

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
MIAMI DIVISION

CASE NO. 02-20875-CIV-LENARD

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

LARRY GRABARNICK, MARC DAVID SHINER,  
DONALD LABARRE and SARAH JANE PECK,

Defendants.

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**NOTICE OF DISTRIBUTION OF SEC SETTLEMENT FUND**

**TO: ALL PERSONS OR ENTITIES WHO PURCHASED A PARTNERSHIP UNIT OR INTEREST (OR A FRACTION THEREOF) DURING THE TIME PERIOD FROM JANUARY 1, 1997 THROUGH MARCH 21, 2002, IN THE FOLLOWING LIMITED LIABILITY PARTNERSHIPS: (1) CAPITOL ELECTRIC & LIGHT, LLP; (2) COMMUNITY ELECTRIC & POWER, LLP; (3) L.A. POWER & LIGHT LLP; (4) RELIABLE ELECTRIC & POWER, LLP; (5) SAN DIEGO POWER & LIGHT, LLP; (6) SAN JOSE POWER & ELECTRIC, LLP; (7) SOUTHERN CALIFORNIA POWER PARTNERS, LLP; AND (8) TWIN POWER & ELECTRIC OF SAN FRANCISCO / OAKLAND, LLP.**

On March 21, 2002, the Securities and Exchange Commission ("SEC") filed a complaint against Larry Grabarnick, Marc David Shiner, Donald LaBarre and Sarah Jane Peck, alleging that from approximately June 1998 to October 1999 the Defendants fraudulently promoted and sold over \$10 million worth of unregistered limited liability partnership ("LLP") interests to the public through e-mails and Internet websites. The SEC's lawsuit resulted in several settlements and the creation of a settlement fund ("SEC Settlement Fund") to compensate investors who purchased partnership units or interests in the LLPs from January 1, 1997 through March 21, 2002, inclusive.

This Notice has been provided to you pursuant to Court Order. It contains information regarding: (1) the Background of the SEC Action; (2) How to Contact the Distribution Agent and Claims Administrator; (3) the Distribution Plan for the SEC Settlement Fund; and (4) How to Obtain and Submit a Claim Form.

**PLEASE NOTE, as explained below, if you want to share in the proceeds of the SEC Settlement Fund, you must submit a Claim Form so that it is received by the Claims Administrator on or before December 6, 2007.**

**I. Background of SEC Action**

On March 21, 2002, the SEC filed a complaint against Larry Grabarnick, Marc David Shiner, Donald LaBarre and Sarah Jane Peck (collectively, "Defendants"), alleging that from approximately June 1998 to October 1999 the Defendants fraudulently promoted and sold over \$10 million worth of unregistered limited liability partnership ("LLP") interests to the public through e-mails and Internet websites.

Investors were told that they would benefit from the deregulation of the electric service provider market in California. In reality, however, Defendants were engaged in a massive fraud wherein they made numerous material misstatements and omissions to investors, regarding, among other things, the profitability of the

investment, its likelihood of success, the risk and safety of the investment, and the need to invest quickly. Many investors were elderly who invested all or a portion of their retirement money into the LLPs.

Defendants set up eight LLPs. Each LLP was supposed to consist of eighty partnership units, each valued at \$19,675, for a total of \$1,547,000 per fully funded partnership. Investors could purchase an entire unit for \$19,675, or a fraction thereof – a half unit for \$10,168, or a quarter unit for \$5,425, for example.

After selling investors the bogus LLPs units, Defendants then told the investors that the partnerships would not be viable and offered them over-the-counter penny stock in exchange for their escrowed funds. Four partnerships agreed to the exchange. Trades were executed at approximately \$4 per share, and investors were required to hold their shares for at least two years. None of the partnerships ever became operational electric companies. Investors now hold worthless partnership units and delisted penny stock.

The SEC settled with all of the Defendants with separate Final Judgments being subsequently entered. The SEC Settlement Fund currently totals approximately \$360,000. The SEC does not believe that any additional funds will be received in this case in the foreseeable future. The SEC has requested, and the Court has approved, that the SEC Settlement Fund be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002 (the “Act”). Specifically, the SEC Settlement Fund will be distributed in accordance with the Distribution Plan (described in more detail in Section III below) approved by the Court on May 18, 2007.

## **II. Distribution Agent**

On February 8, 2007, at the SEC’s request, this Court entered an Order appointing Kevin B. Love as Distribution Agent in this Action. Under the Court’s Order, the Distribution Agent was directed to: (1) take possession of the SEC Settlement Fund; (2) make appropriate tax payments; (3) develop a distribution plan; and (4) upon proper notice and Court approval, distribute the SEC Settlement Fund in accordance with the distribution plan. On May 18, 2007, the Court approved the Distribution Agent’s proposed Distribution Plan (summarized in Section III below).

On March 14, 2007, the Court approved the Distribution Agent’s retention of Complete Claim Solutions, LLC as Claims Administrator. Notices and Claim Forms can be downloaded from [www.completeclaimssolutions.com/grabarnick/](http://www.completeclaimssolutions.com/grabarnick/). Questions regarding the Notice and Claim Form may be directed to: Kevin B. Love, Distribution Agent, Hanzman, Criden & Love, P.A., 7301 S.W. 57<sup>th</sup> Court, Suite 515, South Miami, FL 33143. You can also contact the Distribution Agent by phone at 305-357-9000 or by e-mail at [klove@hanzmancriden.com](mailto:klove@hanzmancriden.com).

## **III. Summary of Distribution Plan**

### **A. Determination of Eligibility**

To be an Eligible Claimant, you must have purchased a partnership unit or interest (or a fraction of a LLP unit) in one or more of the LLPs<sup>1</sup> sometime between January 1, 1997 through March 21, 2002, inclusive.<sup>2</sup> If you file a Claim Form without indicating the purchase date, your claim will be considered ineligible based on the presumption that you purchased the partnership interest outside the Relevant Time Period.

No Defendant will be considered an Eligible Claimant. In addition, all family members, agents (formally or informally) or parties otherwise related to or affiliated with any of the Defendants are not Eligible Claimants. Moreover, the Distribution Agent shall deny all claims which he determines, in his discretion, to be ineligible in accordance with the criteria set forth in the Distribution Plan.

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<sup>1</sup> The LLPs are: (1) Capitol Electric & Light, LLP; (2) Community Electric & Power, LLP; (3) L.A. Power & Light LLP; (4) Reliable Electric & Power, LLP; (5) San Diego Power & Light, LLP; (6) San Jose Power & Electric, LLP; (7) Southern California Power Partners, LLP; and (8) Twin Power & Electric of San Francisco / Oakland, LLP.

<sup>2</sup> “Relevant Time Period” or “RTP” is defined as the time period between January 1, 1997 through March 21, 2002, inclusive.

## **B. Calculation of Gains or Losses**

Eligible Claimants who purchased a LLP unit, multiple LLP units or a fraction of a LLP unit, and who file a timely and completed Claim Form, shall have their “Final Recognized Loss” calculated as follows:

- (a) The total amount of their Recognized Losses (i.e., the total cash amount invested in any and all of the LLPs during the RTP);

*Less*

- (b) The total amount of Recognized Gains (i.e., the total cash amount received for selling (or otherwise transferring) their LLP interests).

The exchange of any units for Full Power Corporation/Full Power Group, Inc.’s (“Full Power”) over-the-counter stock shall not be considered in computing Recognized Gains. The sale, however, of any Full Power stock which had earlier been exchanged for LLP units, shall be considered in calculating Recognized Gains.

The SEC Settlement Fund (after all appropriate deductions or reserves have been made) shall be allocated *pro rata* based upon each Eligible Claimant’s Final Recognized Loss. Eligible Claimants shall receive a *pro rata* share up to 110% of their Final Recognized Loss. If the total amount of the money due Eligible Claimants exceeds the amount of the SEC Settlement Fund, the Distribution Agent shall distribute the SEC Settlement Fund to the Eligible Claimants *pro rata* based upon the ratio of the Final Recognized Loss of each Eligible Claimant to the aggregate Final Recognized Losses of all Eligible Claimants. If an otherwise Eligible Claim would result in a distribution of less than \$10.00, it is an ineligible claim, and will not be paid. If, after paying all Eligible Claims (and all expenses and reserves), money remains in the SEC Settlement Fund, then the money shall be given to the SEC, which shall transfer the funds to the United States Treasury.

Each investor making a claim shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of Florida with respect to the eligibility of its claim.

## **IV. Claim Form**

If you received this Notice without requesting it, then the Claim Form accompanying it should have your contact information and the amount you invested in the LLPs pre-printed on the Claim Form. Revise the pre-printed information on the Claim Form only if it is incorrect. If the pre-printed information is not revised by you prior to submission, then the Claims Administrator will assume that the information is correct. If the preprinted information is missing information, please fill in the blanks. If you requested a Notice and Claim Form to be sent to you, then the Claim Form will likely not have pre-printed information on it.

**To avoid being barred from asserting a claim, each potential claimant must submit to the Claims Administrator a properly completed Claim Form (together with all supporting documentation) so that it is received by the Claims Administrator on or before December 6, 2007 (“Claims Bar Date”).** Any potential claimant that does not submit a properly completed and documented Claim Form so that such completed form and documentation are received by the Claims Administrator on or before the Claims Bar Date (whether or not the claimant received actual notice) shall be barred from asserting a claim. The burden shall be upon the claimant to ensure that its Claim Form has been properly and timely received by the Claims Administrator prior to the Claims Bar Date. For good cause shown, the Claims Bar Date may be extended by the Distribution Agent for one or more potential claimants.

To be eligible to share in the SEC Settlement Fund, investors must comply with all of the instructions in the Claim Form. **For example, all claimants should provide documentary evidence with their Claim Form.** Documentary evidence means documents which support your claim of purchases or sales of LLP units. Documentary evidence may include: account statements, subscription agreements, K-1’s (IRS Form 1065), payment receipts or payment confirmations, or other similarly reliable records of investment activity. Finally, all Claim Forms must be verified on the basis of a sworn declaration executed by the claimant or an appropriate officer of a corporate or institutional claimant.

The Distribution Agent shall review each Claim Form to determine a claimant's eligibility and Recognized Loss. Each claimant shall have the burden of proof to establish their eligibility and Recognized Loss. The Distribution Agent shall have the right to request, and the claimant shall have the burden of providing to the Distribution Agent, any additional information and/or documentation deemed relevant by the Distribution Agent.

A reasonable time after the Claims Bar Date, the Distribution Agent shall notify in writing all claimants whose claims have been denied under the criteria established by the Distribution Plan. The Distribution Agent shall advise each such claimant of the basis for the rejection of the claim. Any claimant who objects to the Distribution Agent's determination of eligibility or wishes him to reconsider the denial of the claim, must so advise the Distribution Agent in writing so that the letter is received by the Distribution Agent within twenty-one (21) calendar days after the Distribution Agent mails notice of the denial of the claim. The Distribution Agent, in consultation with the SEC, shall promptly consider any such request for reconsideration and shall notify the claimant in writing of his final decision. A failure to properly and timely request reconsideration of a claim denial shall permanently waive the claimant's right to further contest the decision.

After a final review of each Eligible Claim (including the consideration and reconsideration of any denied claims) and determining the final amount of Recognized Loss as to each, the Distribution Agent shall file a motion with the Court for the entry of an order approving the proposed distribution to Eligible Claimants. In the Motion to Approve the Proposed Distribution Order, the Distribution Agent shall summarize all disputed issues with any investors regarding eligibility, Recognized Loss, proposed payments or any other relevant issues. The Distribution Agent shall serve the Motion on any investor that previously objected to the Distribution Agent's determination of eligibility or who requested a reconsideration of a decision by the Distribution Agent. The objecting investor shall have the right to file an appeal with the Court of any decision of the Distribution Agent. Checks shall be sent out to investors with approved claims within 60 days from the entry of the Distribution Order.

#### **V. Miscellaneous**

**PLEASE DO NOT** contact the Court or the Clerk's Office regarding this Notice. Questions regarding the Notice and Claim Form may be directed to:

Kevin B. Love  
Distribution Agent  
Hanzman, Criden & Love, P.A.  
7301 S.W. 57<sup>th</sup> Court, Suite 515  
South Miami, FL 33143  
305-357-9000  
[klove@hanzmancriden.com](mailto:klove@hanzmancriden.com)

Dated: May 18, 2007