

**NOTICE TO INTERESTED PERSONS REQUIRED PURSUANT TO PROHIBITED
TRANSACTION EXEMPTION 96-62 FOR AUTHORIZATION OF A TRANSACTION
INVOLVING THE DOUGLAS S. DORFLINGER & ASSOCIATES PROFIT SHARING
PLAN**

1. You are hereby notified that a written submission has been filed on behalf of Douglas S. Dorflinger & Associates (the "Company"), the Douglas S. Dorflinger & Associates Profit Sharing Plan (the "Plan") and Mr. Douglas S. Dorflinger and Ms. Pamela C. Dorflinger, the sole trustees and sole participants/beneficiaries of the Plan (the "Applicants"), with the United States Department of Labor (the "DOL") seeking authorization of the proposed sale of certain property owned by the Plan (the "Proposed Transaction"), as described below, to the Applicants.
2. This submission has been prepared pursuant to Prohibited Transaction Class Exemption ("PTE") 96-62 (as published in 61 Fed. Reg. 39,988 (July 31, 1996), as amended by 67 Fed. Reg. 44,622 (July 3, 2002)).
3. The submission has met the requirements for tentative authorization under PTE 96-62.
4. If the Proposed Transaction is authorized by the DOL, pursuant to PTE 96-62, the sanctions resulting from the application of section 4975(c)(1)(A), (D) and (E) of the Internal Revenue Code of 1986, as amended (the "Code"), shall not apply to the sale, by the Plan¹ to the Applicants, the sole beneficiaries and sole trustees of the Plan, of a certain parcel of improved real property, which is adjacent to the primary residence of the Applicants (the "Property").
5. The authorization is subject to the following conditions:
 - (a) The terms and conditions of the Proposed Transaction are at least as favorable to the Plan as those that the Plan could obtain in an arms-length transaction with an unrelated party;
 - (b) The Plan receives the fair market value of the Property on the date of such Proposed Transaction, as determined by an independent, qualified appraiser (the "Appraiser"). The Appraiser has considered and shall consider the adjacency of other property already owned by the Applicants when determining the fair market value of the Property;
 - (c) The Proposed Transaction is a one-time transaction for cash;

¹ Pursuant to 29 CFR § 2510.3-3(b), the Plan is not within the jurisdiction of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). However, there is jurisdiction under Title II of ERISA pursuant to section 4975 of the Code.

- (d) The Plan pays no commissions, costs or other expenses in connection with the Proposed Transaction or the submission for consideration under PTE 96-62; and
 - (e) Douglas and Pamela Dorflinger, as the Plan trustees, will review and approve the methodology used by the qualified, independent appraiser, will ensure that such methodology is properly applied in determining the Property's fair market value on the date of the sale, and will also determine whether the sale is appropriate for the Plan and in the best interests of participants and beneficiaries.
6. The residential property is located in Burbank, California. With respect to the past use of the Property, the structure on the Property was built in 1943 and is a two-bedroom, one bath residence comprising 909 square feet located on a 6,000 square foot lot. The Plan purchased the Property on September 22, 1992 from an unrelated third party as an investment for a purchase price of \$190,000, paid by the Plan in cash. During the time that the Plan has owned the Property, the Property has not been encumbered by any mortgage, nor has there been any attempt to sell the Property to a third party. The Property has been continuously rented out to arms-length tenants, other than for a brief period of vacancy between occupancies. The Property has not been used by the Company or the Applicants or any other disqualified person with respect to the Plan (including any relatives of the Applicants). The Plan has been paid all rental proceeds of the Property and the costs of maintenance, expenses and property taxes in relation to the Property have been paid by the Plan. From the date that the Plan purchased the Property to the present, the Applicant's good faith estimate of such proceeds paid to the Plan is \$128,402 and of such expenses paid by the Plan is \$97,346. The Applicants have been managing the Property without charging any fees to the Plan and have never used the property themselves for any purpose. The Property is currently in need of much additional maintenance.
7. On January 31, 2012, the Appraiser, acting solely on behalf of the Plan in connection with its application for an exemption pertaining to the Proposed Transaction, determined the fair market value of the Property to be \$349,000. The Appraiser has consented to and acknowledged that the summary use appraisal report dated January 31, 2012 with respect to the Property would be submitted to the DOL as part of this application for exemption of the Proposed Transaction. The Appraiser has considered the fact that the Property is adjacent to the personal residence owned by the Applicants and has concluded that no premium be placed on the value of the Property. To the knowledge of the Applicants and as stated in the summary use appraisal report, less than 1% of the Appraiser's income is derived from the Plan or any related or affiliated person. The sales comparison approach was used to arrive at the market value of the Property. The Appraiser certified that he has no interest in the Property and no bias with respect to the Property or the Applicants. The Appraiser is a Certified General Real Estate Appraiser in the state of California and a member of the Appraisal Institute, an organization of professional appraisers that has the ability to sanction its members for misconduct. The appraisal will be updated as of the date of the transaction.
8. The Applicants represent that the Proposed Transaction would be in the best interest of the Plan at this time in light of the still falling real estate market values in southern

California and the substantial maintenance that the structure now needs. The Plan will be able to dispose of the Property at its fair market value, realizing the appreciation of its investment and lessening the risk of further devaluation of the Property, so that it may convert the Property to a more liquid asset with opportunity for growth and further diversify its holdings without undertaking substantial repairs by selling the Property in "as is" condition or incurring brokerage commissions, expenses related to termite damage repair or other expenses associated with the sale.

9. The Applicants have identified as substantially similar to the Proposed Transaction the following individual exemptions granted by the DOL within the past 60 months:

- (a) Final Authorization No. 09-11E for McHenry Law Firm Retirement Plan and Trust (July 18, 2009), an expedited exemption issued pursuant to IPTE 96-62, allowed the sale by the plan of a tract of unimproved real property to a party in interest who is a fiduciary with respect to the plan for the greater of \$71,000 or fair market value as of the date of the sale as determined by a qualified independent appraiser. The property in question was adjacent to other property owned by the party in interest. The independent appraiser concluded that no premium to the valuation was appropriate. The plan was not required to pay any commissions, costs, or other expenses in connection with the sale. It is therefore submitted that the current exemption is substantially similar in all material respects.; and
- (b) IPTE 2007-16, 72 Fed. Register 51470, September 7, 2007 for The Victor P. Olson Profit Sharing Plan, an exemption for the sale of a parcel of improved real property by the plan to Victor P. Olson, a party in interest with respect to the plan. In that prohibited transaction exemption, the land owned by the plan and proposed for sale was very close to real estate already owned by Victor P. Olson. The appraiser considered and assigned an additional value attributable to a "specific buyer with a special need for the property" to determine the value of the property due to its close proximity to real estate owned by Mr. Olson. The sale was a one-time transaction for cash. The purchase price was the greater of (1) \$375,000 or (2) the fair market value of the property at the time of the sale. The plan was not required to pay any commissions, costs, or other expenses in connection with the sale. It is therefore submitted that the current exemption is substantially similar in all material respects.

These exemptions permitted the one-time cash sale by a qualified plan of certain property to a party-in-interest to the qualified plan, where the subject property was adjacent to other property owned by the party-in-interest, to bring liquidity to such plan.

10. As a person who may be affected by this exemption, you have the right to comment on the proposed exemption by May 20, 2012. Comments should be addressed to:

Employee Benefits Security Administration
Office of Exemption Determinations
U.S. Department of Labor
200 Constitution Avenue, N.W.
Room N-5700
Washington, DC 20210
Attention: Angelina LeBlanc
Re: E-00687

The Department will make no decision on the request for final authorization for the transaction until it reviews all comments received in response to the enclosed notice. Be sure to reference the submission number, E-00687. Comments may also be submitted by facsimile to 202-219-0204, or by email to leblanc.angelina@dol.gov.

The final authorization to engage in the transaction will occur on May 26, 2012, unless the Department notifies the Applicant otherwise. Upon final authorization, the transaction will occur as soon as administratively feasible after May 26, 2012.