

b) MATTSON provided agreements titled "Agreement of Transfer and Purchase of Partnership Agreement" containing false statements, including statements purporting to transfer a percentage ownership interest in Heacock Park from LM to the "off-book" investor. The agreement also provided the "off-books" Heacock Park investor would become a limited partner and would receive all the corresponding rights and benefits;

c) MATTSON concealed the "off-books" Heacock Park investors and their purported percentage ownership investments from LM and Home Tax, which kept the official books and records for Heacock Park. As a result, the "off-books" investors were never recorded in the LM ownership records for Heacock Park, the software that tracked and processed official distributions, or the tax reporting for Heacock Park.

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d) Yet, MATTSON provided false statements to "off-books" Heacock Park investors in the form of fictitious tax forms that depicted the "off-books" investors as true "limited partners" in Heacock Park. In at least some instances, these forms included a beginning capital account balance, and a record of "withdrawals and contributions" that corresponded to the "off-book" distribution payments MATTSON made during the calendar year. But the actual Heacock Park Form 1065 tax returns for these years which were filed under MATTSON's supervision do not reflect the "off-books" investors as limited partners;

e) MATTSON told "off-books" investors prior to their Heacock Park investment that the distributions they were to receive on their investment came from the rents paid by tenants in the apartments. But because the "off-books" investors were not record investors or owners in Heacock Park, their "distributions" from MATTSON were not from underlying rental income. Rather, their distributions were financed by the payments of other investors, including later investors, in the manner of a Ponzi scheme;

f) MATTSON concealed the 2021 sale of the Heacock Park Apartments from the "off-books" investors. MATTSON and LM caused the apartment building asset underlying Heacock Park to be sold in August 2021 for $20,731,418, resulting in net proceeds of $8,440,189. Notwithstanding MATTSON's prior representations to "off-books" investors that they would be notified upon sale and be entitled to share in profits proportionate to their ownership stake, MATTSON concealed the existence of the sale from existing "off-books" Heacock Park investors and omitted that the primary asset of Heacock Park had, in fact, been sold when recruiting new investments for Heacock Park; and

g) MATTSON omitted information material to the "off-books" investors' decision to invest in Heacock Park. MATTSON omitted and failed to disclose, in violation of his duty of candor, that he was selling "off-books" investments that were untethered and unknown to LM, that he was doing so without legal authorization, and that such investors were investing personally with MATTSON, with MATTSON omitting the true financial condition of the entities into which they were investing. MATTSON concealed and failed to disclose that the "off-books" Heacock Park investors were not actually investing in an LM LP, but instead in a

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MATTSON-controlled Ponzi scheme.

36. "Off-books" Heacock Park investors, including R.A. and K.A., invested in Heacock Park based on MATTSON's material, false statements, misrepresentations, half-truths and omissions.

MANNER AND MEANS

37. In furtherance of the scheme to defraud, MATTSON used a variety of means and methods, including by making materially false and fraudulent pretenses, representations, half-truths and promises, as well as omissions and concealment of material facts to induce investments from "off-books" investors, including but not limited to the following:

a. misrepresenting the party with whom they were investing (MATTSON personally as opposed to LM);

b. concealing that their "off-books" investments would not be recorded in LM's official books and records as true investors, thus depriving the "off-books" investors of the legal rights and privileges of true limited partners;

c. misrepresenting the nature of their investments by stating they were buying a percentage of certain LM limited partnerships, invested in specific real property,

d. misrepresenting the property in which they were invested (since they were never recognized as actual limited partners in the official LM books and records);

e. misrepresenting that they would be notified upon sale of the properties underlying the LPs and enjoy profit sharing in proportion to their ownership interest upon sale, as well the return of their initial investment;

f. misrepresenting the overall safety and security of the investments (*e.g.* that the investors could withdraw their principal at any time);

g. making false statements, and omitting true facts that MATTSON had a duty to disclose, regarding the fair market value of the properties in which investors believed they were partners and in which their money had been invested;

h. misrepresenting distribution payments to "off-books" investors as returns generated from rent of the underlying assets, but which were, in fact, payments made possible only by MATTSON's ability to recruit new investors to infuse his low-balance accounts, and the

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sale of unrelated properties and loans, including from LENDING ENTITY 1;

i. misrepresenting the nature of the investment on the distribution checks by noting they were "owner withdrawals" from the purported LM;

j. utilizing these distributions to perpetuate the ongoing scheme, dampen investor suspicion, and prevent detection;

k. making false statements by providing false tax documentation such as fair market value reports and IRS Forms K-1 to create the impression that "off-books" investors were deriving legitimate partnership distributions;

l. using a personally controlled checking account in the name of LM but corresponding to a P.O. Box controlled solely by MATTSON; and

m. concealing and failing to disclose that the "off-books" investors were investing in a MATTSON-controlled Ponzi scheme, and one which was not financially viable and in fact progressively teetered on insolvency absent new investor monies.

38. In addition, from a time unknown but no later than January 1, 2019, MATTSON knew that MATTSON's own share of rents and revenue from LM owned and managed properties was insufficient to meet obligations to pay interest payments and distributions to existing "off-books" investors for Divi Divi and Heacock Park.

39. MATTSON also knew that new investor funds would be required to continue to pay interest payments and distributions owed to previous investors.

40. In a bank account which MATTSON maintained in the name of LM with an account number ending in 1059 (the 1059 Account), MATTSON co-mingled funds, including investor money, with money from at least two other accounts: one that he held in the name of KSMP and a third account he controlled. For example, MATTSON transferred funds between the accounts and used the 1059 Account to pay for millions of dollars of personal expenses, such as mortgages on homes owned by KSMP in Piedmont, California and Del Mar, California. Between 2019 and 2024, the 1059 Account had declining cash balances on January 1 of each year, such that without new investments, the 1059 Account would have had a cumulative net negative balance of approximately $26,000,000. Between 2019 and 2024, these three accounts alone had total debits of approximately $346,000,000 and total credits of

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$341,000,000, resulting in net activity of nearly negative $5,000,000.

41. MATTSON, however, made false representations and concealed material facts by telling investors that the purported LM investment opportunities he offered were profitable, and that the asset value and cash flow were sufficient to repay the distributions and cash out investors upon request. To assure investors that their investments were safe and sound, MATTSON touted the fact that he had investors waiting to buy in, that the investments were backed by LM, that investors would share in the profits upon sale, and that investors could withdraw their principal amount at any time. In fact, as MATTSON knew, in order to make continued payments of distributions and interest and to repay investors who sought withdrawals, MATTSON needed to continue to collect new investor funds, obtain loans, and sell properties. Contrary to his representations about the use of funds, MATTSON used new investor funds to pay interest and distributions owed to previous investors in the scheme.

42. Throughout the scheme, under California law, Home Tax, as the manager for the general partner of the LM LPs, was required to maintain a dedicated trust bank account for the deposit of rents from the properties and the distributions to limited partners. MATTSON knew that to the extent he was paying money to the "off-books" investors as false distributions of rents, these amounts were not being paid from a trust bank account. By promising distributions to victim investors from their ownership interests in the partnerships, and by making payments that appeared to be such distributions, MATTSON used false representations, promises and pretenses regarding the nature of the investments. MATTSON also, while he had a duty to disclose, failed to tell investors that he was violating or circumventing the law and failed to tell investors that any distributions to investors were not derived from rents, trust accounts, or proceeds from the sale of properties, and were in fact from money MATTSON obtained from new investors or other sources not associated with the LM LPs.

43. Between 2019 and 2024, MATTSON obtained at least $28 million from investors for "off-books" investments in Divi Divi and Heacock Park alone.

COUNTS ONE THROUGH SEVEN: (18 U.S.C. § 1343 – Wire Fraud)

44. Paragraphs 1 through 43 of this Indictment are re-alleged and incorporated as if fully set forth herein.

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45. Beginning on a date unknown to the Grand Jury, but no later than in or about May 2009, and continuing through in or about May 2024, in the Northern District of California and elsewhere, the defendant,

KENNETH W. MATTSON,

knowingly and with the intent to defraud, participated in, devised, and intended to devise a scheme and artifice to defraud as to a material matter, and to obtain money and property by means of materially false and fraudulent pretenses, representations, half-truths, and promises, and by means of omission and concealment of material facts.

Execution of the Scheme

46. On or about the dates set forth below, in the Northern District of California and elsewhere, the defendant,

KENNETH W. MATTSON,

did knowingly transmit and cause to be transmitted, in interstate and foreign commerce, by means of a wire communication, certain writings, signs, signals, pictures, and sounds, specifically, the uses of wires on or about the dates set forth below:

COUNT	DATE	DESCRIPTION OF WIRE	AMOUNT
1	October 17, 2022	Wire from account at Capital One N.A. to the 1059 Account	$300,000.00
2	October 18, 2022	Wire from account at Capital One N.A. to the 1059 Account	$1,540,000.00
3	September 23, 2020	Transmission of information related to processing of check no. 6447 from K.A. and R.A.'s account at Exchange Bank deposited in the 1059 Account	$100,000.00
4	August 11, 2022	Transmission of information related to processing of check no. 6910 from K.A. and R.A.'s account from Exchange Bank deposited in the 1059 Account	$50,000.00
5	February 3, 2024	Transmission of information related to processing of check no. 72805 from the 1059 Account deposited in K.A. and R.A.'s Exchange Bank account	$750.00
6	January 23, 2024	Wire transfer from the 1059 Account to an account at Capital One N.A.	$114,789.50
7	February 28, 2024	Wire transfer from the 1059 Account to an account at Capital One N.A.	$100,972.50

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each execution of such scheme being in violation of Title 18, United States Code, Section 1343.

COUNT EIGHT: (18 U.S.C. § 1957 – Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity)

47. Paragraphs 1 through 46 of this Indictment are re-alleged and incorporated as if fully set forth here.

48. As described above, MATTSON solicited "off-books" investments in Divi Divi for $300,000 from K.B. on October 17, 2022 and for $1.54 million D.R. on October 18, 2022. The third-party custodian received these victim funds and, at MATTSON's direction, wired the funds to MATTSON's 1059 Account.

49. On October 21, 2022, MATTSON sent a wire transfer of $400,000 from the 1059 Account to a construction company. More than $10,000 of this wire transfer is traceable to MATTSON's fraud.

50. On or about October 21, 2022, in the Northern District of California, the Eastern District of California, and elsewhere, the defendant,

KENNETH W. MATTSON,

did knowingly engage in and attempt to engage in a monetary transaction, by, through, and to a financial institution, in and affecting interstate and foreign commerce, in criminally derived property of a value greater than $10,000, such property having been derived from a specified unlawful activity, that is, Wire Fraud in violation of Title 18, United States Code, Section 1343.

All in violation of Title 18, United States Code, Section 1957.

COUNT NINE: (18 U.S.C. § 1519 – Destruction, Alteration, or Falsification of Records in Federal Investigation)

51. Paragraphs 1 through 50 of this Indictment are re-alleged and incorporated as if fully set forth here.

52. On April 19, 2024, an enforcement attorney at the U.S. Securities and Exchange Commission (SEC) sent MATTSON an e-mail. The e-mail bore the subject line "In the Matter of LeFever Mattson (SF-04674)" and stated, in part, "I am going to send you a document preservation letter through the SEC's secure email system." It also advised MATTSON that the SEC would mail the

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same letter to his residence in Sonoma, California.

53. The SEC attorney subsequently sent MATTSON an e-mail that included a document preservation letter wherein the SEC advised MATTSON that he may "possess documents and data that are relevant to an ongoing investigation being conducted by the staff of the United States Securities and Exchange Commission," identified documents and communications from 2012 to the present related to LM, Divi Divi, and investors, provided notice that such evidence "should be reasonably preserved and retained until further notice," and clarified that "failure to do so could give rise to civil and criminal liability."

54. On April 30, 2024, the SEC issued a subpoena *duces tecum* to MATTSON for, among other things, documents concerning Divi Divi, LM, and KSMP.

55. On May 7, 2024, the SEC sent a copy of that subpoena to MATTSON via Certified Mail, Return Receipt Requested, to MATTSON at his Sonoma residence.

56. On May 8, 2024, the U.S. Postal Service attempted to deliver the subpoena to MATTSON's Sonoma, California residence, but that delivery was unsuccessful because no authorized recipient was available.

57. On May 10, 2024, at approximately 9:45 a.m., MATTSON went to the Sonoma Post Office and picked up the envelope containing the subpoena.

58. On the same day, May 10, 2024, an attorney representing MATTSON contacted the SEC on MATTSON's behalf. The SEC attorney who had sent MATTSON the initial document preservation request and the subpoena sent MATTSON's attorney a copy of that subpoena. The same day, May 10, 2024, MATTSON's attorney confirmed receipt.

59. On May 22, 2024, well after he had been placed on notice of the SEC's investigation and instructed to preserve data, MATTSON deleted more than 10,000 files from his personal computer. These files related to "off-books" investors and limited partnerships in the scheme to defraud, tax documentation such as Form K-1s, partnership agreements, as well as financial and real estate documents. For example, the names of more than 280 of the deleted files contained the word "Divi," or "DDT," more than 125 file names contained "Heacock" or "HPLP," 13 file names contained the last name of D.R., at least three file names that contained the last name of K.B., and at least three file names

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that contained the last name of K.A. The names of several of the deleted files referenced LM or KSMP.

60. At the time these files were deleted, MATTSON was at or near 1111 Broadway in Oakland, California, in the Northern District of California.

61. MATTSON deleted the files and changed his mobile phone on the same day—two days before federal law enforcement officers executed a search warrant at his Sonoma residence, where they seized both his computer and his mobile phone, amongst other items.

62. On or about May 22, 2024, in the Northern District of California, the defendant,

KENNETH W. MATTSON,

knowingly altered, destroyed, concealed, and falsified a record, document, and tangible object, specifically electronic files from his laptop computer, with the intent to impede, obstruct, and influence an actual and contemplated investigation of a matter within the jurisdiction of any department and agency of the United States, namely the U.S. Securities and Exchange Commission and the U.S. Department of Justice.

All in violation of Title 18, United States Code, Section 1519.

FORFEITURE ALLEGATION: (18 U.S.C. §§ 981(a)(1)(C), 982(a)(1), and 28 U.S.C. § 2461(c))

The allegations contained in this Indictment are re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C), Section 982(a)(1), and Title 28, United States Code, Section 2461(c).

Upon conviction for any of the offenses set forth in Counts One through Seven, the defendant,

KENNETH W. MATTSON,

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all property, real or personal, constituting, or derived from proceeds the defendant obtained directly and indirectly, as the result of those violations, including but not limited to the real properties located at the following addresses:

a. 62 Farragut Avenue, Piedmont, California 94610;

b. 1834-1836 Ocean Front, Del Mar, California 92014; and

c. 1716 Ocean Front, Del Mar, California 92014.

Upon conviction for any of the offenses set forth in Count Eight, the defendant,

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KENNETH W. MATTSON,

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), all property, real or personal, involved in those violations, including but not limited to the real properties located at the following addresses:

a. 62 Farragut Avenue, Piedmont, California 94610;

b. 1834-1836 Ocean Front, Del Mar, California 92014; and

c. 1716 Ocean Front, Del Mar, California 92014.

If any of the property described above, as a result of any act or omission of the defendant:

a. cannot be located upon exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), Title 28, United States Code, Section 2461(c), and Federal Rule of Criminal Procedure 32.2.

DATED: May 13, 2025

A TRUE BILL.

/s/ Foreperson of the Grand Jury

FOREPERSON

PATRICK D. ROBBINS
Acting United States Attorney

/s/
CHRISTOFFER LEE
NIKHIL BHAGAT
Assistant United States Attorneys

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AO 257 (Rev. 6/78)

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: ☐ COMPLAINT ☐ INFORMATION ☒ INDICTMENT ☐ SUPERSEDING

OFFENSE CHARGED

Counts 1-7: 18 U.S.C. § 1343 – Wire Fraud
Count 8: 18 U.S.C. § 1957 – Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity (Money Laundering)
Count 9: 18 U.S.C. § 1519 – Destruction/Alteration of Records in a Federal Investigation (Obstruction of Justice)

☐ Petty
☐ Minor
☐ Misde-meanor
☒ Felony

PENALTY:

See Attachment

PROCEEDING

Name of Complaintant Agency, or Person (& Title, if any)

FBI/IRS-CI/USPIS

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of: ☐ U.S. ATTORNEY ☐ DEFENSE } SHOW DOCKET NO.

☐ this prosecution relates to a pending case involving this same defendant

☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under } MAGISTRATE CASE NO.

Name and Office of Person Furnishing Information on this form: Patrick D. Robbins

☒ U.S. Attorney ☐ Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned): Christoffer Lee/Nikhil Bhagat

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

DEFENDANT - U.S

KENNETH W. MATTSON

DISTRICT COURT NUMBER

CR25-00126 CRB

DEFENDANT

IS *NOT* IN CUSTODY

1) ☒ Has not been arrested, pending outcome this proceeding. If not detained give date any prior summons was served on above charges

2) ☐ Is a

3) ☐ Is o

IS IN

4) ☐ On

5) ☐ On

6) ☐ Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

Has detainer been filed? ☐ Yes ☐ No } If "Yes" give date filed

DATE OF ARREST Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY Month/Day/Year

FILED

May 13 2025

Mark B. Busby
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO

☐ This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

☐ SUMMONS ☐ NO PROCESS* ☒ WARRANT Bail Amount: No Bail

If Summons, complete following:
☐ Arraignment ☐ Initial Appearance

Defendant Address:

** Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment*

Date/Time: Before Judge:

Comments:

UNITED STATES V. KENNETH W. MATTSON

PENALTY SHEET ATTACHMENT – MAXIMUM PENALTIES

Counts One through Seven: 18 U.S.C. § 1343– Wire Fraud

- Up to 20 years in prison
- Up to $250,000 fine (or twice the gross gain or gross loss, whichever is greater)
- Up to three years of supervised release
- $100 special assessment
- Forfeiture
- Restitution

Count Eight: 18 U.S.C. § 1957 – Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity (Money Laundering)

- Up to 10 years in prison
- Up to $250,000 fine (or twice the value of the criminally derived property, whichever is greater)
- Up to three years of supervised release
- $100 special assessment
- Forfeiture
- Restitution

Count Nine: 18 U.S.C. § 1519 – Destruction/Alteration of Records in a Federal Investigation (Obstruction of Justice)

- Up to 20 years in prison
- Up to $250,000 fine
- Up to three years of supervised release
- $100 special assessment
- Restitution

EXHIBIT M

AMENDED AND RESTATED BYLAWS

OF

LEFEVER MATTSON

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AMENDED AND RESTATED BYLAWS

OF

LEFEVER MATTSON

ARTICLE I

OFFICES

Section 1. Principal Offices

The board of directors ("Board of Directors" or "Board") shall fix the location of the principal executive office of the Corporation at any place within or outside the State of California.

Section 2. Other Offices.

The Board of Directors may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to do business.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1. Place of Meeting.

Meetings of Shareholders shall be held at any place within or outside the State of California designated by the Board of Directors. In the absence of any such designation, Shareholders' meetings shall be held at the principal executive office of the Corporation.

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Section 2. Annual Meeting.

The annual meeting of Shareholders shall be at a time designated by resolution of the Board of Directors. The Board of Directors may change the actual date of the annual meeting from year to year. At each annual meeting Directors shall be elected, and any other proper business may be transacted which is within the powers of Shareholders.

Section 3. Special Meeting.

A special meeting of the Shareholders may be called at any time by the Board of Directors, or by the President, or by one or more Shareholders holding shares in the aggregate entitled to cast not less than ten percent (10%) of the votes at that meeting.

If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by other means of written communication to an officer of the Corporation. The officer receiving the request shall cause notice to be promptly given to the Shareholders entitled to vote, in accordance with the provisions of sections 4 and 5 of this Article II, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this section 3 shall be construed as limiting, fixing or affecting the time when a meeting of Shareholders called by action of the Board of Directors may be held.

Section 4. Notice of Meetings.

All notices of meetings of Shareholders shall be sent or otherwise given in accordance with section 5 of this Article II not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and

(a) in the case of a special meeting, the general nature of the business to be transacted;

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(b) in the case of the annual meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Shareholders. The notice of any meeting at which Directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, management intends to present for election; and,

(c) if action is proposed to be taken at any meeting for approval of

i) a contract or transaction in which a Director has a direct or indirect financial interest, pursuant to section 310 of the California Corporations Code (the "Code");

ii) an amendment of the Articles of Incorporation, pursuant to section 902 of the Code;

iii) a reorganization of the Corporation, pursuant to section 1201 of the Code;

iv) a voluntary dissolution of the Corporation, pursuant to section 1900 of the Code; or,

v) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to section 2007 of the Code,

the notice shall also state the general nature of each such proposal.

Section 5. Manner of Giving Notice; Affidavit of Notice.

Notice of any meeting of Shareholders shall be given either personally or by first-class mail or other means of written communication, charges prepaid, addressed to the Shareholder at the address of that Shareholder appearing on the books of the Corporation or given by the

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Shareholder to the Corporation for the purpose of notice. If no such address appears on the Corporation's books or is given, notice shall be deemed to have been given if sent to that Shareholder by first class mail or other means of written communication to the Corporation's principal executive office, or if published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent other means of written communication.

If any notice addressed to a Shareholder at the address of that Shareholder appearing on the books of the Corporation is returned to the Corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the Shareholder at that address, all future notices or reports shall be deemed to have been duly given without further mailing if these shall be available to the Shareholder on written demand of the Shareholder at the principal executive office of the Corporation for a period of one year from the date of the giving of the notice.

An affidavit of the mailing or other means of giving any notice of any Shareholders' meeting shall be executed by the Secretary, any assistant secretary or any transfer agent of the Corporation giving the notice, and shall be filed and maintained in the minute book of the Corporation.

Section 6. Quorum.

The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any meeting of Shareholders shall constitute a quorum for the transaction of business. The Shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

Section 7. Adjourned Meeting; Notice.

Any Shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting,

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either in person or by proxy, but in the absence of a quorum no other business may be transacted at that meeting except as provided in section 6 of this Article II.

When any meeting of Shareholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Board of Directors shall set a new record date. Notice of any such adjourned meeting shall be given to each Shareholder of record entitled to vote at the adjourned meeting in accordance with the provisions of sections 4 and 5 of this Article II. At any adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting.

Section 8. Voting.

The Shareholders entitled to vote at any meeting of Shareholders shall be determined in accordance with the provisions of section 11 of this Article II, subject to the provisions of sections 702 to 704, inclusive, of the Code (relating to voting shares held by a fiduciary, in the name of a Corporation or in joint ownership). The Shareholders' vote may be by voice vote or by ballot; provided, however, that any election for Directors must be by ballot if demanded by any Shareholder before the voting has begun. On any matter other than the election of Directors, any Shareholder may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or vote them against the proposal, but, if the Shareholder fails to specify the number of shares which the Shareholder is voting affirmatively, it will be conclusively presumed that the Shareholder's approving vote is with respect to all shares that the Shareholder is entitled to vote. If a quorum is present, the affirmative vote of the majority of the shares represented and voting at the meeting and entitled to vote on any matter (other than the election of Directors) shall be the act of the Shareholders, unless the vote of a greater number or voting by classes is required by Code or by the Articles of Incorporation.

Subject to the provisions of the next sentence, every Shareholder entitled to vote for the election of Directors may cumulate such Shareholder's votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which the Shareholder's shares are entitled, or distribute the Shareholder's votes on the same principle

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among as many candidates as the Shareholder thinks fit. No Shareholder shall be entitled to cumulate votes for any candidate for election as a Director (i.e., cast for any candidate a number of votes greater than the number of the Shareholder's shares) unless such candidate's name has been placed in nomination prior to the voting and the Shareholder has given notice at the meeting prior to the voting of the Shareholder's intention to cumulate the Shareholder's votes. If any one Shareholder has given such notice, all Shareholders may cumulate their votes for candidates in nomination. In any election of Directors, the candidates receiving the highest number of affirmative votes of the shares entitled to be voted for them up to the number of Directors to be elected by such shares are elected; votes against a candidate and votes withheld shall have no effect.

Section 9. Waiver of Notice or Consent by Absent Shareholders.

The transactions of any meeting of Shareholders, either annual or special, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to holding of the meeting, or an approval of the minutes. The waiver of notice or consent or approval of minutes need not specify either the business to be transacted or the purpose of any annual or special meeting of Shareholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of section 4 of this Article II, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of and presence at that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by law to be included in the notice of the meeting but not so included if that objection is expressly made at the meeting.

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Section 10. Shareholder Action by Written Consent Without a Meeting.

Any action which may be taken at any annual or special meeting of Shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. In the case of election of Directors, such a consent shall be effective only if signed by the holders of all outstanding shares entitled to vote for the election of Directors; provided, however, that a Director may be elected at any time to fill a vacancy on the Board of Directors that has not been filled by the Directors, by the written consent of the holders of a majority of the outstanding shares entitled to vote for the election of Directors. All such consents shall be filed with the Secretary of the Corporation and shall be maintained in the corporate records. Any Shareholder giving a written consent, or the Shareholder's proxy holders, or a transferee of the shares or a personal representative of the Shareholder or his respective proxy holders, may revoke the consent by a writing received by the Secretary of the Corporation before written consents of the number of shares required to authorize the proposed action have been filed with the Secretary.

If the consents of all Shareholders entitled to vote have not been solicited in writing, and if the unanimous written consent of all such Shareholders shall not have been received, the Secretary shall give prompt notice of the corporate action approved by the Shareholders without a meeting. This notice shall be given in the manner specified in section 5 of this Article II. In the case of approval of:

(a) contracts or transactions in which a Director has a direct or indirect financial interest, pursuant to section 310 of the Code;

(b) indemnification of agents of the Corporation, pursuant to section 317 of the Code;

(c) a reorganization of the Corporation, pursuant to section 1201 of the Code; and,

(d) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to section 2007 of the Code, the notice

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shall be given at least ten (10) days before the consummation of any action authorized by that approval.

Section 11. Record Date for Shareholder Notice, Voting and Giving Consents.

For purposes of determining the Shareholders entitled to notice of any meeting or to vote or entitled to give consent to corporate action without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting nor more than sixty (60) days before any other action, and in this event only Shareholders of record at the close of business on the record date so fixed are entitled to notice and to vote or to give consents, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date, except as otherwise provided in the Code.

If the Board of Directors does not so fix a record date:

(a) The record date for determining Shareholders entitled to notice of or to vote at a meeting of Shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held; and,

(b) The record date for determining Shareholders entitled to give consent to corporate action in writing without a meeting:

i) when no prior action by the Board has been taken, shall be the day on which the first written consent is given; or,

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ii) for any other purpose, shall be at the close of business on the day on which the Board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of such other action, whichever is later.

Section 12. Proxies.

Every person entitled to vote for Directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Secretary of the Corporation. A proxy shall be deemed signed if the Shareholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the Shareholder or the Shareholder's attorney in fact. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless:

(a) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the Corporation stating that the proxy is revoked, or by a subsequent proxy executed by the person, or attendance at the meeting and voting in person by the person executing the proxy; or,

(b) written notice of the death or incapacity of the maker of that proxy is received by the Corporation before the vote pursuant to that proxy is counted.

No proxy, however, shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of sections 705(e) and 705(f) of the Code.

Any form of proxy or written consent distributed to ten (10) or more Shareholders of the Corporation (if the Corporation has outstanding shares of record held by one hundred (100) or more persons) shall afford an opportunity on the form of proxy or written consent to specify approval or disapproval with respect to any proposal, other than elections to office, shall also

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contain an appropriate space marked "abstain," whereby a Shareholder may indicate a desire to abstain from voting his or her shares on the proposal. A proxy marked "abstain" by the Shareholder with respect to a particular proposal shall not be voted either for or against such proposal.

Section 13. Inspectors of Election.

Before any meeting of Shareholders, the Board of Directors may appoint any persons other than nominees for office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are so appointed, the Chairperson of the meeting may, and on the request of any Shareholder or a Shareholder's proxy shall, appoint inspectors of election at the meeting. The number of inspectors shall be either one (1) or three (3). If inspectors are appointed at a meeting on the request of one or more Shareholders or proxies, the holders of a majority of shares or their proxyholders present at the meeting shall determine whether one (1) or three (3) inspectors are to be appointed. If any person appointed as inspector fails to appear or fails or refuses to act, the Chairperson of the meeting may, and upon the request of any Shareholder or Shareholder's proxyholder shall, appoint a person to fill that vacancy.

These inspectors shall:

(a) Determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;

(b) Receive votes, ballots, or consents;

(c) Hear and determine all challenges and questions in any way arising in connection with the right to vote;

(d) Count and tabulate all votes or consents;

(e) Determine when the polls shall close;

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(f) Determine the result; and

(g) Do any other acts that may be proper to conduct the election or vote with fairness to all Shareholders.

ARTICLE III

DIRECTORS

Section 1. Powers

Subject to the provisions of the Code and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the Shareholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. The Board may delegate the management of the day-to-day operation of the business of the Corporation to a management company or other person provided that the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. Number and Qualification of Directors.

For so long as the Corporation shall have less than three shareholders, the authorized number of Directors shall be TWO (2). Thereafter, the authorized number of Directors shall be THREE (3) until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to this Bylaw adopted by the vote or written consent of the holders of a majority of the outstanding shares entitled to vote.

Section 3. Election and Term of Office of Directors.

Directors shall be elected at each annual meeting of the Shareholders to hold office until the next annual meeting. In the event Directors are not elected at the annual Shareholders' meeting, they may be elected at any special Shareholders' meeting held for that purpose or by written ballot. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified except in the case of death, resignation, or removal of such a Director.

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Section 4. Vacancies.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in the event of the death, resignation, or removal of any Director, or if the Board of Directors by resolution declares vacant the office of a Director who has been declared of unsound mind by an order of court or convicted of a felony, or if the authorized number of Directors is increased, or if the Shareholders fail, at any meeting of Shareholders at which any Director or Directors are elected, to elect the number of Directors to be voted for at that meeting.

Vacancies on the Board of Directors, including vacancies occurring on the Board of Directors by reason of the removal of a Director or Directors, may be filled by:

(a) a majority of the remaining Directors; or,

(b) if the number of Directors in office is less than a quorum, by:

i) the unanimous written consent of the Directors then in office;

ii) the affirmative vote of a majority of the Directors then in office at a meeting held pursuant to notice or waivers of notice complying with section 307 of the Code; or,

iii) by a sole remaining Director;

except that a vacancy created by the removal of a Director by the vote or written consent of the Shareholders or by court order may be filled only by the vote of a majority of the shares entitled to vote represented and voting at a duly held meeting at which a quorum is present, or by the written consent of holders of a majority of the outstanding shares entitled to vote.

Each Director so elected shall hold office until the next annual meeting of the Shareholders and until a successor has been elected and qualified.

The Shareholders may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors, but any such election if by written consent, other than to fill a vacancy

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created by removal, shall require the consent of a majority of the outstanding shares entitled to vote.

Section 5. Removal.

The entire Board or any individual Director may be removed without cause by the affirmative vote of a majority of the outstanding shares entitled to vote on such removal provided, however, that unless the entire Board is removed, no individual Director may be removed when the votes cast against such Director's removal, or not consenting in writing to such removal, would be sufficient to elect that Director if voted cumulatively at an election at which the same total number of votes cast were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of Directors authorized at the time of such Director's most recent election were then being elected.

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

Section 6. Resignation.

Any Director may resign effective on giving written notice to the Chairperson of the Board, the President, the Secretary or the Board of Directors, unless the notice specifies a later time for that resignation to become effective. If the resignation of a Director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

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Section 7. Place and Method of Meetings.

Regular meetings of the Board of Directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the Board. In the absence of such a designation, regular meetings shall be held at the principal executive office of the Corporation. Special meetings of the Board shall be held at any place within or without the State of California that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, at the principal executive office of the Corporation. Any meeting, regular or special, may be held by conference telephone, electronic video screen communication or other communications equipment, and participation in such a meeting constitutes presence in person at that meeting if all of the following apply:

(a) Each member participating in the meeting can communicate with all of the other members concurrently;

(b) Each member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection, to a specific action to be taken by the Corporation; and

(c) The Corporation adopts and implements some means of verifying both of the following:

i) A person communicating by telephone, electronic video screen, or other communications equipment is a director entitled to participate in the Board meeting; and,

ii) All statements, questions, actions, or votes were made by that director and not by another person not permitted to participate as a director.

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Section 8. Organization Meeting.

Immediately following each annual meeting of Shareholders, the Board of Directors shall hold a meeting for the purpose of organization, any desired election of officers and the transaction of other business. Notice of this meeting shall not be required.

Section 9. Regular Meetings.

Regular meetings of the Board of Directors shall be held without call at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without notice.

Section 10. Special Meetings.

Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairperson of the Board, President, any Vice President, Secretary or any two Directors.

Section 11. Notice of Special Meetings.

Notice of the time and place of special meetings shall be delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means, to each Director or sent by first-class or priority mail, telegram, charges prepaid, addressed to each Director at that Director's address as it is shown on the records of the Corporation. In case the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, or by telephone or telegram or other means of electronic communication, it shall be delivered personally or by telephone or to the telegraph company, or transmitted electronically, at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the Director or to a person at the office of the Director who the person giving the notice has reason to believe will promptly communicate it to the Director. The notice need not specify the purpose of the meeting or the place if the meeting is to be held at the principal executive office of the Corporation.

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Section 12. Quorum.

A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided in section 14 of this Article III. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of section 310 of the Code (as to approval of contracts or transactions in which a Director has a direct or indirect material financial interest), section 311 of the Code (as to appointment of committees), and section 317(e) of the Code (as to indemnification of Directors). A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 13. Waiver of Notice.

The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement, the lack of notice to that Director.

Section 14. Adjournment.

A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 15. Notice of Adjournment.

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of the time and place shall be given before the time of the adjourned meeting, in the manner specified in section 8 of this Article III, to the Directors who were not present at the time of the adjournment.

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Section 16. Action Without Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 17. Fees and Compensation of Directors.

Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors. This section 17 shall not be construed to preclude any Director from serving the Corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation for those services.

Section 18. Appointment of Committees.

The Board of Directors may, by resolution adopted by a majority of the authorized number of Directors, designate one or more committees, each consisting of two or more Directors, to serve at the pleasure of the Board of Directors.

The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized number of Directors. Any such committee, to the extent provided in the resolution of the Board of Directors or in these Bylaws, shall have all the authority of the Board of Directors, except with respect to:

(a) the approval of any action for which Shareholders' approval or approval of the outstanding shares is required by law;

(b) the filling of vacancies on the Board of Directors or in any committee;

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(c) the fixing of compensation of the Directors for serving on the Board of Directors or on any committee;

(d) the amendment or repeal of the Bylaws or the adoption of new Bylaws;

(e) the amendment or repeal of any resolution of the Board of Directors, which by its express terms is not so amendable or repealable;

(f) a distribution to the Shareholders of the Corporation, except at a rate or in a periodic amount or within a price range determined by the Board of Directors; and,

(g) the appointment of other committees of the Board of Directors or the members thereof.

Unless the Board of Directors shall otherwise provide, regular meetings of any committee appointed pursuant to this section 18 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee no further notice of such regular meetings need be given thereafter; special meetings of any such committee may be held at the principal executive office of the Corporation, or at any place which has been designated from time to time by resolution of such committee or by written consent of all members thereof, and may be called by the Chairperson of the Board, the President, and any Vice President who is a member of such committee, or by any two members thereof, upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors; a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business.

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ARTICLE IV

OFFICERS

Section 1. Officers.

The officers of the Corporation shall be a President, a Secretary, and a Chief Financial Officer. The Corporation may also have, at the discretion of the Board of Directors, a Chairperson of the Board, Vice Chairperson of the Board, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistants to the Chief Financial Officer, and such other officers as may be appointed in accordance with the provisions of section 3 of this Article IV. Any number of offices may be held by the same person.

Section 2. Election of Officers.

The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of section 3 or section 5 of this Article IV, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any written contract of employment.

Section 3. Subordinate Officers.

The Board of Directors may appoint, and may empower the President to appoint, such other officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation of Officers.

Subject to the rights, if any, of an officer under any written contract of employment, any officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not

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be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 5. Vacancies in Offices.

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

Section 6. Chairperson of the Board.

The Chairperson of the Board shall, if appointed and present, preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the Bylaws. If there is no President, the Chairperson of the Board shall in addition be the chief executive officer of the Corporation and shall have the powers and duties prescribed in section 7 of this Article IV.

Section 7. President.

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairperson of the Board, the President shall be the chief executive officer of the Corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and the officers of the Corporation. He or she shall preside at all meetings of the Shareholders and, in the absence of the Chairperson of the Board, at all meetings of the Board of Directors. He or she shall have the general powers and duties of management usually vested in the office of president of a Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 8. Vice Presidents.

In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors, or if not ranked, a Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for

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them respectively by the Board of Directors or the Bylaws, and the President or the Chairperson of the Board.

Section 9. Secretary.

The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of Directors, committees of Directors and Shareholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at Directors' meetings or committee meetings, the number of shares present or represented at Shareholders' meetings and the proceedings.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the Corporation's transfer agent or registrar, as determined by resolution of the Board of Directors, a record of Shareholders, or a duplicate record, showing the names of all Shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the Shareholders and of the Board of Directors required by the Bylaws or by law to be given, shall keep the seal of the Corporation if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 10. Chief Financial Officer.

The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any Director.

The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the Board of Directors. The Chief Financial Officer shall disburse the funds of the Corporation as may be ordered by the

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Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Corporation and shall have other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

ARTICLE V

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

The Corporation shall have the power, to the maximum extent permitted by the Code, to indemnify each of its agents against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact any such person is or was an agent of the Corporation.

The Board of Directors may authorize the purchase and maintenance by the Corporation of insurance on behalf of any agent of the Corporation against liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation is empowered to indemnify the agent against such liability under the provisions of this Article V.

For purposes of this Article V, an "agent" of the Corporation includes any person who is or was a Director, officer, employee or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another Corporation, partnership, joint venture, trust, or other enterprise or was a Director, officer, employee, or agent of a Corporation which was a predecessor Corporation of the Corporation or of another enterprise at the request of such predecessor Corporation.

The liability of the Directors for monetary damages shall be eliminated to the fullest extent permissible under California law.

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ARTICLE VI

RECORDS AND REPORTS

Section 1. Maintenance and Inspection of Share Register.

The Corporation shall keep at its principal executive office, or at the office of its transfer agent or registrar, if either be appointed, and as determined by resolution of the Board of Directors, a record of its Shareholders, giving the names and addresses of all Shareholders and the number and class of shares held by each Shareholder.

A Shareholder or Shareholders of the Corporation holding at least five percent (5%) in the aggregate of the outstanding voting shares of the Corporation may:

(a) inspect and copy the records of Shareholders' names and addresses and shareholdings during usual business hours on five (5) days' prior written demand on the Corporation; and,

(b) obtain from the transfer agent of the Corporation, on written demand and on the tender of such transfer agent's usual charges for such list, a list of the Shareholders' names and addresses, who are entitled to vote for the election of Directors, and their shareholdings, as of the most recent record date for which that list has been compiled or as of a date specified by the Shareholder after the date of demand. This list shall be made available to any such Shareholder by the transfer agent on or before the later of five (5) days after the demand is received or the date specified in the demand as the date as of which the list is to be compiled.

The record of Shareholders shall also be open to inspection on the written demand of any Shareholder or holder of a voting trust certificate, at any time during usual business hours, for a purpose reasonably related to the holder's interests as a Shareholder or as the holder of a voting trust certificate. Any inspection and copying under this section 1 may be made in person or by an agent or attorney of the Shareholder or holder of a voting trust certificate making the demand.

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Section 2. Maintenance and Inspection of Bylaws.

The Corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal business office in this state, the original or a copy of the Bylaws as amended to date, which shall be open to inspection by the Shareholders at all reasonable times during office hours. If the principal executive office of the Corporation is outside the State of California and the Corporation has no principal business office in this state, the Secretary shall, upon the written request of any Shareholder, furnish to that Shareholder a copy of the Bylaws as amended to date.

Section 3. Maintenance and Inspection of Other Corporate Records.

The accounting books and records and minutes of proceedings of the Shareholders and the Board of Directors and any committee or committees of the Board of Directors shall be kept at such place or places designated by the Board of Directors, or, in the absence of such designation, at the principal executive office of the Corporation. The minutes shall be kept in written form and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form. The minutes and accounting books and records shall be open to inspection upon the written demand of any Shareholder or holder of a voting trust certificate, at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interests as a Shareholder or as the holder of a voting trust certificate. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts. These rights of inspection shall extend to the records of each subsidiary Corporation of the Corporation.

Section 4. Inspection by Directors.

Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Corporation and each of its subsidiary Corporations. This inspection by a Director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

Section 5. Annual Report to Shareholders.

So long as there are fewer than one hundred (100) Shareholders of this Corporation, the annual report to Shareholders referred to in section 1501 of the Code is expressly dispensed with, but

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nothing herein shall be interpreted as prohibiting the Board of Directors from issuing annual or other periodic reports to the Shareholders of the Corporation as the Board considers appropriate.

Section 6. Financial Statements.

A copy of any annual financial statement and any income statement of the Corporation for each quarterly period of each fiscal year, and any accompanying balance sheet of the Corporation as of the end of each such period, that has been prepared by the Corporation, shall be kept on file in the principal executive office of the Corporation for twelve (12) months and each such statement shall be exhibited at all reasonable times to any Shareholder demanding an examination of any such statement or a copy shall be mailed to any such Shareholder.

If a Shareholder or Shareholders holding at least five percent (5%) of the outstanding shares of any class of stock of the Corporation makes a written request to the Corporation for an income statement of the Corporation for the three-month, six-month, or nine-month period of the then current fiscal year ended more than thirty (30) days before the date of the request, and a balance sheet of the Corporation as of the end of that period, the Chief Financial Officer shall cause that statement to be prepared, if not already prepared, and shall deliver personally or mail that statement or statements to the person making the request. If the Corporation has not sent to the Shareholders its annual report for the last fiscal year, this report shall likewise be delivered or mailed to the Shareholder or Shareholders within thirty (30) days after the request.

The quarterly income statements and balance sheets referred to in this section 6 shall be accompanied by the report, if any, of any independent accountants engaged by the Corporation, that the financial statements were prepared without audit from the books and records of the Corporation.

Section 7. Annual Statement of General Information.

The Corporation shall each year file with the Secretary of State of the State of California, on the prescribed form, a statement setting forth the authorized number of Directors, the names and complete business or residence addresses of all incumbent Directors, the names and complete business or residence addresses of the President, Secretary, and Chief Financial Officer, the street address of its principal executive office or principal business office in this state, and the general type of business constituting the principal business activity of the Corporation, together

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with a designation of the agent of the Corporation for the purpose of service of process, all in compliance with section 1502 of the Code.

ARTICLE VII

GENERAL CORPORATE MATTERS

Section 1. Record Date for Purposes Other than Notice and Voting.

For purposes of determining the Shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action (other than action by Shareholders by written consent without a meeting), the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days before any such action, and in that case only Shareholders of record on the date so fixed are entitled to receive the dividend, distribution, or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date so fixed, except as otherwise provided in the California General Corporation Law.

If the Board of Directors does not so fix a record date, the record date for determining Shareholders for any such purpose shall be at the close of business on the day on which the Board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

Section 2. Checks, Drafts, Evidences of Indebtedness.

All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 3. Corporate Contracts and Instruments; How Executed.

The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Board of Directors or within the agency

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power of an officer, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 4. Certificate for Shares.

A certificate or certificates for shares of the capital stock of the Corporation shall be issued to each Shareholder when any of these shares are fully paid, and the Board of Directors may authorize the issuance of certificates or shares as partly paid provided that these certificates shall state the amount of the consideration to be paid for them and the amount paid. All certificates shall be signed in the name of the Corporation by the Chairperson of the Board or Vice Chairperson of the Board or the President or Vice President and by the Chief Financial Officer or any Assistant to the Chief Financial Officer or the Secretary or any Assistant Secretary, certifying the number of shares and the class or series of shares owned by the Shareholder. Any or all of the signatures on the certificate may be facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that officer, transfer agent, or registrar before that certificate is issued, it may be issued by the Corporation or with the same effect as if that person were an officer, transfer agent, or registrar at the date of issue.

Section 5. Lost Certificates.

Except as provided in this section 5, no new certificates for shares shall be issued to replace an old certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Board of Directors may, in case any share certificate or certificate for any other security is lost, stolen, or destroyed, authorize the issuance of a replacement certificate on such terms and conditions as the Board may require, including provision for indemnification of the Corporation secured by a bond or other adequate security sufficient to protect the Corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

Section 6. Representation of Shares of Other Corporations.

The Chairperson of the Board, the President or any Vice President or any other person authorized by resolution of the Board of Directors or by any of the foregoing designated officers, is

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authorized to vote on behalf of the Corporation any and all shares of any other Corporation or Corporations, foreign or domestic, standing in the name of the Corporation. The authority granted to these officers to vote or represent on behalf of the Corporation any and all shares held by the Corporation in any other Corporation or Corporations may be exercised by any of these officers in person or by any person authorized to do so by a proxy duly executed by these officers.

Section 7. Construction and Definitions.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Code shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a Corporation and a natural person.

ARTICLE VIII

AMENDMENTS

Section 1. Amendment by Shareholders

New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the Articles of Incorporation of the Corporation set forth the number of authorized Directors of the Corporation, the authorized number of Directors may be changed only by an amendment of the Articles of Incorporation.

Section 2. Amendment by Directors.

Subject to the rights of the Shareholders as provided in section 1 of this Article VIII, these Bylaws, other than a Bylaw or an amendment of a Bylaw changing the authorized number of Directors, may be adopted, amended, or repealed by the Board of Directors.

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CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of LeFever Mattson, a California Corporation; and,

That the foregoing Amended and Restated Bylaws comprising twenty-nine (29) pages, including this page, constitute the Amended and Restated Bylaws of said Corporation, as duly adopted by the Unanimous Written Consent of the Board of Directors dated effective as of August 20, 2007, and that they have not been further amended or modified since that date.

Dated effective as of August 20, 2007

Tim, LeFever, Secretary

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EXHIBIT M

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Debra I. Grassgreen (CA Bar No. 169978)
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Counsel to the Official Committee of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*, Debtors.	Case No.: 24-10545 (CN) (Jointly Administered) Chapter 11
In re: KS MATTSON PARTNERS, LP, Debtor.	Case No.: 24-10715 (CN) **NOTICE OF AMENDED MOTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR SUBSTANTIVE CONSOLIDATION OF DEBTOR LEFEVER MATTSON AND KS MATTSON PARTNERS, LP AND FOR RELATED RELIEF** **Status Conference** Date: January 23, 2026 at 11:00 a.m. Place: United States Bankruptcy Court 1300 Clay Street, Courtroom 215 Oakland, CA 94612 Judge: Hon. Charles Novack **Objections Due: January 21, 2026**

PLEASE TAKE NOTICE that, on December 1, 2025, the Official Committee of Unsecured Creditors (the "Committee") of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), filed the *Amended Motion of the Official Committee of Unsecured Creditors for*

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Substantive Consolidation of the Debtors and the KSMP Investment Entities and for Related Relief [Docket No. 2943] (the "Amended Motion").

PLEASE TAKE FURTHER NOTICE that objections to the Motion must be filed and served no later than **January 21, 2026**.

PLEASE TAKE FURTHER NOTICE that, on **January 23, 2026 at 11:00 a.m. (Pacific Time)**, a status conference ("Status Conference") will be held before the Honorable Charles Novack, United States Bankruptcy Judge with respect to the Amended Motion. Counsel and interested parties may appear at the Status Conference in person in Courtroom 215 of the United States Bankruptcy Court, 1300 Clay Street in Oakland, California or via Zoom video or telephone. Additional information on how to virtually attend the Status Conference is available on Judge Novack's Calendar page on the Court's website at: https://www.canb.uscourts.gov/judge/novack/calendar and information on how to virtually attend the Status Conference is available on Judge Novack's Calendar page on the Court's website at: https://www.canb.uscourts.gov/judge/novack/calendar.

PLEASE TAKE FURTHER NOTICE that your rights may be affected by the Amended Motion. You should read the Amended Motion carefully and may want to discuss it with your attorney. A copy of the Amended Motion is available free of chart at https://veritaglobal.net/lm or by contacting Nathan J. Hall at nhall@pszjlaw.com.

Dated: December 17, 2025

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Jason H. Rosell
Debra I. Grassgreen
John D. Fiero
Jason H. Rosell

Counsel to the Official Committee of Unsecured Creditors

Thomas P. Kelly III, Attorney at Law
Law Offices of Thomas P. Kelly III P.C.
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50 Old Courthouse Square, Suite 609
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Email : tomkelly@sonic.net

Attorney for Live Oak Investments LP
and its general partner William Andrew

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Case No. 24-10545 (CN) (Lead Case) Chapter 11 (Jointly Administered) DECLARATION OF WILLIAM ANDREW Judge: Hon. Charles Novack Court: 1300 Clay Street Courtroom 215 Oakland, California 94612 Via teleconference Date filed: September 12, 2024

1 The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

DECLARATION OF WILLIAM ANDREW

I, WILLIAM ANDREW, declare as follows:

1. I am over the age of eighteen (18) years old, and I have personal knowledge of the facts stated in this declaration, and if called as a witness, could and would testify competently to the truth of the facts as stated herein.

2. Attached hereto and marked as Exhibit A is a true and correct copy of that letter dated November 22, 2004 from LeFever Mattson Inc. to the investors for the Southwood Apartments.

3. Attached hereto and marked as Exhibit B is a true and correct copy of the April 21, 2015 letter from LeFever Mattson Inc. to the investors for the Southwood Apartments.

4. Attached hereto and marked as Exhibit C is a true and correct copy of the March 24, 2015 partnership agreement for Live Oak Investments LP.

5. Attached hereto and marked as Exhibit D is a true and correct copy of the June 28, 2024 proposed consent form to sell Southwood Apartments as prepared by LeFever Mattson Inc. and which was sent to the limited partners of Live Oak Investments LP.

6. Attached hereto and marked as Exhibit E is a true and correct copy of the sellers statement for the sale of the Southwood Apartments.

7. I was never given prior notice by anyone of the proposed transfer of $2,366,418.00 from Live Oak Investments LP to LeFever Mattson Inc. And only learned of this transfer several weeks after the filing of the present bankruptcy case.

8. To the best of my knowledge, none of the partners of Live Oak Investments LP was given prior notice by anyone of the proposed transfer of $2,366,418.00 from Live Oak Investments LP to LeFever Mattson Inc..

9. On October 7, 2025 Creditors Andrew Revocable Trust dated June 21, 2001 and the Burgess Trust dated October 9, 2006 (hereinafter collectively "Creditors") called a meeting of the partnership of Debtor which was held on October 9, 2025. The notice of meeting was duly served on all partners of Debtor including LeFeverMattson Inc. (Hereinafter "LFM").

10. I personally attended this meeting. LFM appeared and participated through the

Thomas P. Kelly III
50 Old Courthouse Sq.
Suite 609
Santa Rosa, California
95404-4926
(707)545-8700

presence of Bradley Sharp as the Chief Restructuring Officer and through counsel David Taylor.

11. At this meeting, the partnership voted to remove LFM as the general partner of Debtor, to appoint myself as general partner and president, to remove Keller Benvenutti Kim LLP as counsel for Debtor, and to retain the Law Offices of Thomas P. Kelly III P.C. as counsel for Debtor.

12. On October 10, 2025 Debtor through myself acting as general partner, entered into a representation agreement with the Law Offices of Thomas P. Kelly III P.C.. a true and correct copy of which is attached hereto and marked as Exhibit F.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the State of California and the laws of the United States that the foregoing is true and correct. Executed at Reno, Nevada on the date referenced below.

Dated: October 22, 2025

William Andrew, as general partner
for Live Oak Investments L.P.

Thomas P. Kelly III
50 Old Courthouse Sq.
Suite 609
Santa Rosa, California
95404-4926
(707)545-8700

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EXHIBIT A

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50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
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Facsimile : 707-542-3371
Email : tomkelly@sonic.net

LEFEVER MATTSON

November 22, 2004

Congratulations. We are nearing the end of the process of the purchase of the Southwood Apartments in Vacaville, California.

You should have received (and hopefully returned to Washington Mutual) a loan application related to this property. If this has not occurred, please contact us immediately.

Enclosed you will find a co-tenancy agreement that provides terms for the purchase and operation of this property. This copy is for your files and for your review.

Please review Schedule A of this agreement. It details owner contributions and corresponding ownership interests approximated as of close of escrow. These numbers may change by the time of close. According to the terms of the agreement, Schedule A will be modified should actual contributions made or required for close of escrow differ from those stated in that document.

Please review Schedule A to assure that your name(s) is listed as you desire to hold title, and to assure that the contribution noted is the amount that you intend to contribute. Please call us if this document needs to be modified.

Sometime around the first full week of December you will be required to sign documents (including a copy of the co-tenancy agreement) and make arrangements for transferring funds. (Some or all of your funds may be held with an exchange coordinator.)

Donna Miller at Fidelity Title, Vacaville, should be contacted to make arrangements concerning signing documents and transfer of funds. (707) 449-3472. It is especially important that you let her know if you will be out of the area during the time of signing.

If you have any questions about the purchase, your contribution, or any documents you will need to sign, please call me at (707) 678-8867.

Tim LeFever
Real Estate Broker

301 BUCK AVENUE • VACAVILLE, CA • 95688
PHONE: (707) 678-8867 • FAX: (707) 678-4266

EXHIBIT B

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50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

LeFever Mattson

April 21, 2015

Dear Tenant In Common owners of the Southwood Apartments,

In order to refinance the Southwood Apartments, the lender has asked that we create an ownership entity. This is a common request from lenders and we have created a limited partnership (LP) for this purpose.

Attached you will find the LP agreement, a deed for deeding your interest into the partnership, as well as other documents. Each of our ownership interests will remain the same and this does not affect owner distributions that you have been receiving each month. But the refinance will allow us to have better terms on the funds loaned for the property.

Jennifer Borges will be coordinating getting your signed documents, and you will find specific instructions from her on signing and returning the documents. Note that your signature on the deed will need to be notarized.

If you have any questions on this process, feel free to call me at (707)330-5001.

Tim LeFever

For LeFever Mattson

INITIAL:

X_____ X_____

6359 AUBURN BLVD. STE. B • CITRUS HEIGHTS, CA • 95621
PHONE: (707) 678-8867 • FAX: (707) 678-4266

Please retain the following information for your records:

- Cover Letter
- Disclosures
- LP Agreement

Jennifer 11

Your contact for receiving owner checks will continue to be Brady Yount at the Sacramento Office. He can be reached at 916 723-5111 ext. 123 or byount@lefevermattson.com.

Your contact for revised Schedule A's and tax questions will be John Eckle at the Sacramento Office. He can be reached at 916 723-5111 ext. 112 or jeckle@lefevermattson.com.

DISCLOSURES

LIVE OAK INVESTMENTS, LP

The limited partners acknowledge and agree to the following:

1. The members of the LP have entered into a management contract with LEFEVER MATTSON Property Management for property management services at the apartment complex.

2. LEFEVER MATTSON Property Management, a for profit company, is under the same ownership as LEFEVER MATTSON, Inc., general partner of the LP.

3. LEFEVER MATTSON, Inc. is licensed in the state of California as a real estate broker and receives compensation for its work.

4. LEFEVER MATTSON is not representing any other owner in this transaction. LEFEVER MATTSON encourages all owners to seek independent real estate, legal, and accounting advice regarding any investment transaction.

5. LEFEVER MATTSON has made no representations as to the current value, income potential (on a monthly or annual basis), or potential resale value of these units. Cash flow and potential increase in value of the asset differ in each real estate investment. Generally the owners receive a monthly income that cannot be sustained by initial cash flow alone but is supplemented by reserves and by anticipated increases in income over time. Equity increases, while significant in many past LEFEVER MATTSON led investments, are not guaranteed.

GENERAL PARTNER:

LEFEVER MATTSON,
a California corporation

By: _____
Tim LeFever, Vice President

LIMITED PARTNERS:

"Anderson 2001 Revocable Trust dated June 12, 2001"

By: _____ _____
Graham Michael Anderson, Trustee Teresa Susan Anderson, Trustee

"Chase Restated 1992 Chase Family Trust"

By: _____ _____
John L. Chase, Trustee Susan G. Chase, Trustee

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"Davis"

By: _____ _____
Ray M. Davis Kim Rae Davis

"Fleming Family Trust dated August 27, 1998"

By: _____ _____
John C. Fleming, Trustee Dominique Fleming, Trustee

"Fox Family Trust dated May 24, 2002"

By: _____ _____
Gary R. Fox, Trustee Katherine E. Fox, Trustee

"Gardner Family Trust dated December 16, 1991"

By: _____ _____
Maurice H. Gardner, Trustee Nancy A. Gardner, Trustee

"Girardi Revocable Living Trust dated May 1, 2002"

By: _____ _____
John A. Girardi, Trustee Marsi A. Girardi, Trustee

"LeFever Mattson, a California corporation"

By: _____
Tim LeFever, Vice President

Ogg

By: _____
Kathy Ogg

"Powell"

By: _____ _____
Ellis T. Powell, Jr. Jacquelyn Powell

"Rice"

By: _____ _____
Willis Rice Linda Rice

SCHEDULE A
Southwood Place Apartments
Buck Avenue, Vacaville
updated 7/1/14

Owner's Name	Invested Amount	Investment Percent
The Anderson 2001 Revocable Trust	169,903.58	7.859%
Chase 1992 Irrevocable Trust	206,080.12	9.532%
Davis, Ray & Kim	149,512.25	6.916%
Fleming Family Trust	250,000.00	11.563%
Fox Family Trust	217,419.81	10.057%
Gardner Family Trust	259,875.34	12.020%
Girardi, John & Marsi	152,918.86	7.073%
LeFever Mattson, Inc.	271,677.92	12.566%
Ogg, Kathy	160,864.75	7.441%
Powell, Ellis & Jackie	195,799.99	9.057%
Rice, Willis & Linda	127,929.37	5.917%
	2,161,981.99	100.00%

EXHIBIT C

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Santa Rosa, California, 95404-4926
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Facsimile : 707-542-3371
Email : tomkelly@sonic.net

LIMITED PARTNERSHIP AGREEMENT

OF LIVE OAK INVESTMENTS, LP

A CALIFORNIA LIMITED PARTNERSHIP

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This Limited Partnership Agreement (this "*Agreement*") of Live Oak Investments, LP, a California limited partnership (the "*Partnership*"), is entered into effective as of March 24, 2015 (the *"Effective Date"*), by LeFever Mattson, a California corporation (the "*General Partner*") and the other individuals and/or entities who are or become signatories hereto (referred to individually as a "*Limited Partner*" and collectively with the General Partner as the "*Partners*").

RECITALS

WHEREAS, Live Oak Investments, LP, a California limited partnership (the "*Partnership*"), was formed pursuant to the California Revised Limited Partnership Act, as set forth in Sections 15611 et seq, of the California Corporations Code upon the filing of the Certificate of Limited Partnership of the Company with the Secretary of State of California (the "*Secretary of State*") on March 24, 2015, file number 201508600007;

WHEREAS, the Partners desire to enter into this Agreement to provide for the governance of the Partnership, the conduct of its business, and to specify their relative rights and obligations effective as of the conversion;

NOW THEREFORE, in consideration of the foregoing, the Partners hereby agree as follows:

ARTICLE I

DEFINITIONS

The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement and when not so defined shall have the meanings set forth in the Act.

1.1 Act

"*Act*" means the California Revised Limited Partnership Act, as set forth in Sections 15611, et seq., of the California Corporations Code, including amendments from time to time.

1.2 Assignee

"*Assignee*" means a Person who has acquired a Partner's Economic Interest in the Partnership, by way of a Transfer in accordance with the terms of this Agreement, but who has not become a Partner.

1.3 Assigning Partner

"*Assigning Partner*" means a Partner who by means of a Transfer has transferred an Economic Interest in the Partnership to an Assignee.

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1.4 Capital Account

"*Capital Account*" means, as to any Partner, a separate account maintained and adjusted in accordance with Article Three, Section 3.5.

1.5 Capital Contribution

"*Capital Contribution*" means, with respect to any Partner, the amount of the money and the Fair Market Value of any property (other than money) contributed to the Partnership (net of liabilities secured by such contributed property that the Partnership is considered to assume or take "subject to" under IRC Section 752) in consideration of a Percentage Interest held by such Partner. A Capital Contribution shall not be deemed a loan.

1.6 Capital Event

"*Capital Event*" means a sale or disposition of any of the Partnership's capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Partnership property, the receipt of proceeds from a refinancing of Partnership property, or a similar event with respect to Partnership property or assets.

1.7 Code or IRC

"*Code*" or "IRC" means the Internal Revenue Code of 1986, as amended, and any successor provision.

1.8 Economic Interest

"*Economic Interest*" means a Person's right to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Partnership, but does not include any other rights of a Partner, including the right to vote or to participate in management.

1.9 Encumber

"*Encumber*" means the act of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.

1.10 Encumbrance

"*Encumbrance*" means, with respect to any Partnership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

1.11 Gross Asset Value

"*Gross Asset Value*" means, with respect to any item of property of the Partnership, the item's adjusted basis for federal income tax purposes, except as follows:

1.11.1 The Gross Asset Value of any item of property contributed by a Partner to the Partnership shall be the fair market value of such property, as mutually agreed by the contributing Partner and the Partnership; and

1.11.2 The Gross Asset Value of any item of Partnership property distributed to any Partner shall be the fair market value of such item of property on the date of distribution.

1.12 Initial Partner

"*Initial Partner*" or "Initial Partners" means those Persons whose names are set forth in Exhibit A, attached. A reference to an "Initial Partner" means any of the Initial Partners.

1.13 Involuntary Transfer

"*Involuntary Transfer*" means, with respect to any Partnership Interest, or any element thereof, any Transfer or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

1.14 Losses

"*Losses*." See "Profits and Losses."

1.15 Majority of Partners

"*Majority of Partners*" means a Partner or Partners whose Percentage Interests represent more than 50 percent of the Percentage Interests of all the Partners.

1.16 Notice

"*Notice*" means a written notice required or permitted under this Agreement. A notice shall be deemed given or sent when deposited, as certified mail or for overnight delivery, postage and fees prepaid, in the United States mails; when delivered to Federal Express or United Parcel Service for overnight delivery, charges prepaid or charged to the sender's account; when personally delivered to the recipient; when transmitted by electronic means, and such transmission is electronically confirmed as having been successfully transmitted; or when delivered to the home or office of a recipient in the care of a person whom the sender has reason to believe will promptly communicate the notice to the recipient.

1.17 Partner

"*Partner*" means an Initial Partner or a Person who otherwise acquires a Partnership Interest, as permitted under this Agreement, and who remains a Partner.

1.18 Partnership

"*Partnership*" means LIVE OAK INVESTMENTS, LP, a California limited partnership.

1.19 Partnership Interest

"*Partnership Interest*" means a Partner's entire interest in the Partnership, including the Partner's Economic Interest, Percentage Interest, Voting Interest and all other interests of a Partner in the Partnership.

1.20 Percentage Interest

"*Percentage Interest*" means a fraction, the numerator of which is the total of a Partner's Capital Account and the denominator of which is the total of all Capital Accounts of all Partners.

1.21 Person

"*Person*" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

1.22 Profits and Losses

"*Profits and Losses*" means, for each fiscal year or other period specified in this Agreement, an amount equal to the Partnership's taxable income or loss for such year or period, determined in accordance with IRC Section 703(a).

1.23 Property

"*Property*" means the real property currently or hereafter owned by the Partnership, which as of the Effective Date includes but is not limited to an apartment complex located at 410 Buck Avenue, Vacaville, CA known as Southwood Apartments.

1.24 Proxy

"*Proxy*" has the meaning set forth in the first paragraph of California Corporations Code Section 15611(aa). A Proxy may not be transmitted orally.

1.25 Regulations

"*Regulations*" or "*Reg*" means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the Code, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

1.26 Successor in Interest

"*Successor in Interest*" means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person.

1.27 Transfer

"*Transfer*" means, with respect to a Partnership Interest, or any element of a Partnership Interest, any sale, assignment, gift, Involuntary Transfer, or other disposition of all or any portion of a Partnership Interest, directly or indirectly, other than an Encumbrance that is expressly permitted under this Agreement.

1.28 Vote

"*Vote*" means a written consent or approval, a ballot cast at a Meeting, or a voice vote.

1.29 Voting Interest

"*Voting Interest*" means, with respect to a Partner, the right to Vote or participate in management and any right to information concerning the business and affairs of the Partnership provided under the Act, except as limited by the provisions of this Agreement. A Partner's Voting Interest shall be directly proportional to that Partner's Percentage Interest.

ARTICLE II

CERTIFICATE OF LIMITED PARTNERSHIP

2.1 Filing with Secretary of State

The Certificate was filed with the California Secretary of State on March 24, 2015, file number 201508600007.

2.2 Partnership Name

The name of the Partnership shall be LIVE OAK INVESTMENTS, LP.

2.3 Principal Office

The principal executive office of the Partnership shall be 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621, or such other place or places as may be determined by the General Partner from time to time.

2.4 Agent for Service

The initial agent for service of process on the Partnership shall be Tim LeFever, at 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. A Majority of Partners may from time to time change the Partnership's agent for service of process.

2.5 Partnership Purpose

The Partnership has been formed for the purposes of engaging in the business of real estate investment, and any other act or activity incidental to the foregoing. In furtherance of the foregoing, the Partnership has acquired an interest in the Property.

2.6 Partnership Taxation

The Partners intend the Partnership to be a limited partnership under the Act, classified as a partnership for federal and, to the maximum extent possible, state income taxes. Neither a General Partner nor any Partner shall take any action inconsistent with the express intent of the parties to this Agreement.

2.7 Term

The term of existence of the Partnership commenced on the effective date of filing of Certificate with the California Secretary of State, and shall continue until terminated by the provisions of this Agreement or as provided by law.

2.8 General Partners

The General Partner and the management of the Partnership is set forth in Article Five of this Agreement.

ARTICLE III

CAPITALIZATION

3.1 Partner Contribution

Each Partner has contributed to the capital of the Partnership as the Partner's Capital Contribution the money and property specified in Exhibit A attached hereto. Each Partner's Percentage Interest in the Partnership is listed on Exhibit A attached hereto.

At the discretion of the General Partner, an Initial Partner may substitute an interest-bearing note for his or her Capital Contribution. Such note shall be due immediately upon the call of the General Partner.

The Fair Market Value of each item of contributed property as agreed between the Partnership and the Partner contributing such property is set forth in Exhibit A attached hereto.

3.2 Failure to Make Contribution

If a Partner fails to make a required Capital Contribution within the later of 30 days after the contribution date agreed upon by all the Partners, that Partner's entire Partnership Interest shall terminate and that Partner shall indemnify and hold the Partnership and the other Partners harmless from any loss, cost, or expense, including reasonable attorney fees caused by the failure to make such Capital Contribution.

3.3 Additional Capital Contributions

Two types of Additional Capital Contributions may be needed to enable the Partnership to conduct its business: (1) Discretionary Additional Capital Contributions and (2) Mandatory Additional Capital Contributions.

3.3.1 Discretionary Additional Capital Contributions

A Majority of the Partners may determine from time to time that Capital Contributions in addition to the Partners' initial Capital Contributions would allow the Partnership to enhance and improve its investment objectives. Upon such determination by a Majority of the Partners, the President shall give notice to all Partners in writing at least 90 days before the date on which such additional Capital Contribution is due. The Notice shall set forth the amount of additional Capital Contribution needed, the purpose for which it is needed, and the date by which the Partners shall contribute. Each Partner shall be required to make an additional Capital Contribution in an amount that bears the same proportion to the total additional Capital Contribution that such Partner's Capital Account balance bears to the total Capital Account balances of all Partners.

3.3.2 Mandatory Additional Capital Contributions

The President may reasonably determine that the Partnership's capital is or is presently likely to become insufficient for the conduct of its business as now conducted or as proposed by the General Partner to be conducted and that Capital Contributions in addition to the Partners' initial Capital Contributions are necessary to enable the Partnership to so conduct its business. On making such a determination, the President may give notice to all Partners in writing at least 90 days before the date on which such additional Capital Contribution is due, setting forth the amount of additional Capital Contribution needed, the purpose for which it is needed, and the date by which the Partners shall contribute. Purposes for which additional Capital Contributions may called include, but are not limited to: the improvement, repair, maintenance, operation and management of existing Partnership assets and the acquisition, improvement and development of new assets. Each Partner shall be required to make an additional Capital Contribution in an amount that bears the same proportion to the total additional Capital Contribution that such Partner's Capital Account balance bears to the total Capital Account balances of all Partners.

3.3.3 Alternative to Additional Capital Contributions

In addition or as an alternative to making an additional capital call to the Partners, or if all of the additional capital called for in any notice referred to above is not raised through additional contributions by all or some of the Partners, the President shall have the right to obtain such additional capital by the sale of additional Partnership Interests to existing Partners and/or persons other than the existing Partners, on the same or more favorable terms and conditions offered to the Partners as set forth herein. Capital raised in connection with the offer and sale of additional Partnership Interests shall be used in furtherance of the Partnership's purpose and for general working capital purposes. In the event that additional Partner interests are sold in order to raise additional capital, Schedule A and the Percentage Interests of all Partners shall be adjusted accordingly, with the Percentage Interests of all Partners who do not participate in connection with such sale being adjusted downward. No additional consent shall be required, and no right of first offer or right of first refusal need be offered, in connection with any such offer and sale of additional Partnership Interests. Any purchaser of additional Partnership Interests shall only become a Partner upon executing a counterpart signature page to this Agreement and agreeing to be bound by all of its terms.

3.3.4 No Voluntary Additional Capital Contributions

No Partner may voluntarily make any additional Capital Contribution without the written consent of the Majority of Partners.

3.4 Remedies When Partner Fails To Make Additional Capital Contributions

If a Partner fails to make an additional Capital Contribution required under Section 3 within 30 days after it is required to be made (a "*Defaulting Partner*") the President shall within five days after said failure notify each other Partner (a "*Nondefaulting Partner*") in writing of the total amount of Defaulting Partner Capital Contributions not made (the "*Additional Capital Shortfall*"), and shall specify a number of days within which each Nondefaulting Partner may make an additional Capital Contribution, which shall not be less than an amount bearing the same ratio to the amount of Additional Capital Shortfall as the Nondefaulting Partner's Capital Account balance bears to the total Capital Accounts of all Nondefaulting Partners. If the total amount of Additional Capital Shortfall is not so contributed, the President may (i) use any reasonable method to provide Partners the opportunity to make additional Capital Contributions, until the Additional Capital Shortfall is as fully contributed as possible, and (ii) attempt to raise additional capital through the means set forth in Section 3.3.3 above. Following the Nondefaulting Partners' and any new Partners' making of such additional Capital Contributions, each Partner's Percentage Interest shall be adjusted to reflect the ratio that the Partner's Capital Account bears to the total Capital Accounts of all of the Partners.

3.5 Capital Accounts

An individual Capital Account shall be maintained for each Partner consisting of that Partner's Capital Contribution (1) increased by that Partner's share of Profits, (2) decreased by that Partner's share of Losses, and (3) adjusted as required in accordance with applicable provisions of the Code and Regulations.

3.6 Withdrawal or Distribution of Capital Contribution

A Partner shall not be entitled to withdraw any part of the Partner's Capital Contribution or to receive any distributions, whether of money or property from the Partnership except as provided in this Agreement.

3.7 No Interest on Contribution

No interest shall be paid on funds or property contributed to the capital of the Partnership or on the balance of a Partner's Capital Account.

3.8 Priority Over Other Partners

No Partner shall have priority over any other Partner, with respect to the return of a Capital Contribution, or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

ARTICLE IV

ALLOCATIONS AND DISTRIBUTIONS

4.1 Profits and Losses

The Profits and Losses of the Partnership and all items of Partnership income, gain, loss, deduction, or credit shall be allocated for Partnership book purposes and for tax purposes, to a Partner in accordance with the Partner's Percentage Interest.

4.2 Qualified Income Offset

If any Partner unexpectedly receives any adjustment, allocation, or distribution described in Reg. Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership gross income and gain shall be specially allocated to that Partner in an amount and manner sufficient to eliminate any deficit balance in the Partner's Capital Account created by such adjustment, allocation, or distribution as quickly as possible. Any special allocation under this Section 4.2 shall be taken into account in computing subsequent allocations of Profits and Losses so that the net amount of allocations of income and loss and all other items shall, to the extent possible, be equal to the net amount that would have been allocated if the unexpected adjustment, allocation, or distribution had not occurred. The provisions of this Section 4.2 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Reg. Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations.

4.3 Allocations Respecting Asset Distributions

Any unrealized appreciation or unrealized depreciation in the values of Partnership property distributed in kind to all the Partners shall be deemed to be Profits or Losses realized by the Partnership immediately prior to the distribution of the property and such Profits or Losses shall be allocated to the Partners' Capital Accounts in the same proportions as Profits are allocated under Section 4.1. Any property so distributed shall be treated as a distribution to the Partners to the extent of the Fair Market Value of the property less the amount of any liability secured by and related to the property. Nothing contained in this Agreement is intended to treat or cause such distributions to be treated as sales for value. For the purposes of this Section 4.3, "*unrealized appreciation*" or "*unrealized depreciation*" shall mean the difference between the Fair Market Value of such property and the Partnership's basis for such property.

4.4 Allocations Between Assignor and Assignee

In the case of a Transfer of an Economic Interest during any fiscal year, the Assigning Partner and Assignee shall each be allocated the Economic Interest's share of Profits or Losses based on the number of days each held the Economic Interest during that fiscal year.

4.5 Distributions

All cash resulting from the normal business operations of the Partnership and from a Capital Event shall be distributed among the Partners in proportion to their Percentage Interests at such times as the Partners may agree.

4.6 Non-Cash Proceeds

If the proceeds from a sale or other disposition of a Partnership asset consists of property other than cash, the value of such property shall be as determined by the General Partner. Such non-cash proceeds shall then be allocated among all the Partners in proportion to their Percentage Interests. If such non-cash proceeds are subsequently reduced to cash, such cash shall be distributed to each Partner in accordance with Section 4.5.

4.7 Liquidating Proceeds

Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Partnership, or when any Partner's interest is liquidated, all items of income and loss first shall be allocated to the Partners' Capital Accounts under this Article Four, and other credits and deductions to the Partners' Capital Accounts shall be made before the final distribution is made. The final distribution to the Partners shall be made to the Partners to the extent of and in proportion to their positive Capital Account balances.

ARTICLE V

MANAGEMENT

5.1 General Partner

The business of the Partnership shall be managed by the General Partner. Any entity or individual appointed to the position of General Partner shall serve as General Partner until the earlier of its resignation or its removal for cause by a Majority of Partners at a meeting called expressly for that purpose. A new General Partner shall be appointed by a Majority of Partners on the occurrence of any of the foregoing events. The General Partner alone shall have all decision making authority with respect to the Partnership, including but not limited to any action or decision in connection with any financing or refinancing of the Property. The only limit with respect to the power and authority of the General Partner are those actions that require the authorization or consent of the Partners hereunder, including the following which shall require the consent or approval of Majority of the Partners:

(a) Any act that would make it impossible to carry on the ordinary business of the Partnership;

(b) Any confession of a judgment against the Partnership;

(c) The dissolution of the Partnership;

(d) The disposition of all or substantially all of the Partnership's assets;

(e) A change in the nature of the principal business of the Partnership;

(f) The filing of a petition in bankruptcy or the entering into of an arrangement among creditors;

(g) The entering into, on behalf of the Partnership, of any transaction constituting a "reorganization" within the meaning of California Corporations Code § 17600;

(h) Any other action set forth herein that requires the prior consent or approval of the Partners

5.2 President

The Partnership shall have a President as chosen by the General Partner.

5.2.1 Term

The President shall serve until the earlier of (1) the President's resignation, retirement, death, or disability or (2) the President's removal by the General Partner with or without cause, or for cause by a Majority of Partners at a meeting called expressly for that purpose.

5.2.2 Authority and Duties

The President shall serve at the pleasure of the General Partner, and shall have all powers expressly delegated to it by the General Partner, including the day-to-day supervision of the business and affairs of the Partnership. The President shall preside at all meetings of Partners and of the General Partner.

5.2.3 Election of President

The General Partner hereby elects Kenneth W. Mattson as President of the Partnership.

5.2.4 Officers, Compensation

The General Partner may provide for additional officers of the Partnership, may alter the powers and duties of the President, and shall establish the powers and duties of all other officers and the compensation of all Partnership officers.

5.3 Authority to Contract

The authority to contract on behalf of the Partnership is vested in (a) the General Partner, and (b) the President, who may each act separately to the extent of the authority provided to them in Sections 5.1 and 5.2, above. The General Partner and President are each individually authorized to enter into maintenance, repair, construction, marketing, administration and professional service contracts (including contracts for accounting and legal services) on behalf of the Partnership relating to the management and operation of the Partnership and its assets. The General Partner and the President shall also each individually have the authority to pay all amounts owed by the Partnership under such contracts as well as amounts owed to other vendors

and service providers in connection with Partnership operations. Amounts so paid shall be paid from Partnership accounts or if paid directly by the General Partner or President, reimbursed to the General Partner or the President by the Partnership immediately upon written request from the General Partner or the President that is accompanied with receipts and/or other evidence of payment. As of the effective date of this Agreement, Partners acknowledge that General Partner and/or President have entered into an apartment property management agreement for day-to-day management of the Property with LeFever Mattson Property Management in the form attached hereto as Exhibit B.

No Partner who is not also the General Partner and/or the President shall have the authority to bind the Partnership or execute any instrument on behalf of the Partnership. Each Partner shall indemnify, defend, and save harmless the General Partner, the President and each other Partner and the Partnership from and against any and all loss, cost, expense, liability or damage arising from or out of any claim based upon any action by any Partner in contravention of this Section.

5.4 Procedure for Action by Partners

The Partners are not required to hold meetings, and decisions may be reached through one or more informal consultations followed by agreement among a Majority of Partners, provided that all Partners are consulted (although all Partners need not be present during a particular consultation), or by a written consent signed by a Majority of Partners. In the event that Partners wish to hold a formal meeting (a "*Meeting*") for any reason, the following procedures shall apply:

5.4.1 Calling and Notice of Meetings

Any two Partners may call a Meeting of the Partners by giving Notice of the time and place of the Meeting at least 48 hours prior to the time of the holding of the Meeting. The Notice need not specify the purpose of the Meeting, or the location if the Meeting is to be held at the principal executive office of the Partnership.

5.4.2 Quorum

A majority of Partners shall constitute a quorum for the transaction of business at any Meeting of the Partners.

5.4.3 Waiver of Notice

The transactions of the Partners at any Meeting, however called or noticed, or wherever held, shall be as valid as though transacted at a Meeting duly held after call and notice if a quorum is present and if, either before or after the Meeting, each Partner not present signs a written waiver of Notice, a consent to the holding of the Meeting, or an approval of the minutes of the Meeting.

5.4.4 Majority Consent Required if No Meeting

Any action required or permitted to be taken by the Partners under this Agreement may be taken without a Meeting if a Majority of the Partners individually or collectively consent in writing to such action.

5.4.5 Teleconference

Partners may participate in the Meeting through the use of a conference telephone or similar communications equipment, provided that all Partners participating in the Meeting can hear one another.

5.4.6 Records of Meetings

The Partners shall keep or cause to be kept with the books and records of the Partnership full and accurate minutes of all Meetings, Notices, and waivers of Notices of Meetings, and all written consents in lieu of Meetings.

5.5 Compensation

The General Partner and the President shall not be entitled to compensation for their services absent written consent by the Partners.

5.6 Personal Liability

No General Partner or Partner or Officer shall be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Partnership except as otherwise provided in the Act or in this Agreement.

5.7 No Active Participation

No Partner shall participate in the Partnership's business for more than 500 hours during the Partnership's taxable year without written consent from a Majority of Partners.

5.8 Title to Assets

All assets of the Partnership, whether real or personal, shall be held in the name of the Partnership.

5.9 Banking

All funds of the Partnership shall be deposited in one or more accounts with one or more recognized financial institutions in the name of the Partnership, at such locations as shall be determined by the General Partner. Withdrawal from such accounts shall require the signature of the General Partner or the President and another officer of the Partnership, or such Person or persons as a Majority of Partners may designate.

5.10 Indemnification; Insurance

The Partnership shall indemnify the General Partner and any employees and agents of the General Partner (collectively, the "Indemnified Parties") from any liability or damage; shall defend, save harmless, and pay all judgments against the Indemnified Parties incurred by reason of any act or omission or alleged act or omission in connection with the business of the Partnership (including attorneys' fees incurred in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred); and shall indemnify the Indemnified Parties for such liabilities under Federal and State Securities Laws (including the Securities Act of 1933) as the law permits. All judgments against the Partnership or the Indemnified Parties, wherein the Indemnified Parties are entitled to indemnification, must first be satisfied from Partnership assets before the Indemnified Parties are responsible for these obligations. Any Partner guarantying a loan on the Property in accordance with the provisions of Section 7.4 shall be deemed an Indemnified Party under this Section 5.10 and shall be entitled to indemnification by the Partnership from any liability or damage incurred in connection with or arising from such guaranty.

The Partnership shall have the authority to purchase and maintain directors and officers liability insurance, and to the extent commercially reasonable (as determined by the General Partner), purchase and maintain insurance on behalf of any Person who is or was an agent of the Partnership against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as an agent, whether or not the Partnership would have the power to indemnify such Person against such liability under the provisions of this Section 5.10 or under applicable law.

ARTICLE VI

ACCOUNTS AND RECORDS

6.1 Accounts

Complete books of account of the Partnership's business, in which each Partnership transaction shall be fully and accurately entered, shall be kept at the Partnership's principal executive office and shall be open to inspection and copying by each Partner or the Partner's authorized representatives on reasonable Notice during normal business hours. The costs of such inspection and copying shall be borne by the Partner.

6.2 Accounting

Financial books and records of the Partnership shall be kept on the cash method of accounting, which shall be the method of accounting followed by the Partnership for federal income tax purposes. A balance sheet and income statement of the Partnership shall be prepared promptly following the close of each fiscal year in a manner appropriate to and adequate for the Partnership's business and for carrying out the provisions of this Agreement. The fiscal year of the Partnership shall be January 1 through December 31.

6.3 Records

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At all times during the term of existence of the Partnership, and beyond that term if a Majority of the Partners deem it necessary, the Partners shall keep or cause to be kept the books of account referred to in Section 6.2, and the following:

6.3.1 Partner List

A current list of the full name and last known business or residence address of each Partner, together with the Capital Contribution and the share in Profits and Losses of each Partner;

6.3.2 Copy of Certificate

A copy of the Certificate, as amended;

6.3.3 Tax Returns

Copies of the Partnership's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;

6.3.4 Limited Partnership Agreement

Executed counterparts of this Agreement, as amended;

6.3.5 Powers of Attorney

Any powers of attorney under which the Certificate or any amendments thereto were executed;

6.3.6 Financial Statements

Financial statements of the Partnership for the six most recent fiscal years; and

6.3.7 Books and Records of Internal Affairs

The Books and Records of the Partnership as they relate to the Partnership's internal affairs for the current and past four fiscal years.

If a Majority of Partners deem that any of the foregoing items shall be kept beyond the term of existence of the Partnership, the repository of said items shall be as designated by a Majority of Partners.

6.4 Income Tax Returns

Within 90 days after the end of each taxable year of the Partnership the Partnership shall send to each of the Partners all information necessary for the Partners to complete their federal and state income tax or information returns, and a copy of the Partnership's federal, state, and local income tax or information returns for such year.

ARTICLE VII

PARTNERS AND VOTING

7.1 Partners and Voting Rights

There shall be only one class of membership and no Partner shall have any rights or preferences in addition to or different from those possessed by any other Partner. Each Partner shall Vote in proportion to the Partner's Percentage Interest as of the governing record date, determined in accordance with Section 7.2. Any action that may or that must be taken by the Partners shall be by a Majority of Partners, except as otherwise expressly provided herein.

7.2 Record Dates

The record date for determining the Partners entitled to Notice of any Meeting, to vote, to receive any distribution, or to exercise any right in respect of any other lawful action, shall be the date set by a Majority of Partners, provided that such record date shall not be more than 60, nor less than 10 days prior to the date of the Meeting, nor more than 60 days prior to any other action.

In the absence of any action setting a record date the record date shall be determined in accordance with California Corporations Code Section 15637(l).

7.3 Proxies

At all Meetings of Partners, a Partner may Vote in person or by Proxy. Such proxy shall be filed with any Partner before or at the time of the Meeting, and may be filed by facsimile transmission to a Partner at the principal executive office of the Partnership or such other address as may be given by a Majority of Partners to the Partners for such purposes.

7.4 Partner Participation in connection with Refinance of Property

Current or future financing on the Property may require a payoff and refinance. If such a refinance requires guarantors in addition to the General Partner, all Partners acknowledge and agree to provide such financial information as may be reasonably requested by any proposed lender, and to execute such documents, including but not limited to guarantees, to affect such refinance.

ARTICLE VIII

TRANSFERS OF PARTNERSHIP INTERESTS

8.1 Withdrawal of Partner

A Partner may withdraw from the Partnership at any time by giving Notice of Withdrawal to all other Partners at least 180 calendar days before the effective date of

withdrawal; provided that upon the occurrence of a sale of all or substantially all of the Partnership's assets, a Partner may withdraw by giving Notice of Withdrawal to all other Partners prior to such sale. Withdrawal shall not release a Partner from any obligations and liabilities under this Agreement accrued or incurred before the effective date of withdrawal. A withdrawing Partner shall divest the Partner's entire Partnership Interest before the effective date of withdrawal in accordance with the transfer restrictions and option rights set forth in this Section 8. In the event of any withdrawal made in connection with the sale of all or substantially all of the Partnership's assets, the Partnership shall redeem that portion of the Partner's Partnership Interest specified in the Notice of Withdrawal. The redemption price for the Partner's Partnership Interest specified in the Notice of Withdrawal shall equal the net asset value of the Partnership Interest being redeemed. For purposes hereof, net asset value shall equal the Partnership's total assets minus its total liabilities multiplied by the Partnership Interest being redeemed. Net asset value shall be determined by the General Partner, in its reasonable discretion. If more than one Partner elects to withdraw all or any portion of their Partnership Interests in connection with the sale of all or substantially all of the Partnership's assets, and the sale proceeds therefrom are insufficient to redeem all of the Partnership Interests presented for redemption, Partnership Interests shall be redeemed on a pro rata basis.

8.2 Restrictions on Transfer

Except as expressly provided in this Agreement, a Partner shall not Transfer any part of the Partner's Partnership Interest in the Partnership, whether now owned or hereafter acquired, unless (1) the General Partner approves the transferee's admission (the "*Transferee*") to the Partnership as a Partner prior to such Transfer and (2) the Partnership Interest to be transferred, when added to the total of all other Partnership Interests transferred in the preceding 12 months, will not cause the termination of the Partnership under the Code. It shall be a further condition to any Transfer that the General Partner, Transferee and transferring Partner execute an agreement, including a consent to transfer, which agreement shall provide, among other things, that: (a) the transferring Partner shall indemnify General Partner and the Partnership for any and all claims, causes of action, damages, costs, injuries and liabilities existing with respect to such Partnership Interest prior to the Transfer or resulting from the Transfer of such Partner's Partnership Interest in the Partnership; (b) both Transferee and transferring Partner provide such representations and warranties in favor of General Partner and the Partnership as General Partner deems reasonable, including but not limited to representations as to due authorization, compliance with all laws, no litigation, no bankruptcy, etc.; (c) both Transferee and transferring Partner acknowledge that they are not relying on the Partnership, General Partner or other Partners for real estate advice or tax advice or to assure compliance with securities laws; (d) Transferee executes a counterpart to and agrees to be bound by all of the provisions of this Agreement; (e) Transferee acknowledges that the Partnership Interests (A) are being acquired for investment purposes only and not for resale, transfer or distribution, and (B) may not be further offered for sale, sold, or transferred other than pursuant to an effective registration under applicable state and federal securities laws, and/or in transactions otherwise in compliance with, or pursuant to an available exemption from registration under such laws, and upon evidence satisfactory to the Partnership of compliance with such laws, as to which Partnership may rely upon an opinion of counsel satisfactory to the Partnership.

No Partner may Encumber or permit or suffer any Encumbrance of all or any part of the Partner's Partnership Interest in the Partnership unless such Encumbrance has been approved in writing by all the other Partners. Any Transfer or Encumbrance of a Partnership Interest without such approval shall be void.

Notwithstanding any other provision of this Agreement to the contrary, (a) a Partner who is a natural person may transfer all or any portion of his or her Partnership Interest to any revocable trust created for the benefit of the Partner, or any combination between or among the Partner, the Partner's spouse, and the Partner's issue, provided that the Partner retains a beneficial interest in the trust and all of the Voting Interest included in such Partnership Interest, and (b) the General Partner may purchase a Partnership Interest for its own account or for the account of any other Partner(s) at a price and terms agreed to by the General Partner and the selling Partner, and such purchase and sale shall be exempt. Sales and transfers pursuant to the preceding sentence shall not be deemed Transfers hereunder, shall be exempt from all restrictions on transfer set forth in this Section 8.2 and the right of first refusal set forth in Section 8.3, and shall not constitute a Trigger Event under Section 8.4. Notwithstanding the foregoing, a transfer of a Partner's entire beneficial interest in a trust or failure to retain a Voting Interest shall be deemed a Transfer of a Partnership Interest.

Any Transferee of a Partner's Partnership Interest shall only become a Partner upon executing a counterpart signature page to this Agreement and agreeing to be bound by all of its terms.

8.3 Right of First Refusal

If a Partner wishes to transfer any or all of the Partner's Partnership Interest in the Partnership pursuant to a Bona Fide Offer (as defined below), the Partner shall give Notice to the General Partner at least 30 days in advance of the proposed sale or Transfer, indicating the terms of the Bona Fide Offer and the identity of the offeror. The General Partner shall have the option to purchase the Partnership Interest proposed to be transferred, for its own account or for the account of any other Partner(s), at the price and on the terms provided in this Agreement, at any time on or before the date that is thirty (30) days after General Partner's receipt of the Notice for the lesser of (a) the price stated in the Notice (or the price plus the dollar value of noncash consideration, as the case may be) and (b) the price determined under the appraisal procedures set forth in Section 8.8.. If the price for the Partnership Interest is other than cash, the fair value in dollars of the price shall be as established in good faith by the Partnership. For purposes of this Agreement, "*Bona Fide Offer*" means an offer in writing setting forth all relevant terms and conditions of purchase from an offeror who is ready, willing, and able to consummate the purchase. Transfers to a non-minor child, grandchild, spouse, or parent of a Partner (an "*Immediate Family Partner*") shall not be subject to the right of first offer set forth in this Section 8.3, but shall remain subject to the balance of the provisions of this Article 8.

If the General Partner does not exercise its rights to purchase all of the Partnership Interest, the offering Partner may, within 45 days from the date the Notice is given and on the terms and conditions stated in the Notice, sell or exchange that Partnership Interest to the offeror named in the Notice. Unless the requirements of Section 8.2 are met, the offeror under this section shall become an Assignee, and shall be entitled to receive only the share of Profits or

other compensation by way of income and the return of Capital Contribution to which the assigning Partner would have been entitled.

8.4 Triggering Events

On the happening of any of the following events ("*Triggering Events*") with respect to a Partner, the General Partner, for its own account or for the account of any other Partner(s), shall have the option to purchase all or any portion of the Partnership Interest in the Partnership of such Partner (a "*Selling Partner*") at the price and on the terms provided in Section 8.8 of this Agreement:

8.4.1 the death or incapacity of a Partner;

8.4.2 the bankruptcy of a Partner;

8.4.3 the winding up and dissolution of a corporate Partner, or merger or other corporate reorganization of a corporate Partner as a result of which the corporate Partner does not survive as an entity;

8.4.4 the withdrawal of a Partner; or

8.4.5 except for the events stated in Section 8.5, the occurrence of any other event that is, or that would cause, a Transfer in contravention of this Agreement.

Each Partner agrees to promptly give Notice of a Triggering Event to all other Partners.

8.5 Marital Dissolution or Death of Spouse

Notwithstanding any other provisions of this Agreement:

8.5.1 If, in connection with the divorce or dissolution of the marriage of a Partner, any court issues a decree or order that transfers, confirms, or awards a Partnership Interest, or any portion thereof, to that Partner's spouse (an "*Award*"), then, notwithstanding that such transfer would constitute an unpermitted Transfer under this Agreement, that Partner shall have the right to purchase from his or her former spouse the Partnership Interest, or portion thereof, that was so transferred, and such former spouse shall sell the Partnership Interest or portion thereof to that Partner at the price set forth in Section 8.8 of this Agreement. If the Partner has failed to consummate the purchase within 180 days after the Award (the "*Award Transfer Date*"), the Partnership and the other Partners shall have the option to purchase from the former spouse the Partnership Interest or portion thereof pursuant to Section 8.6 of this Agreement; provided that the option period shall commence on the later of (1) the day following the Award Transfer Date, or (2) the date of actual notice of the Award.

8.5.2 If, by reason of the death of a spouse of a Partner, any portion of a Partnership Interest is transferred to a Transferee other than (1) that Partner or (2) a trust created for the benefit of that Partner (or for the benefit of that Partner and any combination between or among the Partner and the Partner's issue) in which the Partner is the sole Trustee and the Partner, as Trustee or individually possesses all of the Voting Interest included in that

Partnership Interest, then the Partner shall have the right to purchase the Partnership Interest or portion thereof from the estate or other successor of his or her deceased spouse or Transferee of such deceased spouse, and the estate, successor, or Transferee shall sell the Partnership Interest or portion thereof at the price set forth in Section 8.8 of this Agreement. If the Partner has failed to consummate the purchase within 180 days after the date of death (the "*Estate Transfer Date*"), the Partnership and the other Partners shall have the option to purchase from the estate or other successor of the deceased spouse the Partnership Interest or portion thereof pursuant to Section 8.6 of this Agreement; provided that the option period shall commence on the later of (1) the day following the Estate Transfer Date, or (2) the date of actual notice of the death.

8.6 Option Periods

On the receipt of Notice by a Partners as contemplated by Section 8.1, and on receipt of actual notice of any Triggering Event (the date of such receipt is hereinafter referred to as the "*Option Date*"), the General Partner shall promptly give notice of the occurrence of such a Triggering Event to each Partner, and the Partnership shall have the option, for a period ending 30 calendar days following the determination of the purchase price as provided in Section 8.8, to purchase the Partnership Interest in the Partnership to which the option relates, at the price and on the terms provided in Section 8.8, and the other Partners, pro rata in accordance with their prior Partnership Interests in the Partnership, shall then have the option, for a period of 30 days thereafter, to purchase the Partnership Interest in the Partnership not purchased by the Partnership, on the same terms and conditions as apply to the Partnership. If all other Partners do not elect to purchase the entire remaining Partnership Interest in the Partnership, then the Partners electing to purchase shall have the right, pro rata in accordance with their prior Partnership Interest in the Partnership, to purchase the additional Partnership Interest in the Partnership available for purchase. The Transferee of the Partnership Interest in the Partnership that is not purchased shall hold such Partnership Interest in the Partnership subject to all of the provisions of this Agreement.

8.7 Nonparticipation of Interested Partner

No Partner shall participate in any Vote or decision in any matter pertaining to the disposition of that Partner's Partnership Interest in the Partnership under this Agreement.

8.8 Option Purchase Price

The purchase price of the Partnership Interest that is the subject of an option under this Agreement shall be the Fair Market Value of such Partnership Interest as determined under this Section 8.8. Each of the selling and purchasing parties shall use his, her, or its best efforts to mutually agree on the Fair Market Value. If the parties are unable to so agree within 30 days of the Option Date, the selling party shall appoint, within 40 days of the Option Date, one appraiser, and the purchasing party shall appoint within 40 days of the Option Date, one appraiser. The two appraisers shall within a period of five additional days, agree on and appoint an additional appraiser. The three appraisers shall, within 60 days after the appointment of the third appraiser, determine the Fair Market Value of the Partnership Interest in writing and submit their report to all the parties. The Fair Market Value shall be determined by disregarding the appraiser's valuation that diverges the greatest from each of the other two appraisers' valuations, and the

arithmetic mean of the remaining two appraisers' valuations shall be the Fair Market Value. Each purchasing party shall pay for the services of the appraiser selected by it, plus one-half of the fee charged by the third appraiser. The option purchase price as so determined shall be payable in cash.

8.9 Substituted Partner

Except as expressly permitted under Section 8.2, a prospective Transferee (other than an existing Partner) of a Partnership Interest may be admitted as a Partner with respect to such Partnership Interest (a "*Substituted Partner*") only (1) on the approval of the General Partner of the prospective Transferee's admission as a Partner, and (2) on such prospective Transferee's executing a counterpart of this Agreement as a party hereto. Any prospective Transferee of a Partnership Interest shall be deemed an Assignee, and, therefore, the owner of only an Economic Interest until such prospective Transferee has been admitted as a Substituted Partner.

8.10 Duties of a Substituted Partner

Any Person admitted to the Partnership as a Substituted Partner shall be subject to all provisions of this Agreement.

8.11 Securities Laws

The initial sale of Partnership Interests in the Partnership to the initial Partners has not been qualified or registered under the securities laws of any state, or registered under the Securities Act of 1933, as amended, in reliance upon exemptions from the registration provisions of those laws. No attempt has been made to qualify the offering and sale of Partnership Interests to Partners under the California Corporate Securities Law of 1968, as amended, also in reliance upon an exemption from the requirement that a permit for issuance of securities be procured. Notwithstanding any other provision of this Agreement, Partnership Interests may not be Transferred or Encumbered unless registered or qualified under applicable state and federal securities law or unless, in the opinion of legal counsel satisfactory to the Partnership, such qualification or registration is not required. The Partner who desires to transfer a Partnership Interest shall be responsible for all legal fees incurred in connection with said opinion.

ARTICLE IX

DISSOLUTION AND WINDING UP

9.1 Events of Dissolution

The Partnership shall be dissolved on the first to occur of the following events:

9.1.1 The written agreement of a Majority of Partners to dissolve the Partnership.

9.1.2 The sale or other disposition of substantially all of the Partnership assets.

9.1.3 Entry of a decree of judicial dissolution pursuant to Section 15682 of the Act.

9.2 Winding Up

On the dissolution of the Partnership, the Partnership shall engage in no further business other than that necessary to wind up the business and affairs of the Partnership. The Partners who have not wrongfully dissolved the Partnership shall wind up the affairs of the Partnership. The Persons winding up the affairs of the Partnership shall give written Notice of the commencement of winding up by mail to all known creditors and claimants against the Partnership whose addresses appear in the records of the Partnership. After paying or adequately providing for the payment of all known debts of the Partnership (except debts owing to Partners) the remaining assets of the Partnership shall be distributed or applied in the following order of priority:

9.2.1 To pay the expenses of liquidation.

9.2.2 To repay outstanding loans to Partners. If there are insufficient funds to pay such loans in full, each Partner shall be repaid in the ratio that the Partner's respective loan, together with interest accrued and unpaid thereon, bears to the total of all such loans from Partners, including all interest accrued and unpaid on those loans. Such repayment shall first be credited to unpaid principal and the remainder shall be credited to accrued and unpaid interest.

9.2.3 Among the Partners in accordance with the provisions of Article Four, Section 4.7.

9.3 Deficits

Each Partner shall look solely to the assets of the Partnership for the return of the Partner's investment, and if the Partnership property remaining after the payment or discharge of the debts and liabilities of the Partnership is insufficient to return the investment of any Partner, such Partner shall have no recourse against any other Partners for indemnification, contribution, or reimbursement.

ARTICLE X

ARBITRATION

Any action to enforce or interpret this Agreement or to resolve disputes between the Partners or by or against any Partner shall be settled by arbitration in accordance with the rules of the American Arbitration Association. Arbitration shall be the exclusive dispute resolution process in the State of California. Any party may commence arbitration by sending a written demand for arbitration to the other parties. Such demand shall set forth the nature of the matter to be resolved by arbitration. Arbitration shall be conducted at San Francisco, California. The substantive law of the State of California shall be applied by the arbitrator to the resolution of the dispute. The parties shall share equally all initial costs of arbitration. The prevailing party shall be entitled to reimbursement of attorney fees, costs, and expenses incurred in connection with the arbitration. All decisions of the arbitrator shall be final, binding, and conclusive on all parties.

Judgment may be entered upon any such decision in accordance with applicable law in any court having jurisdiction thereof.

ARTICLE XI

GENERAL PROVISIONS

11.1 General Provisions

This Agreement constitutes the whole and entire agreement of the parties with respect to the subject matter of this Agreement, and it shall not be modified or amended in any respect except by a written instrument executed by all the parties. This Agreement replaces and supersedes all prior written and oral agreements by and among the Partners or any of them.

11.2 Counterpart Executions

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.3 Governing Law; Severability

This Agreement shall be construed and enforced in accordance with the internal laws of the State of California. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

11.4 Benefit

This Agreement shall be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.

11.5 Number and Gender

Whenever used in this Agreement, the singular shall include the plural, the plural shall include the singular, and the neuter gender shall include the male and female as well as a trust, firm, company, or corporation, all as the context and meaning of this Agreement may require.

11.6 Further Assurances

The parties to this Agreement shall promptly execute and deliver any and all additional documents, instruments, notices, and other assurances, and shall do any and all other acts and things, reasonably necessary in connection with the performance of their respective obligations under this Agreement and to carry out the intent of the parties, including but not limited to taking any and all actions reasonably required to comply with any mortgage or encumbrance with respect to the Property.

11.7 Partner's Other Business

Except as provided in this Agreement, no provision of this Agreement shall be construed to limit in any manner the Partners or General Partner in the carrying on of their own respective businesses or activities.

11.8 Agent

Except as provided in this Agreement, no provision of this Agreement shall be construed to constitute a Partner, in the Partner's capacity as such, the agent of any other Partner.

11.9 Authority to Contract

Each Partner represents and warrants to the other Partners that the Partner has the capacity and authority to enter into this Agreement.

11.10 Titles and Headings

The article, section, and paragraph titles and headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

11.11 Amendment

Except as otherwise provided herein, all amendments to this Agreement will be in writing and approved and executed by a Majority of the Partners. Notwithstanding the foregoing, this Agreement may be amended by the signature of the General Partner as necessary to reflect the sale of limited partnership interests and the admission of additional Partners.

11.12 Time is of the Essence

Time is of the essence of every provision of this Agreement that specifies a time for performance.

11.13 No Third Party Beneficiary Intended

This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other Person shall have or acquire any right by virtue of this Agreement.

11.14 Sale of the Property.

Should the Partners authorize and approve the sale of any real property or any interest therein owned by the Partnership, or should the Partners authorize and approve the purchase of any additional real property or interest therein on behalf of the Partnership, LeFever Mattson shall have exclusive authorization and right to make such sale or purchase of real property

interests and shall be compensated at least three percent (3%) of the sale or purchase price for its services, or such greater amount as may be agreed.

11.15 Financing of the Property.

Upon the refinancing of any real property or any interest therein owned by the Partnership, as well as upon obtaining financing for any purchase of additional real property or any interest therein on behalf of the Partnership, LeFever Mattson shall be compensated in an amount equal to not less than one-half percent (0.5%) of the loan amount for its services in effectuating such financing.

11.16 Limited Partnership

The Partners intend the Partnership to be a limited partnership under the Act. No partner shall take any action inconsistent with the express intent of the parties to this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Agreement on the day and year first above written.

GENERAL PARTNER:

LEFEVER MATTSON,
a California corporation

By: _____
Tim LeFever, Vice President

LIMITED PARTNERS:

"Anderson 2001 Revocable Trust dated June 12, 2001"

By: _____ _____
Graham Michael Anderson, Trustee Teresa Susan Anderson, Trustee

"Chase Restated 1992 Chase Family Trust"

By: _____ _____
John L. Chase, Trustee Susan G. Chase, Trustee

"Davis"

By: _____ _____
Ray M. Davis Kim Rae Davis

"Fleming Family Trust dated August 27, 1998"

By: _____ _____
John C. Fleming, Trustee Dominique Fleming, Trustee

"Fox Family Trust dated May 24, 2002"

By: _____ _____
Gary R. Fox, Trustee Katherine E. Fox, Trustee

"Gardner Family Trust dated December 16, 1991"

By: _____ _____
Maurice H. Gardner, Trustee Nancy A. Gardner, Trustee

"Girardi Revocable Living Trust dated May 1, 2002"

By: _____ _____
John A. Girardi, Trustee Marsi A. Girardi, Trustee

"LeFever Mattson, a California corporation"

By: _____
Tim LeFever, Vice President

Ogg

By: _____
Kathy Ogg

"Powell"

By: _____ _____
Ellis T. Powell, Jr. Jacquelyn Powell

"Rice"

By: _____ _____
Willis Rice Linda Rice

EXHIBIT A

Live Oak Investment, LP Partners

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SCHEDULE A
Southwood Place Apartments
Buck Avenue, Vacaville
updated 7/1/14

Owner's Name	Invested Amount	Investment Percent
The Anderson 2001 Revocable Trust	169,903.58	7.859%
Chase 1992 Irrevocable Trust	206,080.12	9.532%
Davis, Ray & Kim	149,512.25	6.916%
Fleming Family Trust	250,000.00	11.563%
Fox Family Trust	217,419.81	10.057%
Gardner Family Trust	259,875.34	12.020%
Girardi, John & Marsi	152,918.86	7.073%
LeFever Mattson, Inc.	271,677.92	12.566%
Ogg, Kathy	160,864.75	7.441%
Powell, Ellis & Jackie	195,799.99	9.057%
Rice, Willis & Linda	127,929.37	5.917%
	2,161,981.99	100.00%

EXHIBIT B

Form of Property Management Agreement

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EXHIBIT D

Thomas P. Kelly III, SBN 230699
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

DocuSign Envelope ID: F0AEC9F6-499B-47A9-A46F-A676AC2EDFE0

WRITTEN CONSENT
OF
MAJORITY OF PARTNERS OF
LIVE OAK INVESTMENTS, LP

The undersigned, constituting at least a majority of the percentage interests of the partners (the "Partners") of Live Oak Investments, LP, a California limited partnership (the "Partnership"), acting pursuant to the Limited Partnership Agreement of the Partnership entered into effective as of Marh 24, 2015 (the "Partnership Agreement"), do hereby consent to the following actions and adopt the following resolutions, effective as of June 28, 2024.

WHEREAS, the Partnership is the owner of certain real property located in the City of Vacaville, County of Solano, State of California, known as the Southwood Place Apartments and located at 410 Buck Avenue, Vacaville, CA (the "Property"); and

WHEREAS, LeFever Mattson, a California corporation, is the General Partner of the Partnership (the "General Partners"); and

WHEREAS, the General Partner has determined that it is in the best interests of the Partnership and its Partners to sell the Property upon such terms and conditions as the General Partner determines to in the best interest of the Partnership and all of its partners.

NOW, THEREFORE, BE IT RESOLVED, that the General Partner be, and hereby is, authorized, directed and empowered to sell the Property, and in furtherance thereof, the General Partner is hereby authorized to negotiate the terms and conditions of the sale of the Property, and take all actions and cause to be prepared all agreements as the General Partner shall determines to be necessary for the sale of the Property and beneficial for the Partnership and the Partners.

RESOLVED FURTHER, that the General Partner is hereby authorized, directed and empowered to execute and deliver, in the name and on behalf of the Partnership, any and all documents or instruments to be executed and delivered in connection with the sale of the Property, including but not limited to an Agreement of Purchase and Sale and Joint Escrow Instructions, and to take any further actions as the General Partner may determine to be necessary or desirable in order to comply with and perform the obligations of the Partnership under such agreement and instruments, the approval of which shall be conclusively established by the execution and delivery thereof by the General Partner.

RESOLVED FURTHER, that Tim LeFever, the Chief Executive Officer of the General Partner, is further authorized and directed to move forward with and complete the proposed sales of the Property in accordance with the purchase and sale agreement pertaining thereto;

RESOLVED FURTHER, that all actions taken to date by Tim LeFever in his capacity as the Chief Executive Officer of the General Partner are hereby ratified and approved in all respects;

RESOLVED FURTHER, that all proceeds from the sale of the Property shall be used first to pay off any and all indebtedness secured by the Property at issue being sold, with the

balance to be directed to the relevant partnership management account overseen and managed by Home Tax Services of America, Inc., dba LeFever Mattson Property Management.

RESOLVED FURTHER, that concurrently with the sale of the Property, or at such later time determined by the General Partner to be in the best interest of the Partnership and its Partners, the General Partner is hereby authorized, directed and empowered to commence the dissolution of the Partnership in accordance with the terms and conditions set forth in the Partnership Agreement.

RESOLVED FURTHER, that all other acts and deeds heretofore done or actions taken by the General Partner and its officers in furtherance of the foregoing resolutions and which carry out the terms and intentions of any of the foregoing resolutions be, and each hereby are, ratified, approved and confirmed in all respects.

IN WITNESS WHEREOF, the undersigned have executed this Written Consent of the Partners as of the date first written above.

GENERAL PARTNER:

LEFEVER MATTSON,
a California corporation

By: _____
Tim LeFever, President

LIMITED PARTNERS:

"Anderson 2001 Revocable Trust dated June 12, 2001"

By: _____ _____
Graham Michael Anderson, Trustee Teresa Susan Anderson, Trustee

Andrew "William N. Andrew and Sally G. Revocable Trust dated June 21, 2001"

By: DocuSigned by: William N. Andrew _____ DocuSigned by: Sally G. Andrew _____
William N. Andrew, Trustee Sally G. Andrew, Trustee

"Burgess Trust dated October 9, 2006"

By: _____ _____
Ronald Burgess, Trustee Molly Burgess, Trustee

DocuSign Envelope ID: F0AEC9F6-499B-47A9-A46F-A676AC2EDFE0

"Chase Restated 1992 Chase Family Trust"

By: _____ _____
John L. Chase, Trustee Susan G. Chase, Trustee

"Davis"

By: _____ _____
Ray M. Davis Kim Rae Davis

"Fleming Family Trust dated August 27, 1998"

By: _____ _____
John C. Fleming, Trustee Dominique Fleming, Trustee

"Fox Family Trust dated May 24, 2002"

By: _____ _____
Gary R. Fox, Trustee Katherine E. Fox, Trustee

"Girardi Revocable Living Trust dated May 1, 2002"

By: _____ _____
John A. Girardi, Trustee Marsi A. Girardi, Trustee

"LeFever Mattson, a California corporation"

By: _____
Tim LeFever, President

Ogg

By: _____
Katherine (Kathy) Ogg

Rice "The Willis McKelvey Rice and Linda Kay Rice Living Trust"

By: _____ _____
Willis McKelvey Rice, Trustee Linda Kay Rice, Trustee

EXHIBIT E

Thomas P. Kelly III, SBN 230699
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

OLD REPUBLIC TITLE COMPANY
A MEMBER OF THE OLD REPUBLIC TITLE INSURANCE GROUP
1001 Sylvan Avenue, Building A • Modesto CA • 95350 • (209) 544-1823 • FAX (209) 544-9549

Live Oak Investments, LP
8009 Doyle Lane
Dixon, CA 95620

Date: August 27, 2024
Escrow No.: 1614028541-JO
Escrow Officer: Joanne Maynard
Settlement Date: August 29, 2024

Property: 410 Buck Avenue, Vacaville, CA 95687

Estimated Seller's Settlement Statement

Item		Debits	Credits
Sales Price			10,800,000.00
Existing Loan with Walker & Dunlop LLC		6,718,000.00	
MUST UPDATE TO ACTUAL to Recology Vacaville Solano ($7,277.25)			
Amount to 10-1-24		7,277.25	
Paid Outside Closing			
Real Estate Taxes to Solano County Tax Collector (0126-160-110)			
2nd Installment 2023-2024 to Solano County Tax Collector $32,523.39			
(Seller)			
Signing/Notary Services to SnapDocs		160.00	
Security Deposits to Ch Vacaville LLC, a Delaware limited liability company		44,216.00	
Prorata R.E. Taxes, 07/01/24 to 08/29/24, 58 days @ $180.6855 (est.)		10,479.76	
Interest from COE to 9/1/24 08/01/24 to 08/29/24, 28 days @ $731.5200		20,482.56	
Rental Adj. by unit (est.)			
, 08/29/24 to 09/01/24, 3 days @ $2,947.4630		8,842.39	
Prepaid Rent		808.13	
Make Ready Credit		6,000.00	
Escrow Fees to Old Republic Title Company		6,150.00	
Additional Charges		120.00	
CA-Reporting and Withholding Service Fee to Old Republic Title Company	45.00		
Wire Service Fee to Old Republic Title Company	25.00		
Doc Prep Deed to Old Republic Title Company	50.00		
Title Charges			
ALTA Ext. Owner's Policy to Old Republic Title Company		8,900.00	
Recording Fees		700.00	
Deed to Solano County	100.00		
Assumption Agreement to Solano County	200.00		
Assumption Agreement to Solano County	200.00		
UCC to Solano County	100.00		
UCC to Solano County	100.00		
Other Title Fees		25.00	
Recording Service Fee to Old Republic Title Company	25.00		
County Transfer Tax to County of Solano		4,490.20	
Due To Seller (est.)		3,963,348.71	
Total		10,800,000.00	10,800,000.00

_____
Initials

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OLD REPUBLIC TITLE COMPANY
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Live Oak Investments, LP
8009 Doyle Lane
Dixon, CA 95620

Date: August 27, 2024
Escrow No.: 1614028541-JO
Escrow Officer: Joanne Maynard
Settlement Date: August 29, 2024

Property: 410 Buck Avenue, Vacaville, CA 95687

Live Oak Investments, LP, a California Limited Partnership

By: LeFever Mattson, a California corporation

It's General Partner

By:_____
Timothy J. LeFever
Its: Chief Executive Officer

Case: 24-10545 Doc# 3192-3 Filed: 12/21/25 Entered: 12/21/25 23:02:15 Page 55 of 61

EXHIBIT F

Thomas P. Kelly III, SBN 230699
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

LAW OFFICES OF THOMAS P. KELLY III P.C.
A PROFESSIONAL CORPORATION

50 OLD COURTHOUSE SQUARE, SUITE 609
SANTA ROSA, CALIFORNIA, 95404-4926
707-545-8700 • FAX 707-542-3371
WWW.REDWOODBANKRUPTCY.COM
TOMKELLY@SONIC.NET

CHAPTER 11 RETAINER AGREEMENT

The undersigned Live Oak Investments L.P. by and through its general partner William Andrew (hereinafter "Client") hereby retains Law Offices of Thomas P. Kelly III P.C. (hereinafter "Attorney") to perform legal services under the terms set forth below (hereinafter "Retainer Agreement") for representation in the following matters (hereinafter collectively "Legal Matter"):

1. Representation in that Chapter 11 bankruptcy case currently pending in the United States Bankruptcy Court, Northern Division of California, Santa Rosa Division in which Client is the debtor-in-possession bearing case number CAND 24-10511 and case name *In re Live Oak Investments L.P.*.

Attorney shall explain the terms and conditions of this Retainer Agreement in full prior to execution by Client. Attorney shall provide a true and correct copy of this Retainer Agreement to Client upon execution. Attorney shall answer any and all questions of Client regarding this Retainer Agreement at any time.

I. LEGAL SERVICES

1.1 Services to be performed: All legal services described herein, related to Client's Legal Matter. The services of Attorney will include the initial conference with Client concerning filing; providing counseling and legal advice, preparation of court documents, communications with opposing parties and/or opposing counsel as needed, appearances at Court hearings, and drafting or responding to motions or other legal matters arising from Client's Legal Matter.

1.2 Limitation of Scope of Representation: Client specifically agrees that Attorney will not represent Client in any matter outside the stated scope of representation or other case, lawsuit, or legal matter without an additional retainer agreement. Attorney shall not be Client's attorney or attorney of record for any other case, lawsuit, or any other matter without an additional retainer agreement.

1.3 Authorization: Client authorizes Attorney to act as Client's Attorney and perform all legal services described herein related to Client's Legal Matter. Client expressly agrees that Attorney may consult other attorneys on Client's Legal Matter without charge to Client if Attorney deems such consultation necessary.

1.4 Communications: Attorney shall be responsible for all communications on behalf of Client regarding the Legal Matter with all third parties. Attorney shall promptly inform Client of all communications which occur related to Client's Legal Matter.

1.5 Document Preparation: Attorney will be solely responsible for preparing all legal documents and pleadings regarding the Legal Matter and filing those documents and pleadings regarding the Legal Matter. Attorney will consult Client as to the contents and substance of any letters, documents and pleadings to be filed with the proper Court prior to submission or filing with any Court. All documents filed by Attorney on behalf of Client are presumed to have Client's consent.

1.6 Document Content: All documents prepared by Attorney is based on that information provided to Attorney

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by Client. Attorney shall have the authority to determine the form, language and grammar of such letters, documents and/or pleadings. Client shall be entitled to a copy of all letters, documents and/or pleadings prepared by the Attorney on behalf of Client.

1.7 Appeals: Client expressly agrees that no appeals are included in this agreement. Any appeal shall be the subject of an additional representation agreement.

1.8 Tax services excluded: Client and Attorney expressly agree that no tax advice shall be given or sought. Client expressly agrees to consult a tax professional regarding any tax question, and may not rely on any statement of Attorney as tax advice.

II. CLIENT DUTIES

2.1 Truth: Client expressly agrees to provide truthful and accurate information to Attorney at all times. Client expressly consents to the immediate termination of the Attorney-Client relationship and to the withdrawal of Attorney from Client's Legal Matter, and the termination of this Retainer Agreement if in the judgment of Attorney Client has violated this provision.

2.2 Full Disclosure: In order to ensure that the Client will receive adequate representation, Client shall provide Attorney with all relevant information whether Attorney expressly requests it or not. Client shall not intentionally hide any information from the Attorney. Client has been advised and is aware that any violation of this provision by Client will terminate the Attorney-Client relationship and Attorney's representation of Client.

2.3 Documentation from Client: Client agrees to provide Attorney with all relevant and required documents and information in a timely manner. Client agrees that delays in Client's Legal Matter caused by Client's failure to provide Attorney with required documents or information are the sole responsibility of Client.

2.4 Representation Letter: Client agrees to execute a letter confirming that Attorney represents Client and expressly permits Attorney to distribute this letter to any third party requiring such a letter before providing Attorney information related to Client's Legal Matter.

2.5 Contact Information: Client expressly agrees to keep Attorney updated with current contact information for Client, including a mailing address, email address, and telephone number. Client understands that a failure to fulfill this obligation may result in Attorney's withdrawal from Client's Legal Matter. Client recognizes that attorney is not obligated to undertake investigative efforts to find client should client not be reachable for more than fourteen (14) days.

III. LEGAL FEES

3.1 Legal Fees: Client shall pay the Attorney for the legal services provided in the Legal Matter. Client agrees to pay Attorney's hourly rate of $450.00 per hour. These fees are is subject to approval by the Bankruptcy Court in the Legal Matter.

3.2 Distribution of Recovery: Client and attorney agree that any award of attorney's fees or sanctions shall be payable to Client in the amounts actually paid by Client to Attorney, and any recovery above that amount shall be payable to Attorney exclusively. Client agrees that any funds recovered shall be deposited directly into Attorney's Trust Account for distribution to Client and/or attorney pursuant to the rules of the State Bar of California. Client expressly agrees that all costs shall be paid from any recovery prior to the distribution of any amount to Client.

3.3 Attorney's Lien: Client hereby grants Attorneys a lien on any and all claims or causes of action that are the subject of Attorneys' representation under this Contract. Attorneys' lien will be for any sums due and owing to

Attorneys at the conclusion of any services provided by Attorneys. The lien will attach to any recovery Client may obtain, whether by arbitration award, judgment, settlement or otherwise in the Legal Matter and shall survive the termination of this agreement if Client's Legal Matter continues after termination.

IV. COSTS

4.1 Covered Costs: Client shall be responsible for any costs associated with the legal representation provided by Attorney in the Legal Matter. Costs shall include, but are not limited to, court costs, service of process fees, deposition costs, expert witness fees, medical chart review fees, mileage, parking fees, travel expenses, and investigative fees. All awards of costs shall be payable to Client in the amount actually paid by Client, if any. All awards of costs shall be payable to Attorney in the amount actually paid by Attorney.

4.2 Client File: If Client requests a paper copy of Client's file after the case has been closed or Attorney no longer represents Client, then Client agrees to pay for photocopies at the rate of $0.10 per page.

V. DISCLAIMER OF GUARANTEE

5.1 Disclaimer of Guaranty: Nothing in this agreement and nothing in any statements made by Attorney, Attorney's representatives or employees, or experts retained by Attorney will be construed as a promise or guarantee to Client about the outcome of Client's Legal Matter. Attorney cannot make such promises or guarantees because of the factor of the unknown and the actions of other parties which may affect the outcome. Any comments by Attorney about the potential outcome of Client's Legal Matter are expressions of opinion only, are neither promises nor guarantees, and shall never be construed as promises or guarantees. In addition, all representations are based solely on that information currently available to Attorney at that time.

VI. TERMINATION OF AGREEMENT

6.1 Discharge by Client: Client may discharge Attorney from Client's Legal Matter at any time with or without cause, by notifying Attorney in writing. This notice shall be sent in two ways to Attorney. First, via certified mail to Attorney's business address of 50 Old Courthouse Square, Suite 609, Santa Rosa, California, 95404. Second, Client shall also provide the same written notice via email to Attorney at tomkelly@sonic.net.

6.2 Withdrawal by Attorney: Attorney may withdraw with Client's consent from the Legal Matter at any time. Attorney may withdraw without Client's consent at any time for cause. Attorney is subject to the State Code of Professional Responsibility, which lists several types of conduct or circumstances that require or allow attorneys to withdraw from representing a client, including nonpayment of fees or costs, misrepresentation or failure to disclose material facts, actions contrary to attorney's advice, and a conflict with another client.

6.3 Files and Materials: If Client discharges Attorney or Attorney withdraws, Attorney shall return Client's papers and property promptly. Attorney's own files pertaining to the case will be retained. Paper copies of any materials requested by Client shall be paid for by Client at the rate of ten cents ($0.10) per page.

6.4 Costs after Discharge or Withdrawal: Client's discharge of Attorney or Withdrawal of Attorney shall not affect Client's financial responsibility for payment of any costs incurred by Attorney before termination and any costs incurred which result from services required for an orderly transition of Client's Legal Matter to substitute counsel.

6.5 Fees after Discharge or Withdrawal: Attorney shall retain an interest in Client's case after termination equal to the work performed by Attorney on Client's case on a per diem basis. This amount shall not exceed one third of the highest damage award or other settlement awarded to Client when calculated at the rate of $450.00 per hour for work performed prior to termination.

VII. DISPUTE RESOLUTION THROUGH BINDING ARBITRATION

7.1 Dispute Resolution Through Binding Arbitration: Attorney and Client expressly waive any and all rights to any civil trial for any dispute arising under this Retainer Agreement, and agree to use binding non-judicial arbitration to resolve any disputes as follows:

A. General Dispute Resolution: In the event there is ever a dispute between Attorney and Client concerning any aspect of this agreement, or any aspect of Attorney's representation of Client in Client's Legal Matter, both Attorney and Client expressly agree to submit the entire matter for binding arbitration through the Judicial Arbitration & Mediation Service (JAMS) in Santa Rosa, California. If there is no agreement as to an arbitrator, then the Superior Court of Sonoma County shall choose an arbitrator from JAMS and that decision shall be final and conclusive on all parties. Attorney and Client both agree to entirely waive any and all arbitration or mediation through the arbitration procedures of the State Bar of California and/or the Sonoma County Bar Association as set forth in California Business and Professions Code §6200, et. seq. Both Attorney and Client shall each have the right of discovery in connection with any arbitration proceeding in accordance with California Code of Civil Procedure §1283.05. Attorney and Client expressly waive any and all rights to any civil trial for any dispute arising under this Retainer Agreement. Attorney and Client expressly agree that in the event of any dispute the prevailing party may recover any costs or arbitration fees, but each side shall bear their own attorneys fees.

B. Fee Dispute Resolution: Notwithstanding paragraph 7.2(A) above, if there is any dispute subject to the jurisdiction of the State of California over fees, charges, costs or expenses charged by Attorney, both Attorney and Client expressly agree to submit the entire matter for binding arbitration through the Judicial Arbitration & Mediation Service (JAMS) in Santa Rosa, California. If there is no agreement as to an arbitrator, then the Superior Court of Sonoma County shall choose an arbitrator from JAMS and that decision shall be final and conclusive on all parties. Attorney and Client both agree to entirely waive any and all arbitration or mediation through the arbitration procedures of the State Bar of California and/or the Sonoma County Bar Association as set forth in California Business and Professions Code §6200, et. seq. Both Attorney and Client shall each have the right of discovery in connection with any arbitration proceeding in accordance with California Code of Civil Procedure §1283.05. Attorney and Client expressly waive any and all rights to any civil trial for any dispute arising under this Retainer Agreement. Attorney and Client expressly agree that in the event of any dispute the prevailing party may recover any costs or arbitration fees, but each side shall bear their own attorneys fees.

7.2 Client and Attorney Agreement to Arbitration Provisions: Attorney and Client agree to entirely waive the arbitration procedures of the State Bar of California and/or the Sonoma County Bar Association as set forth in California Business and Professions Code §6200, et. seq. and agree to resolve all disputes between them by the private arbitration service JAMS exclusively pursuant to the provisions set forth above.

Client Initials: LONA **Attorney Initials :** TPK3

LONA

VIII. MISCELLANEOUS PROVISIONS

8.1 Attorney of Record: The Attorney expressly agrees to be Client's "Attorney of Record" for Client's Legal Matter, and Client authorizes Attorney to accept service of process for Client's Legal Matter.

8.2 Choice of Law: This agreement shall be governed by and construed in accordance with the laws of the State of California and, where applicable, the United States Bankruptcy Code (Title 11, U.S. Code).

8.3 Venue: Client and Attorney agree that this contract is entered into in Santa Rosa, California, and is to be performed in Santa Rosa, California. The venue for any and all disputes between Client and Attorney shall exclusively be Santa Rosa, California.

8.4 Insurance Coverage: Attorney maintains errors and omission insurance coverage applicable to the services to be rendered in an amount equal to or greater than the requirements of the State Bar of California.

8.5 Complete Agreement, Severability: This document represents the entire agreement between the parties and may not be modified or amended except by a writing signed and dated by both Client and Attorney. If any part of this agreement is found to be unenforceable, Client and Attorney agree that the remaining provisions shall remain in full force and effect.

8.6 Effective Date: This Retainer Agreement shall take effect on the date when fully executed by both Client and Attorney, and the effective date shall be determined by whichever signature is last in time. This Retainer Agreement shall not take effect, and Attorney shall have no obligation to provide any legal services to Client, unless and until both Attorney and Client have signed this Retainer Agreement.

Execution by Live Oak Investments L.P. by and through its general partner William Andrew, Client

William Andrew — October 10, 2025

Signature — Date

Execution by Law Offices of Thomas P. Kelly III P.C., Attorney

Thomas P. Kelly III — October 10, 2025

Signature — Date

Thomas P. Kelly III, Attorney at Law
Law Offices of Thomas P. Kelly III P.C.
CA 230699, OR 080927, DC 1000147
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

Attorney for Creditors
Andrew Revocable Trust dated June 21, 2001
Burgess Trust dated October 9, 2006

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Case No. 24-10545 (CN) (Lead Case) Chapter 11 (Jointly Administered) DECLARATION OF THOMAS P. KELLY III Judge: Hon. Charles Novack Court: 1300 Clay Street Courtroom 215 Oakland, California 94612 Via teleconference Date filed: September 12, 2024

1 The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

DECLARATION OF THOMAS P. KELLY III

I, THOMAS P. KELLY III, declare as follows:

1. I am over the age of eighteen (18) years old and I have personal knowledge of the facts stated in this declaration, and if called as a witness, could and would testify competently to the truth of the facts as stated herein.

2. I am an attorney at law duly admitted to practice before all State and Federal Courts of the State of California and not a party to the action referenced above.

3. I am the attorney of record herein for William Andrew as the general partner of the Debtor-in-possession Live Oak Investments LP.

4. Those documents attached to the concurrently filed Request for Judicial Notice are true and correct copies of those documents.

5. Attached hereto and marked as Exhibit A is a true and correct copy of the decision *In re Cardinal Industries* 105 B.R. 834 (Bankr. S.D. Ohio 1989) as downloaded from Lexis on October 14, 2025.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the State of California and the laws of the United States that the foregoing is true and correct. Executed at Santa Rosa, California on the date referenced below.

Dated: December 20, 2025

Thomas P. Kelly III
Attorney at Law

Thomas P. Kelly III
50 Old Courthouse Sq.
Suite 609
Santa Rosa, California
95404-4926
(707)545-8700

EXHIBIT A

Thomas P. Kelly III, SBN 230699
50 Old Courthouse Square, Suite 609
Santa Rosa, California, 95404-4926
Telephone : 707-545-8700
Facsimile : 707-542-3371
Email : tomkelly@sonic.net

Caution
As of: October 14, 2025 4:57 AM Z

In re Cardinal Indus.

United States Bankruptcy Court for the Southern District of Ohio, Eastern Division

September 28, 1989, Decided ; September 28, 1989, Filed and Entered

Case Nos. 2-89-02778, 2-89-02779, Adv. Pro. No. 2-89-0203

Reporter
105 B.R. 834 *; 1989 Bankr. LEXIS 1708 **; 19 Bankr. Ct. Dec. 1450; 15 Fed. R. Serv. 3d (Callaghan) 1181

In re CARDINAL INDUSTRIES, INC., In Joint Administration With Cardinal Industries of Florida, Inc., Debtors; CARDINAL INDUSTRIES, INC., and Cardinal Industries of Florida, Inc., Plaintiffs v. BUCKEYE FEDERAL SAVINGS & LOAN ASSOCIATION, et al., Defendants

Core Terms

Partnerships, partnership property, second mortgage, general partner, injunctive relief, parties, rights, partnership interest, Contracts, certification, Defendants', provisions, Tenancy, Vendee, mortgage, lenders, limited partnership, injunction, automatic stay, limited partner, class action, defenses, entity, Properties, managing general partner, cases, bankrupt estate, subsidiaries, class member, prerequisite

Case Summary

Procedural Posture

The debtors filed an amended complaint seeking declaratory and injunctive relief and motions seeking certification of defendant class, preliminary and permanent injunctive relief; specifically, that a declaration that provisions of *11 U.S.C.S. § 362(a)* applied or, if *§ 362(a)* was not applicable, the court use its powers under *11 U.S.C.S. § 105(a)*.

Overview

The debtors sought a declaration that provisions of *11 U.S.C.S. § 362(a)* applied to certain of their interests or, if *§ 362(a)* was not applicable, that court use its powers under *11 U.S.C.S. § 105(a)* to extend the reach of *§ 362(a)* and enjoin the members of defendant class from proceeding against the debtors with respect to those interests. The court certified defendant class for the sole issue of declaratory relief directed to whether the provisions of *11 U.S.C.S. § 362(a)(3)* barred defendants' actions against the debtors' partnerships or partnership properties. The court found that the second mortgage interests were protected from foreclosure under *§ 362(a)(3)*; defendants' actions were not stayed by *§ 362(a)(3)* with respect to the general partner or the vendee interests; and the court denied the debtors' motion for preliminary and injunctive relief. However, upon presentation of appropriate order, the court would issue an order that would restate, in injunctive form, declaratory relief granted under *11 U.S.C.S. § 362* regarding second mortgage interests.

Outcome

The court denied the debtors' motion for preliminary and permanent injunctive relief, but declared that debtors' second mortgage interests were protected by automatic stay provision as the debtors required time to determine how to preserve any existing value in those interests for their reorganization process.

LexisNexis® Headnotes

Bankruptcy Law > Procedural Matters > Adversary Proceedings > Commencement of Adversary Proceedings

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

HN1 **Adversary Proceedings, Commencement of Adversary Proceedings**

Fed. R. Bankr. P. 7023 expressly provides that Fed. R. Civ. P. 23 applies in adversary proceedings.

Civil Procedure > Special Proceedings > Class Actions > Certification of Classes

Civil Procedure > ... > Class Actions > Class Members > Defendants as Class

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > Adequacy of Representation

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > Numerosity

HN2 **Class Actions, Certification of Classes**

The authority to certify a defendant class is derived from Fed. R. Civ. P. 23(a), which provides: one or more members of a class may sue or be sued as representative parties on behalf of all. However, before certifying a defendant class it must be demonstrated that the proposed class satisfies the four prerequisites of Rule 23(a), namely: numerosity, common issues, typical defenses, and adequate representation. The moving party also must satisfy one of the functional class requirements of Fed. R. Civ. P. 23(b).

Civil Procedure > ... > Class Actions > Class Members > Defendants as Class

Civil Procedure > Parties > Joinder of Parties > General Overview

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > Numerosity

HN3 **Class Members, Defendants as Class**

Fed. R. Civ. P. 23(a)(1) provides that the putative class must be so numerous that joinder of all members is impracticable. Joinder need not be impossible, but rather impracticable. Impracticality has been interpreted to mean extremely difficult or inconvenient but not necessarily impossible. Further, for convenience and economy reasons, the joinder impracticability aspect of the Rule 23(a)(1) criterion is applied more flexibly for defendant classes than plaintiff classes; and, assuming other class actions prerequisites are satisfied, the joinder impracticability test is rarely a stumbling block for upholding a defendant class action.

Civil Procedure > ... > Class Actions > Class Members > Defendants as Class

Criminal Law & Procedure > ... > Eyewitness Identification > Due Process Protections > Fair Identification Requirement

Civil Procedure > ... > Class Actions > Class Members > Absent Members

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

HN4[] Class Members, Defendants as Class

Fed. R. Civ. P. 23(a)(2) requires questions of law or fact common to the class. The test for determining whether this prerequisite has been satisfied stresses quality not quantity. There need only exist one significant issue or fact common to all members of the putative class. The significance of that single issue or fact takes on additional importance in a defendant class action, however. The court must exercise special care in identifying issues that are common to the class that will be automatically defended by the named defendant in the process of defending its own conduct.

Civil Procedure > ... > Class Actions > Class Members > Absent Members

Civil Procedure > ... > Class Actions > Class Members > Defendants as Class

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > Typicality

HN5[] Class Members, Absent Members

Fed. R. Civ. P. 23(a)(3) requires that the claims or defenses of the representative parties are typical of the claims or defenses of the class. The typicality requirement has not been interpreted to mean identical. However, the existence of defenses that are unique either to a representative defendant or to absent class members may impact directly upon the adequacy of representation. Thus, individual issues should not normally be litigated within the context of a defendant class action unless full rights to raise individual defenses are afforded.

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > Adequacy of Representation

Civil Procedure > Special Proceedings > Class Actions > Certification of Classes

Civil Procedure > ... > Class Actions > Class Members > Defendants as Class

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

HN6[] Prerequisites for Class Action, Adequacy of Representation

The final prerequisite of Fed. R. Civ. P. 23 requires a determination that the representative parties will fairly and adequately protect the interests of the class. Fed. R. Civ. P. 23(a)(4). Added importance to this requirement must be given in the context of a defendant class action. Consideration, therefore, must be given to whether: (1) the plaintiffs have named weak defendants; (2) the named defendants have sufficient resources to properly defend the action; (3) the named defendants have claims substantial enough to warrant defending; and (4) there exists collusion between the plaintiffs and the named defendants. The test is whether the court can conclude that by asserting their own defenses, the representatives have necessarily raised all defenses common to the class.

Civil Procedure > Special Proceedings > Class Actions > Certification of Classes

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

HN7 **Class Actions, Certification of Classes**

In addition to satisfying the prerequisites of Fed. R. Civ. P. 23(a), certification of a proposed class requires satisfaction of any one of the requirements set forth in Fed. R. Civ. P. 23(b).

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

HN8 **Class Actions, Prerequisites for Class Action**

See Fed. R. Civ. P. 23(b)(1)(B).

Civil Procedure > Special Proceedings > Class Actions > Certification of Classes

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

HN9 **Class Actions, Certification of Classes**

Fed. R. Civ. P. 23(b)(1)(B) recognizes that even if a class action is not employed, adjudication of the initial suit may, as a practical matter, determine class interests; and thus, a class action should be utilized to assure that the rights of absent parties are adequately protected. If a multiplicity of actions would create a risk of incompatible standards of conduct, certification under Rule 23(b)(1)(B) may be an effective mechanism. Likewise, Rule 23(b)(1)(B) is applicable to the type of action in which the class members have claims against a fund that may prove insufficient to satisfy all of them.

Business & Corporate Compliance > Bankruptcy > Case Administration > Bankruptcy Court Powers
Bankruptcy Law > Case Administration > Bankruptcy Court Powers

Civil Procedure > ... > Class Actions > Class Members > Defendants as Class

Civil Procedure > ... > Class Actions > Prerequisites for Class Action > General Overview

Civil Procedure > ... > Declaratory Judgments > Federal Declaratory Judgments > General Overview

Civil Procedure > ... > Federal Declaratory Judgments > Discretionary Jurisdiction > Factors

HN10 **Case Administration, Bankruptcy Court Powers**

The critical factor in determining the appropriateness of certification of a defendant class is the nature of the relief requested. The importance of the type of relief sought is the analysis that must be employed to determine whether the relief is warranted. 11 U.S.C.S. § 105 injunctive relief, premised upon Fed. R. Civ. P. 65 requires a balancing of the relative harms on an individual, rather than aggregate, basis.

Business & Corporate Compliance > Bankruptcy > Estate Property > Contents of Estate
Bankruptcy Law > Estate Property > Contents of Estate

HN11 **Estate Property, Contents of Estate**

See 11 U.S.C.S. § 541(a)(1).

Bankruptcy Law > Administrative Powers > Automatic Stay > General Overview

HN12 **Administrative Powers, Automatic Stay**

See 11 U.S.C.S. § 362(a).

Business & Corporate Law > Limited Partnerships > Management Duties & Liabilities

Business & Corporate Law > Limited Partnerships > General Overview

HN13 **Limited Partnerships, Management Duties & Liabilities**

Uniform partnership law gives a general partner in a limited partnership an interest in the partnership (the "Partnership Interest"), a right to participate in the management (the "Management Interest"), and status as a tenant in partnership ("the "Tenancy Interest"). Ohio Rev. Code Ann. §§ 1775.23 and 1782.29.

Business & Corporate Compliance > Bankruptcy > Estate Property > Contents of Estate
Bankruptcy Law > Estate Property > Contents of Estate

Business & Corporate Law > ... > Management Duties & Liabilities > Rights of Partners > General Overview

Bankruptcy Law > ... > Commencement of Case > Joint Cases > General Overview

Business & Corporate Law > General Partnerships > General Overview

HN14 **Estate Property, Contents of Estate**

Under bankruptcy law a partnership is an entity separate from any of its partners. Whatever legal or equitable interests a general partner has in a partnership become part of that partner's bankruptcy estate under 11 U.S.C.S. § 541(a).

Business & Corporate Law > Limited Partnerships > Formation
Business & Corporate Compliance > Businesses & Corporations > Limited Partnerships > Formation

Business & Corporate Law > Limited Partnerships > Management Duties & Liabilities

Business & Corporate Law > Limited Partnerships > General Overview

Business & Corporate Compliance > Contracts > Types of Contracts > Partnership Agreements
Contracts Law > Types of Contracts > Partnership Agreements

HN15 **Limited Partnerships, Formation**

Each partner in a limited partnership, general or limited, has a partnership interest. That partnership interest is defined as a partner's share of the profits and losses of a limited partnership and the right to receive distributions of partnership assets. *Ohio Rev. Code Ann. § 1782.01(J)*. Under limited partnership law generally, those partnership interests are personal property. *Ohio Rev. Code Ann. § 1782.39*.

Business & Corporate Law > General Partnerships > Management Duties & Liabilities > General Overview

HN16[] **General Partnerships, Management Duties & Liabilities**

See *Ohio Rev. Code Ann. § 1775.24*.

Real Property Law > ... > Contracts of Sale > Period Between Execution & Closing > Risk of Loss

Real Property Law > Purchase & Sale > Contracts of Sale > General Overview

HN17[] **Period Between Execution & Closing, Risk of Loss**

The doctrine of equitable conversion operates to transform the vendee's personal property interest in the contract into an interest in the realty while, at the same time, the vendor's real property interest is changed into a personal right to receive the sale price under the contract. The doctrine is not a favored one and is used only where actual necessity requires its application to effectuate the intentions of the parties and, thus, prevent an injustice.

Counsel: David G. Heiman, Esq., John W. Zeiger, Esq., Jones, Day, Reavis & Pogue, Columbus, Ohio, Attorneys for Plaintiffs.

Daniel R. Swetnam, Esq., Schwartz, Kelm, Warren & Rubenstein, Columbus, Ohio, Attorneys for Buckeye Federal Savings & Loan Association.

Leonard A. Carlson, Esq., Smith & Schnacke, Columbus, Ohio, Attorneys for AmeriFirst Bank.

Quintin F. Lindsmith, Esq., Bricker & Eckler, Columbus, Ohio, Attorneys for Crossland Savings, FSB.

Stephen C. Sawicki, Esq., Hendry, Stoner, Townsend & Sawicki, Orlando, Florida, Attorneys for Crown Savings Association.

Nick V. Cavalieri, Esq., Arter & Hadden, Columbus, Ohio, Attorneys for Comerica Bank -- Detroit.

John Dilenschneider, Esq., Squire, Sanders & Dempsey, Columbus, Ohio, Attorneys for Cedargate Apartments of Lancaster I Ltd. and certain other partnerships.

Robert T. Wildman, Esq., Indianapolis, Iniana, Attorneys for Traub and Company, Inc.

Leon Friedberg, Esq., Columbus, Ohio and Stuart Hirshfield, New York, N.Y., Attorneys for Official Unsecured Committee of Creditors for Cardinal Industries, Inc.

P. Steven Kratsch, Esq., Atlanta, Georgia and James M. Lawniczak, Esq., Cleveland, Ohio, Attorneys for Official Unsecured Committee of Creditors for Cardinal Industries of Florida, Inc.

Charles M. Caldwell, Esq., Office of the U.S. Trustee, Columbus, Ohio., Assistant U.S. Trustee.

Judges: [1]** B. J. Sellers, United States Bankruptcy Judge.

Opinion by: SELLERS

Opinion

[*836] FINDINGS OF FACT AND CONCLUSIONS OF LAW ON MOTIONS FOR CLASS CERTIFICATION, PRELIMINARY AND FINAL INJUNCTIVE RELIEF, AND COMPLAINT SEEKING DECLARATORY AND INJUNCTIVE RELIEF

SELLERS, U.S.B.J.

This matter is before the Court upon the merits of a complaint seeking declaratory and injunctive relief and motions seeking certification **[**2]** of a defendant class, preliminary and permanent injunctive relief. All **[*837]** were filed by the plaintiffs, Cardinal Industries, Inc. and Cardinal Industries of Florida, Inc. (collectively the "Debtors").

The relief requested by the Debtors' amended complaint is a declaration that the provisions of 11 U.S.C. § 362(a) apply to certain interests of these Debtors or, if § 362(a) is not applicable, that this Court should use its powers under 11 U.S.C. § 105(a) to extend the reach of § 362(a) and enjoin all members of a defendant class from proceeding against the Debtors with respect to those interests. Such relief is premised upon provisions of the Bankruptcy Code, is within the jurisdictional grant of 28 U.S.C. § 1334(b), and is, therefore, within the scope of matters referred to this Court by the General Order of Reference entered in this district pursuant to 28 U.S.C. § 157(a). Accordingly, the Court has jurisdiction in this proceeding under 28 U.S.C. § 1334(b) and the General Order of Reference entered in this district.

In determining the procedure for the entry of the final order in this matter, the Court notes that there is no subsection of 28 U.S.C. § 157(b)(2) which expressly reflects **[**3]** these matters. Such subsections are not an exclusive list of matters which are properly characterized as core proceedings, however. The Court perceives few issues which would have greater relevance to its core jurisdiction than those raised by this complaint concerning specific applications of particular sections of the Bankruptcy Code. And to the extent the Debtors request this Court to use its equity powers under 11 U.S.C. § 105(a), this Court may be the only forum where the appropriateness of such relief could be determined. Therefore, the Court further finds that this is a core proceeding which this Bankruptcy Judge may hear and determine. *See* Knopfler v. Schraiber (In re Schraiber), 97 B.R. 937 (Bankr. N.D. Ill. 1989).

II. BACKGROUND

A. *Legal Proceedings*

An extensive history of the procedural posture of this adversary has been set forth in this Court's order of August 18, 1989. Cardinal Industries, Inc. v. Buckeye Federal Savings & Loan Assoc. (In re Cardinal Industries, Inc.), 102 Bankr. 991, 1989 Bankr. LEXIS 1370 (Bankr. S.D. Ohio 1989) (order denying approval of settlement of class action). Only the most significant events and developments subsequent to the issuance **[**4]** of that order are set out herein.

On May 15, 1989, Cardinal Industries, Inc. ("CII") and its wholly-owned subsidiary, Cardinal Industries of Florida, Inc. ("CIF") filed in this Court petitions for reorganization under Chapter 11 of the Bankruptcy Code. The Debtors manufacture a standardized modular housing unit which they sell to third parties or use in various real estate projects which they develop. Such projects include apartments, motels, retirement villages, single-family homes, student housing, day care centers, and office facilities. CII and its numerous wholly-owned subsidiaries ("the Cardinal Companies") are a vertically integrated business which plans, builds, manages and supplies services and product to those real estate projects from start to finish. To date, the Cardinal Companies have developed over 1,200 such real estate projects in twenty states (the "Property" or "Properties"). Substantially all of the Properties are owned by limited partnerships (the "Partnerships") formed by the Cardinal Companies. Further, in almost every Partnership, CII or a subsidiary serves as a managing general partner.

On May 23, 1989, the Debtors filed this adversary proceeding to obtain **[**5]** declaratory and injunctive relief against a proposed defendant class. That complaint was amended on May 31, 1989, and the proposed class was narrowed to include only those persons and entities which have or obtain a mortgage or other security interest in

any of the Partnership Properties. In addition, the amended complaint added five named defendants to serve as additional representatives of the proposed defendant class. The seven named defendants are: Buckeye Federal Savings & Loan Association ("Buckeye Federal"), AmeriFirst Bank ("AmeriFirst"), CrossLand Savings, FSB ("CrossLand"), Comerica Bank of Detroit ("Comerica"), Crown Savings Association **[*838]** ("Crown"), Florida Federal Savings Bank ("Florida Federal"), and The Midland Mutual Life Insurance Company ("Midland").

On August 18, 1989 the Court denied approval of a settlement proposed by the Debtors, Buckeye Federal, CrossLand, Crown and Florida Federal. *Cardinal Industries, Inc. v. Buckeye Federal Savings & Loan Assoc. (In re Cardinal Industries, Inc.), 102 Bankr. 991, 1989 Bankr. LEXIS 1370 (Bankr. S.D. Ohio 1989)* (the "Settlement Order").

Pursuant to the Settlement Order, a hearing was held on August 24, 1989 to consider the Debtors' **[**6]** motions for class certification and preliminary injunctive relief. At the commencement of that hearing the Court considered a motion by the Debtors requesting that the trial on the merits of their amended complaint be consolidated with the hearing on their application for preliminary injunctive relief, pursuant to *Fed. R. Civ. P. 65(a)(2)*. Given numerous objections to that motion, the Court denied the request.

Following denial of the request for consolidation, the Debtors proceeded to present their case regarding class certification and preliminary injunctive relief. At the close of the Debtors' case, various named defendants and putative class members (collectively the "Defendants") filed or orally presented motions to dismiss pursuant to *Bankruptcy Rule 7041* and *Rule 41(b) of the Federal Rules of Civil Procedure*, *Bankruptcy Rule 7012* and *Rule 12(b) of the Federal Rules of Civil Procedure*, and *Bankruptcy Rule 7056* and *Rule 56(b) of the Federal Rules of Civil Procedure*. Given the nature of the proceeding in which the motions were brought and the stage to which this adversary proceeding had progressed, the Court found the motions to be procedurally inappropriate and therefore denied **[**7]** all of the dismissal motions.

Further, pursuant to *Fed. R. Civ. P. 65(a)(2)*, the Court determined that the trial of this action on the merits should be advanced and consolidated with the hearing on the Debtors' application for preliminary injunctive relief. On September 6, 1989, the Court reconvened to resume the consolidated hearing of this matter (the "Consolidated Hearing").

At the Consolidated Hearing, the Debtors chose not to supplement the evidentiary record established at the August 24 hearing and rested. The Defendants again moved for dismissal of the adversary proceeding pursuant to *Fed. R. Civ. P. 41(b)*. The Court orally sustained that dismissal motion to the limited extent it related to certification of a defendant class established to effectuate injunctive relief premised solely upon *§ 105(a) of the Bankruptcy Code*. As to *§ 105(a)* injunctive relief dependent upon a finding that *§ 362 of the Bankruptcy Code* applied to the Debtors' interests in the Partnerships or the Partnership Properties or arising from an extension of *§ 362* through powers granted under *§ 105*, the Court denied the Defendants' motions to dismiss. The rationale of the Court is detailed below.

Following **[**8]** the Court's ruling on the motions to dismiss, various named defendants and putative class members proceeded to introduce testimony from the Settlement Hearing into the evidentiary record. Certain of the Defendants also moved for the admission of supplemental loan documents, affidavits of client representatives and stipulations of fact. At the conclusion of the hearing, following closing arguments by the Debtors, named defendants and certain participating putative class members, the Court took this matter under advisement.

B. *Intervention, Exclusion and Dismissal Requests*

At the time of the hearing on the settlement the Court permitted intervention, as parties but not as putative class members, by the Official Committee of Unsecured Creditors of Cardinal Industries, Inc. (the "Creditors' Committee"); Cedargate Apartments of Lancaster I, Ltd. and one thousand limited partnerships, more or less, in which CII or an affiliate of CII serves as a general partner ("Cedargate"); and Traub & Company, Inc., as agent and attorney-in-fact representing a majority of the limited partners in several Indiana limited partnerships **[*839]** of which CII was the general partner ("Traub").

The Ford Motor Credit **[**9]** Corporation ("FMCC") and John Hancock Mutual Life Insurance Company on its own behalf and for other similarly situated Defendants ("Hancock") also sought to intervene as representatives of the defendant class. The Court now determines that such interventions would serve only to delay resolution of this matter at this point in the proceedings. Despite denial of such motions, however, previous motions to dismiss by FMCC and Hancock were considered and denied as if such interventions had been appropriate.

In addition, thirty (30) putative class members entered into voluntary forbearance agreements with the Debtors and were excluded from the defendant class by an order entered August 15, 1989.

At the August 24 hearing, the Debtors stated that an agreement had been reached with named defendant Midland. As part of that agreement the Debtors requested that Midland be dismissed from this adversary proceeding. The Court granted the request without objection.

Finally, at the commencement of the Consolidated Hearing, named defendant Florida Federal indicated it had reached an agreement with the Debtors and requested to be dismissed. That request was also granted by the Court without objection. **[**10]** The Debtors further informed the Court that dismissal would be sought for five more putative class members which had executed forbearance agreements. Those Defendants have since been dismissed from this action.

III. FINDINGS OF FACT

A. *The Debtors' Business Operations*

CII is a privately held Ohio corporation headquartered in Columbus, Ohio. Almost all of its outstanding shares are owned by Austin Guirlinger. Founded in 1954, the hallmark of CII has been the manufacturing of a standardized twelve feet by twenty-four feet (12' x 24') module developed in 1969. As previously indicated, these modules are used in the Partnership Properties and are sold to third parties, either as a developed property or as units for such third parties' specific uses. The vertical integration of CII and its approximately twenty-five (25) wholly-owned subsidiaries permits the Cardinal Companies to be involved in every aspect of the development of a Property from conception to consumption. The Cardinal Companies are not only responsible for site selection and acquisition, but also financing and construction. Following construction, the Cardinal Companies provide each project with property management **[**11]** and accounting services, refinancing, and even replacement parts. Income from the management services constitutes a substantial segment of the Cardinal Companies' receipts.

Presently, the Cardinal Companies are involved in approximately 1,000 real estate projects. Each project is owned by a Partnership which operates a discrete property or a single phase of a multi-phase property. Of the 1,000 Partnerships, approximately 455 are unsyndicated. In the unsyndicated Partnerships, CII or a subsidiary serves as the managing general partner and one of CII's wholly-owned subsidiaries is the sole limited partner.

The remaining Partnerships are syndicated. Those Partnerships have outside third-party investors who have purchased the limited partnership shares sold to raise equity funds to construct and operate the Properties. The number of outside investors is nearly 10,000 and their total investment is estimated at $ 425,000,000. CII or a subsidiary also serve as the managing general partner of these Partnerships.

Recently, an additional general partner was added to each of the Partnerships. For all but 18 of the Partnerships that new general partner is a corporation known as R/E Management, **[**12]** Inc., an Indiana corporation owned entirely by Austin Guirlinger, the primary shareholder of CII. In the remaining 18 partnerships the new general partner is Red Bird Management Co., Inc., owned by Howard Spies, the in-house general counsel for CII.

[*840] Certain changes in the Internal Revenue Code which decreased the tax benefits available to investors in real estate limited partnerships and oversupply in the budget motel market have caused an unexpected financial downturn in the business of the Cardinal Companies. That downturn, coupled with cash flow problems and foreclosure proceedings against certain Partnership Properties, led to Chapter 11 filings in this Court to date by the parent, CII; one of its subsidiaries, CIF; and 24 of the Partnerships.

B. *Actions Pending Against the Partnerships or the Properties*

Testimony presented at the hearing on the settlement revealed a significant number of actions brought against the Partnerships or the Partnership Properties. As of July 21, 1989 over two hundred judicial and non-judicial actions had been brought by first mortgage lenders. Those actions, brought in several different states, seek either foreclosure or the appointment of a receiver **[**13]** or both. In addition to those actions pending, the record indicates that lenders have sixty-four foreclosure sales scheduled and that as of July 21 receivers were in place for fifty-five of the Partnership Properties. It is also evident that twenty-three foreclosure sales were stayed by the filing of individual Chapter 11 cases for certain of the Partnerships.

The record further establishes that numerous first mortgage lenders have sought non-possessory relief. A representative for the Debtors testified that lenders have invoked assignment of rent provisions against 340 of the Partnership Properties. Testimony also indicates that a number of statutory or judgment lien creditors have instituted actions against the Partnerships or the Partnership Properties. Trade creditors have sought judgments for over-due payment of bills and subcontractors and materialmen have filed mechanics' liens against the Partnership Properties. Regardless of the type of claim being enforced, the Debtors claim to lack the financial and human resources to defend each of these individual actions.

C. *The Pool of Assets*

The benefits to the estate to be obtained from the relief sought are protections for certain **[**14]** receivables from the Partnerships which comprise the Debtors' most significant assets. Without these assets the Debtors indicate that reorganization may not be possible. Without application of the automatic stay or the issuance of an injunction, the Debtors also allege that irreparable harm to those interests will occur from actions by the Defendants which would destroy the potential value of these assets.

The protection sought is to preserve what is commonly referred to by the Debtors as the Pool of Assets. A representative of Kenneth Leventhal & Company ("Leventhal"), an accounting firm retained by the Debtors to assist in the restructure of their obligations, identified components of the Pool of Assets as various receivables from the Partnerships, including: (1) monies advanced to the Partnerships by the Debtors or their subsidiaries for which second mortgage notes were received; (2) advancements to the Partnerships included as mortgage differentials in wraparound mortgage notes, representing obligations for funds advanced for projects above those provided by the first mortgage lenders; (3) unsecured claims against the Partnerships for operating advances; and (4) unsecured construction **[**15]** loans for projects currently in progress. Leventhal also identified as assets the management contracts between certain of the Cardinal Companies and the Partnerships, and the Debtors' general partner interests in the Partnerships, including a share of profits and losses, control and management rights and the tenancy in partnership interests in the Properties. CII also includes certain rights as the vendee in certain Agreements to Convey Real Property (the "Executory Contracts") which provide for purchase by CII of the Properties of the unsyndicated Partnerships.

Leventhal estimates the aggregate potential value of the first four components over a ten-year period, without discount to present value, to be approximately $ 300,000,000. The largest portion of that value, **[*841]** $ 169 million, is ascribed to the second mortgage receivables. However, in making the value analysis Leventhal did not distinguish whether any particular assets were owned by the Debtors or by another of the Cardinal Companies. In fact, testimony establishes that most of the direct ownership of the assets not directly related to the general partner interests is in subsidiaries of the Debtors. Of the $ 169 million in second **[**16]** mortgage obligations, only 16, with a face value of approximately $ 2,600,000, are owed directly to CII or CIF. The overwhelming majority of second mortgages notes are held by non-debtor subsidiaries.

After payment of Partnership creditors, it is the value of those assets which may be realizable over time which are to comprise a significant portion of the Debtors' estates for repayment to their creditors. Realization of that value is to be accomplished by restructure of the mortgage obligations against the Partnership Properties, general down-sizing of the manufacturing side of the business, elimination of all unnecessary overhead and new business.

D. *The Factual Basis for the Debtors' Asserted Interests in the Partnerships or Properties of the Partnerships*

There are a variety of interests asserted in the Partnerships or the Partnership Properties upon which the Debtors base their right to seek a declaration by this Court that actions by the Defendants against those interests are stayed either by the automatic stay imposed by *11 U.S.C. § 362* or by an injunction to be imposed by the Court. Those specific interests fall into three categories: (1) those attributable to the Debtors' **[**17]** status as general partner in each of the Partnerships, including the right to share in the Partnerships' profits and losses (the "Partnership Interests"), the right to control and manage the Partnerships (the "Management Interests"), and interests in the Partnership Properties as tenants in partnership (the "Tenancy Interests") (collectively the "General Partner Interests"); (2) those resulting from CII's position as vendee to the Executory Contracts (the "Vendee Interests"); and (3) those attributable to notes held directly by the Debtors, secured by second mortgages against sixteen of the Partnership Properties (the "Second Mortgage Interests").

1. *The General Partner Interests*

At the time of the Chapter 11 filings one of the Debtors was the managing general partner in approximately 904 Partnerships. Most, if not all, of those Partnerships also have at least one additional general partner, apparently without any management function and primarily intended to serve as a substitute general partner should such substitution be compelled by the Debtors' bankruptcy filing.

Sample partnership agreements indicate that the Management Interests, or the powers exercisable by the managing **[**18]** general partner, are generally those contemplated by the Uniform Partnership Act. Such powers include the right to incur indebtedness on behalf of the Partnership or to mortgage, sell or lease interests in Partnership Property, and the authority to enter into contracts for the management of Partnership Property. Limited partners are not given any management or control rights. Various contractual arrangements with other of the Cardinal Companies are also set forth in the partnership agreements.

The partnership agreements set forth the Partnership Interests as certain percentages by which cash flow, profits and losses, or net proceeds from sale or refinancing of Partnership Property are to be allocated. Although those arrangements are not all identical, for purposes of simplifying that data for the issue presently before the Court, some generalizations can be made.

In the nonsyndicated Partnerships, where one of the Debtors is the managing general partner and a subsidiary or affiliate of the Debtors is the only limited partner, profits and losses from operations generally are distributed 91% to the limited partners as a class and 9% to the general partners as a class. Cash flow from **[**19]** operations is allocated in a range from 90% to 99% to the limited partner class and 1% to 10% to the general partner class. Net proceeds obtained by refinancing a Property **[*842]** are to be distributed 70% to the limited partner class and 30% to the general partner class or, like net proceeds from any sale of a Partnership Property, for repayment of each partner's net adjusted capital account and then divided equally between the general partner and limited partner classes.

In the syndicated Partnerships the arrangements are more complex and more variable. However, on a simplified basis, from distributable cash those limited partners are allocated most or all of the cash until a 9% to 10% annual return on their capital contribution is reached and then the cash is divided at 70% to the limited partners as a class and 30% to the managing general partner. Upon sale or refinancing of a Property, the limited partners are to receive all net proceeds up to the amount of their adjusted net capital contribution and annual stated 9% to 10% return not previously received. Only then may any distribution be made to the managing general partner on its account or return. Any proceeds remaining are allocated **[**20]** at 70% to 75% for the limited partners as a class and 25% to 30% for the managing general partner.

The partnership agreements generally do not specify ownership interests in particular Partnership Property. Accordingly, such Tenancy Interests must be determined under the applicable state law. For purposes of this proceeding, the Court notes that all arguments were based upon Ohio law which codifies the Uniform Partnership Act at Chapter 1775 of the Ohio Revised Code and the Uniform Limited Partnership Act, as enacted in 1984, at Chapter 1782 of the Ohio Revised Code.

2. *Vendee Interests in the Executory Contracts*

On the morning of the day its Chapter 11 petition was filed, CII entered into Executory Contracts with 373 of the nonsyndicated Partnerships in which CII was a general partner. Those Executory Contracts provide that each signatory Partnership agrees to convey its real property by quit-claim deed to CII, subject to existing liens and mortgages. In return, CII will give each Partnership a non-recourse note, secured by a mortgage against the related Partnership Property, in a principal amount equal to that Partnership's unsecured debt. Prior to or upon a sale of the Partnership **[**21]** Property to a third party, the note and its accrued interest will be payable. Upon each conveyance to CII, CII also will give the existing sole limited partner in each Partnership a note equal to that limited partner's capital contribution to the Partnership. Repayment of that second note, however, is subordinated to payment of the note for the Partnership's unsecured debt.

After each conveyance CII will lease the Partnership Property back to the Partnership from which it was conveyed. The rental fee for such lease is to be 90% of the Partnership's available cash after payment of all costs associated with the Property, including debt service for any mortgage. The parties' obligations to close the Executory Contracts continue until May 15, 1990, after which either party may terminate the agreement. Likewise, if this Court determines that the automatic stay applies to the Partnership Properties, CII's obligation to purchase any Partnership Property and each Partnership's obligation to convey its Property terminate. The Court's approval of each contract is required prior to closing. Certain other conditions precedent within the control of the parties are also specified.

The stated purpose **[**22]** for each of the Executory Contracts is to enable CII, through application of the doctrine of equitable conversion, to achieve an interest in the Properties which would trigger the protection of the automatic stay for those Partnership Properties. No amounts are specified in the Executory Contracts either for the unsecured debts assumed by CII or for any appraised or going-concern value of the Partnership Properties. Likewise, no specific consideration was given by CII at the time it executed the Executory Contracts.

3. *The Second Mortgage Interests*

In addition to the Debtors' General Partner Interests and CII's Vendee Interests in each of the Executory Contracts, CII and CIF assert certain interests in Properties **[*843]** of the Partnerships as holders of 16 notes collateralized by mortgages or deeds of trust. The aggregate face value of these Second Mortgage Interests is approximately $ 2,600,000. Some of the second mortgages may be pledged as security for other obligations of the Debtors. There is no evidence that any of the mortgages have been recorded or are otherwise enforceable against third parties.

IV. ISSUES OF LAW

There are three primary issues before the Court for decision **[**23]** at this time:

1. Should a defendant class be certified?

2. Are actions by the named defendants or by members of the putative class against the Partnerships or the Partnership Properties stayed by the provisions of *11 U.S.C. § 362(a)(3)*? And if the provisions of *§ 362(a)(3)* stay such actions, should the Court additionally enjoin parties from violating that automatic stay?

3. If the provisions of *11 U.S.C. § 362(a)(3)* are neither sufficient nor applicable to protect the Debtors' interests in the Partnerships or the Partnership Properties, should this Court extend the scope of *§ 362* to include such interests and enjoin the named defendants or members of the putative class from proceeding against the Partnerships or the Partnership Properties?

V. CONCLUSIONS OF LAW

A. *Certification of a Defendant Class*

Citing the volume of litigation pending against the Partnerships and the need for immediate relief, the Debtors contend that initiating separate proceedings against individual lenders is not a viable option. Given that contention, the Debtors seek by motion to certify a defendant class under *Rule 23 of the Federal Rules of Civil Procedure*. The Debtors define the putative class to **[**24]** include all persons and entities who have or obtain a mortgage or other

security interest in property of a limited partnership in which CII or a wholly-owned subsidiary is a general partner. The appropriateness of certifying such a class is delegated to the discretion of this Court.

Bankruptcy Rule 7023 **HN1**[] expressly provides that Rule 23 of the Federal Rules of Civil Procedure ("Rule 23") applies in adversary proceedings. **HN2**[] The authority to certify a defendant class is derived from Rule 23(a), which provides: "one or more members of a class may sue *or be sued* as representative parties on behalf of all . . . ." Fed. R. Civ. P. 23(a) (emphasis added). And, as the Debtors correctly state, Bankruptcy Courts have on certain occasions certified a defendant class. *See, e.g.* Guy v. Abdulla (In re Lowers), 57 F.R.D. 14 (N.D. Ohio 1972); Broadhollow Funding Corp. v. Fitzmaurice (In re Broadhollow Funding Corp.), 66 B.R. 1005 (Bankr. E.D.N.Y. 1986). However, before certifying a defendant class the Debtors must demonstrate to this Court that the proposed class satisfies the four prerequisites of Rule 23(a), namely: numerosity, common issues, typical defenses, and adequate representation. **[**25]** The Debtors also must satisfy one of the functional class requirements of Rule 23(b). *Alexander Grant & Co. v. McAlister, 116 F.R.D. 583, 585-86 (S.D. Ohio 1987)*; 1 H. Newburg, *Newburg on Class Actions* § 4.45 at 372 (2d ed. 1985).

1. *Requirements For Certification Under Rule 23*

a. Numerosity

Rule 23(a)(1) **HN3**[] provides that the putative class must be "so numerous that joinder of all members is impracticable." It is important to emphasize that joinder need not be impossible, but rather impracticable. In re Itel Securities Litigation, 89 F.R.D. 104 (N.D. Cal. 1981). Impracticality has been interpreted to mean "extremely difficult or inconvenient but not necessarily impossible." Broadhollow, 66 B.R. at 1008. Further, *Newburg* states that "for convenience and economy reasons, the joinder impracticability aspect of the Rule 23(a)(1) criterion is applied more flexibly for defendant classes than plaintiff classes;" and, "assuming other class actions prerequisites are satisfied, the joinder impracticability test is rarely a stumbling block for upholding **[*844]** a defendant class action." *Newburg on Class Actions* § 4.55 at 395.

b. Commonality

HN4[] The second prerequisite, **[**26]** contained in Rule 23(a)(2), requires "questions of law or fact common to the class." The test for determining whether this prerequisite has been satisfied stresses quality not quantity. There need only exist one significant issue or fact common to all members of the putative class. *Newburg on Class Actions,* § 3.10 at 154. The significance of that single issue or fact takes on additional importance in a defendant class action, however. The existence of an unwilling advocate poses due process considerations of fairness for absent class members. Therefore, the Court must exercise special care "in identifying issues that are common to the class that will be automatically defended by the named defendant in the process of defending its own conduct." *Newburg,* § 4.56 at 395.

c. Typicality

The typicality of claims or defenses test "shift[s] focus from the characteristics of the class members to the characteristics of the named representatives." Broadhollow, 66 B.R. at 1009. Rule 23(a)(3) **HN5**[] requires that "the claims *or defenses* of the representative parties are typical of the claims *or defenses* of the class." (Emphasis added). The typicality requirement has not been interpreted **[**27]** to mean identical. *Grant, 116 F.R.D. at 588*; Oneida Indian Nation v. State of New York, 85 F.R.D. 701, 705 (N.D.N.Y. 1980). However, the existence of defenses that are unique either to a representative defendant or to absent class members may impact directly upon the adequacy of representation. Thus, it is generally held that "individual issues should not normally be litigated within the context of a defendant class action unless full rights to raise individual defenses are afforded." *Newburg on Class Actions,* § 4.57 at 396-397.

d. Fair and Adequate Representation

HN6[] The final prerequisite of Rule 23 requires a determination that "the representative parties will fairly and adequately protect the interests of the class." Fed. R. Civ. P. 23(a)(4). The Court is cognizant of the added

importance this requirement must be given in the context of a defendant class action. *Grant, 116 F.R.D. at 588*. Consideration, therefore, must be given to whether: (1) the plaintiffs have named weak defendants; (2) the named defendants have sufficient resources to properly defend the action; (3) the named defendants have claims substantial enough to warrant defending; and (4) there exists **[**28]** collusion between the plaintiffs and the named defendants. *Broadhollow, 66 B.R. at 1011*. These factors tend not to present insurmountable obstacles for certification of a defendant class. *Newburg on Class Actions,* § 4.58 at 397. Rather, courts note the irony that an unwilling defendant who vigorously opposes his representative capacity may in fact prove to be the most effective advocate of the class. *See Broadhollow, 66 B.R. at 1011*. The test is whether the Court can conclude that by asserting their own defenses, the representatives have necessarily raised all defenses common to the class. *Doss v. Long, 93 F.R.D. 112, 118 (N.D. Ga. 1981)*. *Accord* Note, *Defendant Class Actions,* 91 Harv. L. Rev. 630 (1978).

e. Additional Requirement of Rule 23(b)

HN7[↑] In addition to satisfying the prerequisites of *Rule 23(a)*, certification of the proposed class requires satisfaction of any one of the requirements set forth in *Rule 23(b)*. The Debtors base their motion for class certification on *Rule 23(b)(1)(B)*, which provides:

> ***HN8***[↑] (b) **Class Actions Maintainable.** An action may be maintained as a class action if the prerequisites of subdivision (a) are satisfied, and in addition:
>
> (1) **[**29]** the prosecution of separate actions by or against individual members of the class would create a risk of
> * * * *
>
> (B) adjudication with respect to individual members of the class which would as a practical matter be dispositive of the **[*845]** interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

Fed. R. Civ. P. 23(b)(1)(B) (West 1989 ed.)

Rule 23(b)(1)(B) ***HN9***[↑] recognizes that even if a class action is not employed, adjudication of the initial suit may, as a practical matter, determine class interests; and thus, a class action "should be utilized to assure that the rights of absent parties are adequately protected." *Guy, 57 F.R.D. at 18*. If a multiplicity of actions would create a risk of incompatible standards of conduct, certification under *Rule 23(b)(1)(B)* may be an effective mechanism which also conserves judicial resources. *First Federal of Michigan v. Barrow (In re Salem Mortgage Co.), 878 F.2d 912 (6th Cir. 1989)*. Likewise, *Rule 23(b)(1)(B)* is applicable to the type of action in which "the class members have claims against a fund that may prove insufficient to satisfy all of them." *Broadhollow, 66 B.R. at 1013* ***[**30]***, *citing* 7A Wright, Miller, Kane, *Federal Practice and Procedure:* Civil 2d, § 1774 at 437 (1986).

2. *Application Of Rule 23 To Request For Declaratory Relief*

The Court turns first to the issue of certification of a defendant class for the limited purpose of effectuating a declaration that *11 U.S.C. § 362(a)(3)* applies to stay class members from pursuing foreclosure actions against the Partnership Properties. Review of the facts presented clearly demonstrates that the requirement of numerosity has been satisfied. The proposed class is comprised of more than 265 lenders, located in many different states. If joinder of a group of this size and diverse geographical location is not impossible, it is at least impracticable as contemplated by *Rule 23(a)(1)*.

Further, the commonality factor required by *Rule 23(a)(2)* is satisfied in this context. The question of law regarding the applicability of *§ 362(a)(3)* to actions against the Partnerships and the Partnership Properties is an issue which is common to all members of the proposed class. The resolution of that issue will be determined on the basis of facts and legal principles common to all class members.

Likewise, the **[**31]** prerequisite of typicality is satisfied in this action with regard to the limited context in which it is presented. The applicability of § 362(a)(3) is contingent upon a finding that actions against the Partnerships or the Partnership Properties constitute actions to obtain "property of the estate" or "property from the estate" of the Debtors. Facts regarding individual lenders or the type of loan or security interest upon which such an action is based are not determinative. Therefore, any defenses to the question of the applicability of § 362 will be simultaneously contested on behalf of all class members by the named defendants in the presentation of their individual arguments.

Finally, the Court perceives no dispute as to the requirements of Rule 23(a)(4). Given the manner in which this adversary has proceeded, the Court is convinced that the interests of the class have been fairly and adequately protected with regard to the question of the applicability of § 362(a)(3). Both named and non-named defendants were given the opportunity to participate in this proceeding. In fact, numerous attorneys with extensive bankruptcy experience presented legal arguments on this issue. Therefore, **[**32]** certification of a defendant class, at this stage, for the limited purpose of effectuating declaratory relief does not pose any due process concerns.

Having met all of the prerequisites of Rule 23(a), the Court must turn its attention to the requirements of Rule 23(b). The Debtors base their motion for class certification on Rule 23(b)(1)(B). The Court is in agreement that the proposed class meets the requirements of Rule 23(b)(1)(B) for the limited issue presented under § 362(a)(3).

This Court is not the only forum which may determine whether the automatic stay imposed in the Debtors' jointly administered cases is applicable to actions against the Partnerships or the Partnership Properties. N.L.R.B. v. Edward Cooper Painting, Inc., 804 F.2d 934 (6th Cir. 1986). With **[*846]** numerous actions pending in state courts, it is inevitable that some state court will address the issue. Although admittedly the issue is most likely to be raised by the Debtors as a defense, the precedent set by a decision adverse to a particular lender may prove, as a practical matter, dispositive with respect to other members of the class. Such a result would be particularly unjust for class members if the party **[**33]** initially litigating the issue could not and did not raise all of the defenses of class members. Given the risk of such a result, the Court believes the interests of all class members would be better served if the issue were adjudicated before a single court that had the benefit of considering all the defenses of class members. Therefore, for the limited purpose of effectuating declaratory relief premised solely on the determination of the applicability of § 362(a)(3), the Court sustains the Debtors' motion for certification of a defendant class. Such class, however, shall consist only of all persons and entities who have or obtain a mortgage or other security interest in Property of a Partnership for which CII or CIF serves as a general partner.

3. *Application Of Rule 23 To Request For Relief Under 11 U.S.C. § 105*

a. Injunctive Relief Necessitated By The Granting Of Declaratory Relief

The Court focuses next on the issue of certification of a defendant class for the purpose of granting injunctive relief which is ancillary to any declaratory relief regarding § 362 that this Court may grant. In essence, the Debtors seek a declaration in the form of an injunction which reiterates **[**34]** the Court's findings regarding the applicability of § 362. The use of § 105 in that fashion results merely in the issuance of an order that is necessary to carry out the provisions of Title 11. Injunctive relief of that nature does not require independent analysis on a lender by lender basis. Therefore, such an order may be issued as ancillary relief to the certification for § 362 purposes. However, the Court does not believe that separate or additional certification of a defendant class is necessary or appropriate for such relief.

b. Injunctive Relief Based Upon An Extension Or Incorporation Of The Provisions Of § 362, Or Based Solely Upon § 105

Finally, the Court considers the issue of certification of a defendant class for the purpose of granting injunctive relief unrelated to any declaratory finding regarding the applicability of § 362. As an alternative to declaratory relief coupled with mere ancillary injunctive relief, the Debtors request that an injunction be issued pursuant to § 105(a) of the Bankruptcy Code on what appear to be two grounds. First, the Debtors seek a § 105(a) injunction which

extends or incorporates the protections and procedures contained in § 362 **[**35]** and enjoins all members of the defendant class from pursuing any claims against the Partnerships or the Partnership Properties in violation of this expanded automatic stay. And second, the Debtors seek an injunction premised solely upon § 105.

As mentioned above, certain of the named and non-named defendants moved for dismissal at the Consolidated Hearing. At that time, this Court orally sustained that dismissal motion to the limited extent it related to certification of a defendant class established to effectuate injunctive relief premised solely upon § 105(a) of the Bankruptcy Code and unrelated either to injunctive relief employed primarily to enforce or restate the declaratory finding regarding the application of § 362 or to injunctive relief premised upon an extension or incorporation of § 362. As required by Rule 41(b) of the Federal Rules of Civil Procedure, the reasons for that dismissal are set forth below. The Court also finds that the same rationale applies to the Debtors' request for injunctive relief under § 105(a) which extends or incorporates the protections and procedures contained in § 362.

HN10[↑] The critical factor in determining the appropriateness of certification of **[**36]** a defendant class, under these circumstances, is the nature of the relief requested. The type of relief sought here by the Debtors is injunctive, rather than declaratory. **[*847]** The importance of that factor is the analysis that must be employed to determine whether the relief is warranted. Section 105 injunctive relief, premised upon Rule 65 of the Federal Rules of Civil Procedure, requires a balancing of the relative harms on an individual, rather than aggregate, basis. Given that analytical requirement the typicality prerequisite of Rule 23(a)(3) cannot be satisfied. And that analytical requirement applies whether the requested relief is based solely under § 105(a) injunctive powers or whether that relief is stated as an extension of § 362 through the use of § 105(a).

Rule 23(a)(3) requires that the defenses of the representative parties be typical of the defenses of the class. However, throughout this proceeding numerous named and non-named defendants indicated a plethora of factors which differentiate each lender. Such factors range from the type and size of the lending institution, to the type and maturity of the Partnership Property securing each loan. Recognizing the existence of **[**37]** such a diverse set of circumstances, it is impossible for this Court to find that the defenses of the named representatives to the imposition of an injunction are typical of all the defenses of the class. And, where the injunctive relief sought would be imposed upon the Defendants prior to any subsequent hearing where individual defenses might be raised, the Court finds that the prerequisite of typicality required by Rule 23(a) cannot be satisfied and that certification of the proposed defendant class would be inappropriate.

In addition, even if the prerequisites of Rule 23(a) had been satisfied, the Court finds that certification pursuant to Rule 23(b)(1)(B) is not proper under these circumstances. This Court is the only forum where the Debtors could seek relief under § 105. And, given the consideration of individual circumstances in granting § 105 injunctive relief pursuant to Rule 65, the prosecution of separate actions against individual members of the class would not create the risk that adjudication of the actions would be dispositive with respect to all other members of the class.

Further, this case does not qualify as a "limited fund" case. Traditionally, such cases involve **[**38]** actions in which class members have claims against a single fund that may prove insufficient to satisfy all of those claims. In the present case, however, there in fact exist a large number of separate and distinct limited funds. Each such fund, for the most part, secures the claim of a single class member. Therefore, the satisfaction of one class member's claim generally does not impact upon the satisfaction of another class member's claim. No request was made to limit the class to defendants with guarantees or other recourse to the Debtors. Accordingly, Rule 23(b)(1)(B) is not satisfied in this action for any matter based upon independent relief under 11 U.S.C. § 105 premised upon the requirements of Rule 65.

B. *The Application of 11 U.S.C. § 362 to the Debtors' Interest*

In support of their argument that this Court should declare that the actions of the Defendants against the Partnerships or the Partnership Properties are barred by the Bankruptcy Code's automatic stay, the Debtors rely upon 11 U.S.C. §§ 541(a)(1) and 362(a)(3). Those sections state in applicable part:

§ 541. Property of the estate

HN11[↑] (a) The commencement of a case . . . . creates an estate. Such estate is comprised **[**39]** of all the following property, wherever located and by whomever held:

(1) Except as provided in subsections (b) and (c)(2) of this section, all legal or equitable interests of the debtor in property as of the commencement of the case.

11 U.S.C.A. § 541(a)(1) (West Supp. 1989);

§ 362. Automatic stay

HN12[↑] (a) . . . . a petition . . . . operates as a stay, applicable to all entities, of

(3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate.

11 U.S.C.A. § 362(a)(3) (West Supp. 1989).

Each of the asserted interests, the General Partner Interests, the Vendee Interests **[*848]** and the Second Mortgage Interests, must be analyzed under each of those provisions to determine if the Defendants' actions against the Partnerships or the Partnership Properties violate the automatic stay.

1. *The General Partner Interests*

HN13[↑] Uniform partnership law gives a general partner in a limited partnership an interest in the partnership (the "Partnership Interest"), a right to participate in the management (the "Management Interest"), and status as a tenant in partnership ("the "Tenancy Interest"). *See* Ohio Revised Code §§ **[**40]** 1775.23 and 1782.29. As general partners in limited partnerships, the Debtors also have those rights. *See* Ohio Revised Code § 1782.24.

It is the Debtors' position that each of these General Partner Interests is a legal or equitable interest of the Debtors which is property of their bankruptcy estates pursuant to 11 U.S.C. § 541(a). As estate property, the Debtors argue that such General Partner Interests are protected by the operation of 11 U.S.C. § 362(a)(3) from acts of the Defendants to obtain possession of or exercise control over the Partnership Properties.

In support of their position, the Debtors rely on *48th* Street Steakhouse, Inc. v. Rockefeller Group, Inc. (In re 48th Street Steakhouse, Inc.), 835 F.2d 427 (2nd Cir. 1987), *cert. denied, 485 U.S. 1035, 108 S. Ct. 1596, 99 L. Ed. 2d 910 (1988)*; Beverly Plaza Assoc. v. Saul (In re Kroh Bros. Develop. Co.), 91 B.R. 525 (Bankr. W.D. Mo. 1988); Quarles House Apts. v. Plunkett (In re Plunkett), 23 B.R. 392 (Bankr. E.D. Wis. 1982); *Harsh Investment Corp. v. Bialac (In re Bialac), 712 F.2d 426 (9th Cir. 1983)*; A. H. Robins Co. v. Piccinin (In re A. H. Robins Co.), 788 F.2d 994 (4th Cir. 1986), *cert. denied, 479 U.S. 876, 93 L. Ed. 2d 177, 107 S. Ct. 251 (1986)*; and Johns-Manville **[**41]** Corp. v. Asbestos Litigation Group (In re Johns-Manville Co.), 33 B.R. 254 (Bankr. S.D.N.Y. 1983).

Although the Debtors concede the existence of several cases that hold against their positions, they maintain that those cases were wrongly decided. *See Venture Properties, Inc. v. Norwood Group, Inc. (* In re Venture Properties, Inc., 37 B.R. 175 (Bankr. D. N.H. 1984); Dominican Fathers of Winona v. Dreske (In re Dreske), 25 B.R. 268 (Bankr. E.D. Wis. 1982); In re Korangy, 1989 Bankr. LEXIS 500 (Bankr. D. Md. March 30, 1989). The Debtors further declare that the size or value of their asserted General Partner Interests is irrelevant to the determination whether such interests are included as property of their bankruptcy estates. To the extent Turner v. Lee (In re Minton Group, Inc.), 46 B.R. 222 (S.D.N.Y. 1985), holds otherwise, the Debtors believe the *Minton* Court misapplies the law.

The Debtors also assert that most of the decided cases have failed to properly consider the Management Interests of a managing general partner in a limited partnership. They maintain that the only case considering such Management Interests protected a debtor's right to management and **[**42]** control. Plunkett, 23 B.R. at 394.

In response the Defendants allege that the Debtors have failed to comprehend the effect of the entity theory upon partners who are debtors in bankruptcy cases. The Defendants further argue that the relief sought by these Debtors is unsupportable and goes far beyond existing case law.

HN14[⬆] It is clear that under bankruptcy law a partnership is an entity separate from any of its partners. *Dreske, 25 B.R. at 270*. Such separate legal identity means not only that a partnership may file its own bankruptcy case, but also that a partnership and a partner may not file a joint case. *See 11 U.S.C. § 302*. It is further undisputed that whatever legal or equitable interests a general partner has in a partnership become part of that partner's bankruptcy estate under *11 U.S.C. § 541(a)*.

HN15[⬆] Each partner in a limited partnership, general or limited, has a Partnership Interest. That Partnership Interest is defined as "a partner's share of the profits and losses of a limited partnership and the right to receive distributions of partnership assets." *Ohio Rev. Code § 1782.01(J)*. The extent of those Partnership Interests held by the Debtors, as set forth in the sample **[**43]** **[*849]** partnership agreements, is discussed in Part III.D of this opinion. Under limited partnership law generally, those Partnership Interests are personal property. *See Ohio Rev. Code § 1782.39*. The Partnership Interests, which make available to the Debtors shares of income or distributions from the sale or refinancing of Partnership Properties, come into each Debtor partner's bankruptcy estate and are available for creditors. Those Partnership Interests are personal rights which each of these Debtor partners is entitled to use for its own purposes. *Ohio Rev. Code § 1782.39*. Because those Partnership Interests vest in the estate, parties may not take actions to exercise control over these interests or remove them from the Debtors' possession. *Dreske, 25 B.R. at 271*. Without relief from the automatic stay, other parties may not appropriate either of the Debtor partner's Partnership Interests and may not execute or otherwise interfere with distributions arising from those interests. The Debtors' rights to income and distribution, however, are subordinate to the rights of creditors of the Partnerships. *Redmon v. Witt, 9 F.2d 36 (6th Cir. 1925)*.

The Defendants in this adversary, **[**44]** however, are not acting against the Debtors' Partnership Interests in seeking to obtain judgments against the Partnerships for debts of the Partnerships. Likewise, the Defendants are not acting against the Debtors' Partnership Interests by seeking to foreclose their mortgage interests in the Partnership Properties. While the Debtors' Partnership Interests may lose value if the Partnership Properties, which may be the sole source for any income or distribution from the Partnerships, are taken away, each partner's rights to its designated shares remains. The Partnerships may acquire new properties or embark upon new enterprises for which the Debtors' shares of profits, losses and distributions remain unchanged. Accordingly, while *11 U.S.C. § 362(a)(3)* stays any actions by the Defendants to take or exercise control over the Debtors' Partnership Interests or to obtain possession of those Partnership Interests by acting to dissolve the Partnerships or otherwise interfering directly with those Partnership Interests, the Court finds that the existence of the Debtors' Partnership Interests does not cause *§ 362(a)(3)* to be applicable to the Defendants' actions to institute and prosecute foreclosure **[**45]** actions against the Partnership Properties.

The next components of the General Partner Interests which the Debtors argue are property of their estates are their rights, as general partners in limited partnerships, to participate in the management of the Partnerships. These Management Interests, as discussed in Part III.D of this opinion, are contractual and arise from provisions of the partnership agreements which also incorporate by reference powers granted in the "Uniform Act". The Management Interests are property of the Debtors' estates.

Various parties have asserted throughout these proceedings that the Chapter 11 filings terminated these Debtors' Management Interests as general partners under state statutory law and under the terms of the partnership agreements. Without extensive written analysis of this critical, but somewhat tangential issue, the Court finds that the Supremacy Clause of Article VI of the Constitution of the United States and the provisions of *11 U.S.C. § 365(e)* defeat such arguments and wishful thinking by the Defendants. *In re Rittenhouse Carpet, Inc., 56 B.R. 131 (Bankr. E.D. Pa. 1985)*; *In re Corky Foods Corp., 85 B.R. 903 (S.D. Fla. 1988)*. This **[**46]** result is especially compelled in reorganization cases where the debtors are the managing general partners of limited partnerships. *In re Safren, 65 B.R. 566 (Bankr. C.D. Cal. 1986)*; F. Kennedy, *Partnership and Partners' Estates Under the Bankruptcy Code,* Ariz. St. L.J. 219, 261 (1983).

The Debtors rely primarily upon *Plunkett* for the application of § 362(a)(3) to their Management Interests. Such reliance is misplaced, however, as *Plunkett* is factually distinguishable. In *Plunkett* certain investors were attempting to remove a debtor as the managing general partner. The Court held that the investors' actions were actions against the debtor's contractual **[*850]** right to manage the partnership property. And that contractual right was property of the estate. *Plunkett, 23 B.R. at 394*. As property of the estate, actions to terminate that right would be stayed by § 362(a)(3).

The Debtors also raise in their final post-trial reply brief the issue of their Management Interests as such relate to any disposition of a Partnership Property. In essence, the Debtors seem to say that since their Management Interests include the power to dispose of Partnership Properties, the Defendants' **[**47]** actions to foreclose the Partnerships' interests in the Partnership Properties are actions to take away the Debtors' rights to determine the disposition of those Partnership Properties. Clearly, however, such powers of disposition could not affect the right of a mortgagee to bring a foreclosure action against a Partnership Property for default in payments under the mortgage. The mortgagee's rights to foreclose are determined by the mortgage agreement and by applicable state law. The mortgagee is not a party to or subject to the partnership agreement as that agreement allocates powers of disposition between the managing general partner and the limited partners.

As with the Debtors' Partnership Interests, however, the actions of the Defendants against the Partnerships and the Partnership Properties are not actions against the Debtors' contractual Management Interests. Foreclosure actions by the Defendants may change the activities of the managing general partner and may even eliminate such activities as they relate to particular Partnership Properties, but the Defendants' actions are not actions to remove or exercise control over the contractual Management Interests which are property **[**48]** of the estate. Nor are the Defendants' actions acts to obtain such Management Interests from the estate. Accordingly, the Defendants' actions in seeking to foreclose the Partnerships' interests in the Properties are not barred by § 362(a)(3) because of the Debtors' Management Interests.

Finally, as general partners the Debtors also have Tenancy Interests in specific Partnership Properties. Neither the partnership agreements generally nor Chapter 1782 of the Ohio Revised Code determine or set forth the Tenancy Interests of the Debtors in specific property. Therefore, the statutory provisions governing rights granted to a partner in a general partnership are the only source for any such existing Tenancy Interests. *Ohio Revised Code § 1775.24* provides:

> ***HN16***[↑] (A) A partner is coowner with his partners of specific partnership property holding as a tenant in partnership.
> (B) The incidents of this tenancy are such that:
> (1) A partner . . . . has an equal right with his partners to possess specific partnership property for partnership purposes; but he has no right to possess the property for any other purpose without the consent of his partners.
> . . . .
>
> (3) A partner's right in specific partnership **[**49]** property is not subject to attachment or execution, except on a claim against the partnership . . . .

Ohio Rev. Code Ann. § 1775.24 (Anderson 1985).

The Debtors assert that such Tenancy Interests are property of their bankruptcy estates and that the actions of the Defendants in seeking to foreclose the Partnerships' interests in their respective Properties will destroy or diminish those Tenancy Interests. Even though such co-tenancies would not bring the entirety of a Partnership Property into either of the Debtors' bankruptcy estates, if the Tenancy Interests are legal or equitable interests of the Debtors in the Partnership Properties within the meaning of *11 U.S.C. § 541(a)(1)*, those Tenancy Interests would be property of the estate. Resolution of that issue does not depend upon record title which is in the respective Partnership. *See* H. R. Rep. No. 95-595, p. 367 (1977), *reprinted in* App. 2, L. King. *Collier on Bankruptcy* (15th ed. 1989).

[*851] The Court finds that the Debtors' Tenancy Interests are not legal or equitable interests of the Debtors in property within the meaning of § 541(a)(1). It is not material whether such Tenancy Interests are excluded as powers exercisable **[**50]** solely for the benefit of another entity pursuant to 11 U.S.C. § 541(b) or whether such interests are viewed simply as indivisible joint interests in the property of a separate entity which do not rise to the level of legal or equitable rights of the Debtors in specific property. *See* Hopkins Illinois Elevator Co. v. Pentell (In re Pentell), 777 F.2d 1281 (7th Cir. 1985) (appeal of second mortgage holders to order of bankruptcy judge disbursing insurance proceeds to mechanic's lien holder); Minton, 46 B.R. 222. The Debtors' Tenancy Interests are not equitable or legally-cognizable rights in the Partnership Properties because there are no legal or equitable rights arising in favor of the Debtors from such Tenancy Interests.

To some extent the difficulty in this matter arises from the vestiges of the aggregate theory of partnership contained in the uniform statutes. That theory is clearly rejected by the Bankruptcy Code. Therefore, despite the general principle that property rights are defined by state law, where such rights conflict with the entity theory, the Bankruptcy Code principle prevails in a partner's bankruptcy. Any conflict here, however, is more apparent than real **[**51]** since a partner has no legally cognizable individual right to assign a Tenancy Interest, no right to make such an interest available for the use of the partner's creditors and no right to use or divide the property for the partner's own benefit. Indeed what limited possessory right the partner has as part of its Tenancy Interest is exercisable only for the benefit of the Partnership.

Any other interpretation would be inconsistent with other provisions of the Bankruptcy Code. For example, a trustee or debtor-in-possession has power, pursuant to *11 U.S.C. § 363*, to sell property of the estate. Such power further extends to the sale of undivided interests of co-owners. But that power does not include the right to sell an interest of a co-tenant in partnership. *See 11 U.S.C. § 363(h)*; Connolly v. Nuthatch Hill Associates (In re Manning), 37 B.R. 755 (Bankr. D. Col. 1984), *aff'd on § 363 grounds, remanded on other grounds,* 831 F.2d 205 (10th Cir. 1987). And a creditor holding a mortgage against Partnership Property clearly does not have an allowed secured claim in the partner's case measured by the partner's interest as a tenant in partnership. *See* 11 U.S.C. § 506(a). **[**52]** Nor would it make sense to hold that a Tenancy Interest is property of the bankruptcy estate of a partner when a trustee or debtor-in-possession could not force turnover of the property in which such interest existed pursuant to 11 U.S.C. § 542, avoid a fraudulent transfer of that property under 11 U.S.C. § 544 or § 548, or avoid a post-petition transfer of that property under 11 U.S.C. § 549. Minton, 46 B.R. at 226; E. A. Martin Machinery v. Williams (In re Newman), 875 F.2d 668 (8th Cir. 1989). In fact, because of restrictions in partnership law, a debtor partner may lack authority to transfer partnership property at all other than as an authorized agent acting on behalf of the partnership. *See* Ohio Rev. Code §§ 1775.08 and 1775.09. Accordingly, the Debtors' Tenancy Interests in specific Partnership Properties are not property of their bankruptcy estates. In essence, such interests are mere derivative rights which flow from the Partnership Interests and are not independent rights in property.

Other cases cited by the Debtors warrant comment. As anticipated, the Court must find that any reliance upon *Kroh Bros.* arises only from a footnote in that decision. Kroh ***[**53]*** Bros., 91 B.R. at 539 n.5. The footnote, although supportive of the Debtors' position, is clearly dicta and unnecessary for the decision which is grounded upon 11 U.S.C. § 362(a)(1). Further, in *Bialac, Robins,* and *Manville,* the debtors had specific interests in property which were part of their bankruptcy estates. The parties sought to be stayed were proceeding against those specific interests. In *Bialac* that interest was a right of redemption granted to the debtor under state law **[*852]** which would be specifically cut off by creditors proceeding against the property to which the right of redemption related. *Bialac, 712 F.2d at 431*. Likewise, in *Manville* and *Robins* the debtors had ownership rights in certain insurance policies. Although the proceeds of those policies may not have been payable to those debtors on their own behalf, such proceeds were available for the benefit of claimants against the policies who were also creditors of the debtors. Accordingly, efforts of claimants to collect those proceeds being held by a non-debtor were actions to obtain possession of property from those estates. *Manville,* 33 B.R. at 264; Robins, 788 F.2d at 1001. As such, **[**54]** those actions were subject to the automatic stay.

Finally, *48th Street Steakhouse* was an important case to the Debtors. In that case, the debtor was a sublessee with possessory rights in certain real property. Those rights were property of its estate and were exercisable for the debtor's benefit. The landlord's action in terminating the prime lease would have terminated those rights of

possession. Therefore, the landlord's actions were acts to obtain property from the estate. *48th Street Steakhouse, 835 F.2d at 430-31*. The Debtors liken this to the Defendants' actions against the Partnership Properties which may, as a practical matter, destroy the value of their Partnership Interests and remove from the Partnerships the Properties to which the Debtors' Tenancy and Management Interests relate. But these Debtors have no rights to possession or management of the Partnership Properties which are exercisable either for their own benefit or for the benefit of their creditors. Moreover, actions against the real property of another entity which only indirectly affect the value of a debtor's contractual or personal property interests are simply not within the scope of *§ 362(a)(3)*. **[**55]** This Court believes that actions "to obtain property from the estate", within the meaning of *§ 362(a)(3)*, applies to actions against property owned by the debtor, but in another's possession, or to actions against possessory or other rights of the debtor in specific property where the underlying ownership interest is in another entity. Neither of those circumstances is present. The Debtors' only possessory rights are not property of their bankruptcy estates because such rights are exercisable only for the benefit of another entity. The remaining interests are contractual or personal in nature, are not rights in specific Partnership Properties and are not being proceeded against directly. While the Court agrees that *48th Street Steakhouse* is the closest authority for the Debtors' positions, certain critical distinctions make reliance on its holding insufficient for the position asserted in this action by the Debtors.

2. *The Vendee Interests in the Executory Contracts*

CII asserts that the doctrine of equitable conversion operates to make its Vendee Interests protectable by the automatic stay. The Defendants challenge that assertion and argue that the Executory Contracts are illusory **[**56]** or sham contracts, that equitable conversion has not occurred and that on general equitable principles the doctrine should not be applied to the Vendee Interests.

The doctrine of equitable conversion developed in courts of equity to give effect to the intentions of parties to a contract for the sale of real property when some unexpected event intervened between the time the parties agreed to transfer the real property and a deed was delivered to the vendee. *Chase Manhattan Mortgage and Realty Trust v. Bergman, 585 F.2d 1171 (2d Cir. 1978)*; *see generally 27 Am. Jur. 2d Equitable Conversion §§ 1-16* (1966). ***HN17***[⬆] Essentially, the doctrine operates to transform the vendee's personal property interest in the contract into an interest in the realty while, at the same time, the vendor's real property interest is changed into a personal right to receive the sale price under the contract. *See In the Matter of Jones, 768 F.2d 923, 928 (7th Cir. 1985)*; *Cleveland Trust Co. v. Bouse, 163 Ohio St. 392, 127 N.E.2d 7 (1955)*. The doctrine is not a favored one and is used only where actual necessity requires its application to effectuate the intentions of the parties and, thus, prevent **[**57]** an injustice. **[*853]** *Vigli v. Davis, 79 Cal. App.2d 237, 179 P.2d 586 (Cal. Dist. Ct. App. 1947)*.

It is unclear whether equitable conversion is available where a contract to sell realty was executed in and governed by the laws of a state recognizing the doctrine, but where the property is situated in a state which does not recognize the doctrine. *See Clarke v. Clarke,* 178 U.S. 186, *44 L. Ed. 1028, 20 S. Ct. 873 (1900)*; *Toledo Society for Crippled Children v. Hickok, 152 Tex. 578, 261 S.W.2d 692 (1953) cert. denied 347 U.S. 936, 74 S. Ct. 631, 98 L. Ed. 1086 (1954)*. Therefore, although the Executory Contracts were executed in Ohio and are expressly governed by the law of Ohio, the doctrine may not be available if the state in which the vendor Partnership's Property is located does not recognize the doctrine. However, since at least some of the Partnership Properties are located in states which recognize the doctrine, application of the doctrine of equitable conversion generally to the Debtors' Vendee Interests will be considered.

The Defendants assert that even if equitable conversion is recognized by the courts of the state where the property is located, as it admittedly is for those unsyndicated Partnership Properties in Ohio, the **[**58]** doctrine does not operate until consideration has passed and any condition precedent not within the control of either of the parties has been satisfied. The contracts then must be specifically enforceable.

In support of those arguments the Defendants point to *Case v. United States, 633 F.2d 1240 (6th Cir. 1980)*. *Case,* in turn, relies for its interpretation of the law of equitable conversion in Ohio upon the case of *Sanford v. Breidenbach, 111 Ohio App. 474, 173 N.E.2d 702 (Ohio Ct. App. 1960)*. The *Sanford* court held that equitable conversion becomes effective only where a vendor has fulfilled all conditions precedent and is entitled to specifically

enforce the contract for the sale of the real property. In addition, both parties must have intended in the contract that title should pass to the vendee upon execution of the contract of purchase. *Sanford, 111 Ohio App. at 481, 173 N.E.2d at 707*.

The later case of *Ferguson Realtors v. Butts, 37 Ohio App. 3d 30, 523 N.E.2d 534 (Ohio Ct. App. 1987)*, also relied upon by the Defendants, holds that a contract for the sale of real property is not specifically enforceable where a condition precedent remains unfulfilled **[**59]** and such condition depends upon the consent or approval of a third party.

It is clear that the condition precedent in the Executory Contracts, that this Court determine not to issue a stay which would protect the Partnership Properties, had not occurred and was not within the control of CII or the vendor Partnerships at the time the bankruptcy petitions were filed. Therefore, under both *Ferguson Realtors* and *Sanford,* the Executory Contracts were not specifically enforceable and equitable conversion had not occurred to transform the Debtors' Vendee Interests into interests in the Partnership Properties.

In response, however, the Debtors cite *23 Tracts of Land v. United States, 177 F.2d 967 (6th Cir. 1949)*. And, indeed, *23 Tracts* does apply the doctrine of equitable conversion to transform the interest of a lessee with an oral option to purchase a parcel of land into a real property interest. That transformation, for purposes of interpreting the right to a claim and the applicability of the anti-assignment provisions of 31 U.S.C.A. § 203 in an eminent domain proceeding, was held to have occurred as of the date the lease was executed and delivered. The lessee was given **[**60]** the right to assert any claim for compensation from the taking of an easement against the property. *23 Tracts,* 177 F.2d at 970. This result makes sense because the lease and option existed prior to the government's exercise of eminent domain powers and the option price was set prior to that taking of an easement. To prevent unfairness to the lessee, who had exercised his purchase option prior to intervening in the eminent domain action, the lessee should be entitled to whatever diminution in value had resulted from the government's taking of the easement.

The reason that *23 Tracts* is not dispositive of the equitable conversion argument, **[*854]** apart from the fact that *Case* is a later pronouncement by the Sixth Circuit, is that the effect of conditions precedent and the availability of specific performance to the vendor were not necessary considerations in *23 Tracts.* The lessee-optionee in *23 Tracts* had exercised his purchase option and had received a deed to the property prior to intervening in the eminent domain action. *23 Tracts,* on the one hand, and *Case* and *Sanford* on the other hand, are not in conflict. The rule to be synthesized from those cases is that **[**61]** if the parties intend for title to pass at the time the contract to convey land is executed and any conditions precedent to the obligation of the party seeking equitable conversion have been met or are ready to be met, equitable conversion may appropriately be invoked. Once properly invoked, under the law of Ohio, the doctrine may permit relation back to the date of the execution of the contract.

As applied to the Vendee Interests, equitable conversion had not occurred at the time of CII's bankruptcy filing. Indeed, before a Partnership could successfully seek to specifically enforce the Executory Contracts, this Court would have to find that neither the automatic stay nor an injunction would stay actions against the Partnerships or the Partnership Properties. So long as that condition remained and CII had not waived it, specific performance would not be available to the vendor Partnership and CII's Vendee Interests, contractual in nature, would not have been transformed into interests in the Partnership Properties under the doctrine of equitable conversion.

Even if the Court is in error regarding the time when CII's Interests would be transformed into interests in realty, the Court **[**62]** believes that application of the doctrine of equitable conversion, like other equitable remedies, is discretionary with the Court. It is not a favored doctrine and is applied only when the refusal to do so would create or perpetuate an injustice. An equity court, therefore must consider all circumstances surrounding the execution of the contracts.

The circumstances of the execution of these Executory Contracts do not permit application of the doctrine. The Court believes it would indeed be a perversion of the doctrine of equitable conversion to permit transformation of the nature of the interests of the vendee and vendor in each of these contracts and, as soon as such transformation

were accomplished, for those interests to terminate under the specific terms of each contract. While such contractual provisions may be carefully crafted, as stated by counsel for the Debtors, creation of real property interests in the unsyndicated Partnership Properties by such devices would be an inappropriate invocation of the Court's equity powers. It is not so much that the result would be untenable, given the Debtors' control over the unsyndicated Partnerships by its general partner interest and **[**63]** ownership of the sole limited partner, but the result would be contrived and manipulative of the interests of third parties. The auspices of a court of equity should not be used for that purpose. Accordingly, the Vendee Interests remain as contractual interests which, although property of the Debtors' bankruptcy estate, are not legal or equitable interests of the Debtors in Partnership Properties. Therefore, the Defendants' actions against the Partnership Properties are not stayed by *11 U.S.C. § 362(a)(3)* because of the Vendee Interests.

3. *The Second Mortgage Interests*

Finally, the Debtors assert property interests in the Partnership Properties by virtue of the Second Mortgage Interests held directly by CII or CIF against 16 of the Partnership Properties. Arguments by the Debtors suggest that without the protections of the automatic stay the Second Mortgage Interests will be destroyed by the Defendants' foreclosure actions. Few of the Defendants directly addressed the validity of such Second Mortgage Interests or the applicability of *§ 362* to protect those interests. Those defendants which addressed the Second Mortgages Interests focused on the value of such interests and the **[**64]** Debtors' likelihood of ever realizing **[*855]** those values. That focus is, however, misplaced.

Documentary evidence of the second mortgages was not introduced into evidence. The Leventhal representative, however, testified that he had reviewed summary reports for each Partnership which showed such data and that he or his staff had reviewed the underlying documentation for those mortgages. Therefore, for purposes of this issue, the Court will assume the existence and validity of such mortgages. Should it later develop that such assumption is invalid for a specific Second Mortgage Interest, these findings will be irrelevant to such asserted interest.

The issue of the applicability of the automatic stay to protect the Debtors' Second Mortgage Interests first requires an analysis of the characterization under applicable state law of those apparently unrecorded Second Mortgage Interests. As the Partnership Properties involved are located in Ohio, Florida and Indiana, the status of a holder of an unrecorded mortgage in those states must be examined. If such unrecorded Second Mortgage Interests are recognized as liens against the respective Partnership Properties under applicable state law, then **[**65]** the effect upon those Second Mortgage Interests of the actions of the Defendants in seeking to foreclose their first mortgage interests must be examined.

The Debtors' Second Mortgage Interests are property of their estates. *Florida Inst. of Technology v. Carpenter (In re Westec Corp.), 460 F.2d 1139 (5th Cir. 1972)*. It is the law generally, however, that the recording statutes exist for the benefit of parties whose interests are subsequent to the unrecorded interest. Therefore, as between the mortgagor and mortgagee, an unrecorded, but otherwise valid, mortgage usually is effective to create a lien against the property for which the mortgage was given. *See e.g.,* *Betz v. Snyder, 48 Ohio St. 492, 28 N.E. 234 (1891)*; *Freligh v. Maurer, 111 So.2d 712 (Fla. Dist. Ct. App. 1959)*. That lien is also an interest in the particular Partnership Property, although its priority or value may be subject to defeasance by a subsequent mortgagee or lien creditor whose interest is perfected by proper recording. Further, actual notice of those Second Mortgage Interests has been given to the Defendants in this action. Therefore, the Court believes any Defendant seeking to foreclose its first **[**66]** mortgage interest would have to name the appropriate Debtor as a defendant in its foreclosure action.

Although the Second Mortgage Interests are interests in specific Partnership Properties, because those interests are liens rather than ownership interests, the Second Mortgage Interests do not cause the Partnership Properties against which the liens relate to become property of the Debtors' estates. It is only the lien interests or rights which come into the estate. The issue then is whether the Defendants' actions in foreclosing their first mortgage interests are actions which remove directly the Second Mortgage Interests from the Debtors' estates.

The Court finds that the provisions of *11 U.S.C. § 362(a)(3)* stay the Defendants' actions to foreclose their first mortgage liens where such foreclosures necessarily risk extinguishment of valid, but unrecorded, second

mortgages held by either of these Debtors. The effect of the Defendants' actions in foreclosing their interests against the Partnership Properties is closely analogous to the impact of the landlord's actions in *48th Street Steakhouse.* Termination of the Debtors' Second Mortgage Interests is not certain since foreclosure **[**67]** actions could, under certain circumstances, permit repayment of those obligations. But such results are unlikely and certainly not assured. Therefore, the stay against such foreclosure actions provided by *§ 362(a)(3)* is appropriate to give the Debtors a breathing spell to determine how to preserve any existing value in those Second Mortgage Interests for their reorganization process. Accordingly, the provisions of *11 U.S.C. § 362(a)* apply to protect the Second Mortgage Interests held directly by these Debtors.

[*856] C. *The Appropriateness of Injunctive Relief to Protect the Debtors' Interests in the Partnerships or the Partnership Properties*

Section 105 of the Bankruptcy Code is relevant to the relief sought by the Debtors in three ways. First, as a procedural device, it may be employed to effectuate the purposes of the Bankruptcy Code (see Part VI herein). Secondly, if *11 U.S.C. § 362(a)(3)* is applicable to stay the actions of the Defendants, this Court could issue an order pursuant to *§ 105* to carry out or clarify the declaratory relief under *§ 362*. Such an order merely pronounces those findings in a manner not necessarily obvious from a facial reading of *§ 362*, makes clear which **[**68]** parties are impacted by that ruling and enjoins, as a restatement of the automatic stay, any actions otherwise prohibited by *§ 362*. The issuance of such an order does not require findings beyond those made in connection with the declaration of the applicability of *§ 362*. Because of findings in prior portions of this opinion, however, such an order will issue as to all members of the Defendant class only in connection with the Second Mortgage Interests of the Debtors.

The only other use of *§ 105* which this Court believes to be relevant to the relief requested in this action is injunctive relief under the standards of *Rule 65 of the Federal Rules of Civil Procedure*, applicable in this proceeding by *Bankruptcy Rule 7065*. And, as the Court has already found, any "extension of *§ 362* through the use of *§ 105*" is an injunction issued independently under *Rule 65*.

In the portion of this opinion relating to class certification, the Court previously found that certification of a defendant class would be inappropriate for purposes of issuing an injunction grounded upon an independent application of the Court's injunctive powers under *§ 105*, based upon *Rule 65*. Such finding means that the only **[**69]** parties remaining for which independent injunctive relief must be considered are the named defendants.

The factors which the Court must consider in determining whether to issue an injunction against the named defendants are:

1. the likelihood of success on the merits;

2. whether the Debtors will suffer irreparable injury if the relief is not granted;

3. whether the harm to be suffered by the Debtors if the relief is not granted would be greater than the harm to the named defendants sought to be enjoined if the relief is granted; and

4. whether the public interest will be furthered by the granting of the requested relief.

Unsecured Creditor's Committee of DeLorean Motor Co. v. DeLorean (In re DeLorean Motor Co.), 755 F.2d 1223, 1228 (6th Cir. 1985).

Because the focus of this adversary action has been on a class remedy, premised upon the Debtors' contentions that the attributes of individual Partnership Properties and individual defendants were irrelevant, the record does not establish facts which would be necessary for the Court to consider in determining whether to issue an injunction against any of the named defendants. Specifically, the Court could not determine whether **[**70]** the harm to be suffered by the Debtors, which is certainly contested by some of the named defendants, would be greater than the harm to each of the named defendants sought to be enjoined. The Court believes that such facts cannot be derived

from evidence relating only to harm in the aggregate, not compared with particular facts or attributes of the parties involved. As a consequence, the Court will not issue injunctive relief against any of the named defendants at this time.

VI. CONCLUSIONS

Existing law and permissible extensions of those decisions which would be appropriate within the confines of the Court's role as an interpreter of the law rather than a legislator, compel the Court to deny most of the relief sought by the Debtors in this adversary. However, this Court, as a **[*857]** court of equity empowered to implement the policies of the Bankruptcy Code, believes it is important to all parties that these Debtors have a reasonable and feasible opportunity to reorganize and to preserve the going-concern values of their assets for the benefit of their employees and for all of their creditors, secured and unsecured.

It is clear to the Court that CII has created an extensive empire. That **[**71]** creation includes interests in limited partnerships formed as a means of holding property and increasing investment appeal through the sale of investor partner interests. It also is clear that once changes in the tax laws removed those investment incentives, the viability of the CII empire, as it currently exists, has been severely imperiled. And the structure which worked well for so many years has become a nightmare under the separate entity constraints of the Bankruptcy Code.

The Court's observation from the Partnership Chapter 11 cases pending in this Court is that the financial resources of the Debtors and the size of their staffs limit their ability to manage separate cases for a greatly increased number of the Partnerships. Despite comments from some of the Defendants that it is unlikely extensive numbers of such filings will be required, this Court's sense of many of the Defendants' explicit or implicit intentions is that such filings may indeed be forced. It is further the Court's observation from existing cases that the overwhelming focus of those Partnership cases is on a restructuring of the mortgage obligations. In reality, where present or future value to these bankruptcy **[**72]** estates is likely, it should be possible to accomplish that result without the greatly increased administrative costs attendant upon hundreds of additional Chapter 11 filings.

The Court finds that it has power under *11 U.S.C. § 105(a)* to authorize an alternative procedure which may bring some order out of the chaos which could follow the issuance of this order. This procedure is designed to make the Congressionally-preferred policy of reorganization a possibility for a debtor, such as CII, with a geographically scattered empire organized into single asset real estate partnerships, each with a mortgage which comprises the overwhelming majority of its debt. This procedure does not, and probably cannot, address the problems posed by limited partners or unsecured creditors of those Partnerships. Where such parties are significant or must be dealt with in an orderly fashion, Chapter 11 cases may be required. Where reorganization of these Debtors can be substantially achieved without that result, an alternative procedure may be effective.

Accordingly, the Court authorizes the Debtors, at their discretion, to seek injunctive relief pursuant to *11 U.S.C. § 105(a)* through the mechanism of **[**73]** a motion filed and served pursuant to the Court's previously entered case management order, as amended. Further, such relief may be against specified lenders on a property by property basis where such relief is necessary because the lenders' actions are interfering with the Debtors' reorganization efforts. Such motions will be subject to all relevant rules in the 7000 series of the Bankruptcy Rules. A summons shall be utilized. Multiple properties of a given lender may be combined in one motion where such action is appropriate. However, the time for responsive pleadings and for hearing shall be as set forth in this Court's case management order and a copy of that order, as amended, shall be served with the motion and summons. The only departure from the case management procedure is that the hearing time for such motions shall be scheduled beginning at 2:00 p.m. on the dates already set aside for status conferences. If multiple motions are required to be heard on the same day, alternate hearing times should be obtained from the courtroom deputy and noticed to the opposing party and other entities on The Service List.

Upon such appropriate requests, the Court can and will issue injunctive **[**74]** relief pursuant to *11 U.S.C. § 105(a)*, based upon *Rule 65*, on a property by property basis where the Debtors show that foreclosure or other disposition of a Partnership's interest in a Partnership Property will negatively **[*858]** impact upon the ability of these Debtors to reorganize and where the balance of harm favors the Debtors. Grants of adequate protection to

the respective lender may be part of that balancing process. *See,* Otero Mills, Inc. v. Security Bank & Trust (In re Otero Mills, Inc.), 21 B.R. 777 (Bankr. D. N.Mex. 1982); In re Monroe Well Service, Inc., 67 B.R. 746 (Bankr. E.D. Pa. 1986).

This process will not, however, unless further ordered by the Court in a particular circumstance, result in the ability of the Debtors to invoke against the lenders other rights granted by the Bankruptcy Code. *See, e.g., 11 U.S.C. § 363(f)*. Nor will the injunction issue where the sole or overwhelming harm to the Debtors is the loss of management fees. Unless subsequent jointly-administered Chapter 11 filings are made for the various management companies, the Court's focus in the injunctive relief process will be on the current value of the Property to the Debtors' reorganization, demonstration **[**75]** of the feasible ability of such Property to generate profits, cash flow or net proceeds which could become available on a reasonable basis for unsecured creditors of the Debtors, either directly or by substantial reduction of deficiency judgments which would otherwise increase unsecured claims against the Debtors, and an analysis of the results of recent cash pass-through orders. The presence of guarantees by the Debtors, recourse affecting the Debtors or their Partnership Interests, or other factors not yet identified also may play a role.

The Court hopes that the existence of this procedure will encourage all parties to enter into good faith negotiations and thereby avoid the Court process. Such good faith is, of course, a two-way street. Lenders which take precipitous actions designed only to pressure or overwhelm the Debtors may find the Court's equity powers summarily dispatched. Likewise, if relief is sought by the Debtors against lenders with regard to Partnership Properties which have no feasible present or future value to these bankruptcy estates, the protective umbrella of the Court will not be extended. Given the time that has already elapsed in these proceedings and the **[**76]** progress hopefully made by Levanthal & Company during this period, the Court is optimistic that an orderly and meaningful process of evaluation can proceed, without posturing or other negative activities. Parties also will be required to respect the Court's resources, which are limited in time and personnel.

Based upon the foregoing, the Court finds that a defendant class, comprised of all those persons and entities who have or obtain a mortgage or other security interest in property of a limited partnership in which CII or CIF is a general partner, shall be, and is hereby certified. Pursuant to Rule 23(c)(4), such certification is for the sole issue of declaratory relief directed to whether the provisions of 11 U.S.C. § 362(a)(3) bar the Defendants' actions against the Partnerships or the Partnership Properties. The Court further declares that the Second Mortgage Interests of the Debtors are protected by the provisions of 11 U.S.C. § 362(a)(3) from actions of the Defendants in seeking to foreclose the Partnerships' interests in their respective Partnership Properties against which valid Second Mortgage Interests exist. The Court further declares that the Defendants' actions are not **[**77]** stayed by 11 U.S.C. § 362(a)(3) because of the Debtors' General Partner Interests or Vendee Interests. Finally, the Court finds that the Debtors' motion for preliminary and injunctive relief shall be, and is hereby, denied. However, upon presentation by the Debtors of an appropriate order, the Court will issue an order pursuant to 11 U.S.C. § 105(a), which restates, in injunctive form, the declaratory relief granted under 11 U.S.C. § 362 regarding the Second Mortgage Interests.

IT IS SO ORDERED.

Dated: September 28, 1989

JUDGMENT ENTRY -- September 28, 1989

Judgment is hereby entered, consistent with the Court's Findings of Fact and Conclusions of Law on Motions for Class Certification, preliminary and Final Injunctive Relief, and Complaint Seeking Declaratory and Injunctive Relief entered September 28, 1989.

The Court finds that a defendant class, comprised of all those persons and entities who have or obtain a mortgage or other security interest in property of a limited partnership in which CII or CIF is a general partner, shall be, and is hereby certified. Pursuant to Rule 23(c)(4), such certification is for the sole issue of declaratory relief directed to whether the provisions **[**78]** of 11 U.S.C. § 362(a)(3) bar the defendants' actions against the partnerships or the partnership properties. The Court further declares that the Second Mortgage Interests of the Debtors are protected

by the provisions of *11 U.S.C. § 362(a)(3)* from actions of the Defendants in seeking to foreclose the partnerships' interests in their respective partnership Properties against which valid Second Mortgage Interests exist. The Court further declares that the defendants' actions are not stayed by *11 U.S.C. § 362(a)(3)* because of the Debtors' General Partner Interests or Vendee Interests. Finally, the Court finds that the Debtors' motion for preliminary and injunctive relief shall be, and is hereby, denied. However, upon presentation by the Debtors of an appropriate order, the Court will issue an order pursuant to *11 U.S.C. § 105(a)*, which restates, in injunctive form, the declaratory relief granted under *11 U.S.C. § 362* regarding the Second Mortgage Interests.

IT IS SO ORDERED.

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Attorney for Creditors
Andrew Revocable Trust dated June 21, 2001
Burgess Trust dated October 9, 2006

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors in Possession. Tax ID/EIN : 68-0197537	Case No. 24-10545 (CN) (Lead Case) Chapter 11 (Jointly Administered) CERTIFICATE OF SERVICE Judge: Hon. Charles Novack Court: 1300 Clay Street Courtroom 215 Oakland, California 94612 Date filed: September 12, 2024

1 Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Boulevard, Suite B, Citrus Heights, California, 95621.

CERTIFICATE OF SERVICE

I am a citizen of the United States, I am over the age of eighteen (18) years, I am an active member of the State Bar of California, I am employed at 50 Old Courthouse Square, Suite 609, Santa Rosa, California, and not a party to the within action. On the date of the execution of this Proof of Service, I caused to be served a true and correct copy of the documents bearing the titles listed below on the interested parties in the above-captioned action in the manner set forth below.

1. Via first class mail enclosed in a sealed envelope with postage thereon fully prepaid in a United States Post Office mail box at Santa Rosa, California bearing the names and addresses listed below, and via certified mail and/or priority mail with tracking if noted below.

2. Via e-mail transmission to the e-mail addresses listed below.

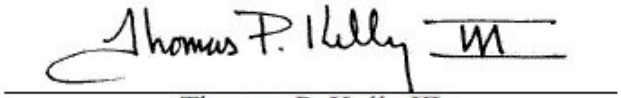
3. Via facsimile transmission to the facsimile numbers listed below with a true and correct copy of the confirmation sheet attached hereto.

4. Via overnight delivery enclosed in an envelope or package provided by an overnight delivery carrier and bearing the names and addresses listed below with an office or a regularly utilized drop box for the collection of overnight delivery packages for the overnight delivery carrier with a true and correct copy of the receipt for this delivery attached hereto.

5. Via ECF I electronically filed a copy of the following documents with the Clerk of the Court for the United States Bankruptcy Court, Northern District of California, using the CM/ECF system. I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the State of California and the laws of the United States that the foregoing is true and correct. Executed at Santa Rosa, California on the date referenced below.

Dated: December 21, 2025



Thomas P. Kelly III
Attorney at Law

DOCUMENTS SERVED

1. NOTICE OF MOTION
2. NOTICE OF HEARING
3. APPLICATION FOR APPELLATE STAY
4. REQUEST FOR JUDICIAL NOTICE
5. DECLARATION OF WILLIAM ANDREW
6. DECLARATION OF THOMAS P. KELLY III
7. CERTIFICATE OF SERVICE

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Anderson 2001 Revocable Trust dated June 12, 2001 c/o Graham & Teresa Anderson, Trustees 129 Archer Drive Santa Cruz, California 95060 Via email to graham@sezame.com Via email to teresaanderson@outlook.com	The Willis McKelvey Rice and Linda Kay Rice Living Trust c/o Willis & Linda Rice, Trustees 405 London Way Sonoma, California 95476 Via email to lrblueharp@gmail.com
Fleming Family Trust dated August 27, 1998 c/o John & Dominque Fleming, Trustees 350 Castenada Avenue San Francisco, California 94116-1447 Via email to flemingo135@yahoo.com	Fox Family Trust dated May 24, 2002 c/o Gary & Katherine Fox, Trustees P.O. Box 1243 Fair Oaks, California 95628 Via email to gfox@yfcministries.org Via email to kathy@kathyfox.com

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