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FILED
CLERK, U.S. DISTRICT COURT
MAR - 4 2009
CENTRAL DISTRICT OF CALIFORNIA
BY [Signature] DEPUTY

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12
13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA

15 SECURITIES AND EXCHANGE
16 COMMISSION,

17 Plaintiff,

18 vs.

19 DIVERSIFIED LENDING GROUP, INC.;
20 APPLIED EQUITIES, INC.; and BRUCE
FRIEDMAN,

21 Defendants,

22 and

23 TINA M. PLACOURAKIS,

24 Relief Defendant.

CV09-01533
Case No.

~~PROPOSED~~ TEMPORARY
RESTRAINING ORDER AND
ORDERS: (1) FREEZING ASSETS,
(2) APPOINTING A TEMPORARY
RECEIVER, (3) PROHIBITING
THE DESTRUCTION OF
DOCUMENTS, (4) GRANTING
EXPEDITED DISCOVERY, AND
(5) REQUIRING ACCOUNTINGS;
AND ORDER TO SHOW CAUSE RE
PRELIMINARY INJUNCTION AND
APPOINTMENT OF PERMANENT
RECEIVER

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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

1 This matter came to be heard upon the Application of Plaintiff Securities and
 2 Exchange Commission ("Commission") for a Temporary Restraining Order And
 3 Orders: (1) Freezing Assets, (2) Appointing A Temporary Receiver, (3) Prohibiting
 4 The Destruction Of Documents, (4) Granting Expedited Discovery, and (5)
 5 Requiring Accountings; And To Show Cause Re Preliminary Injunction And
 6 Appointment Of A Permanent Receiver (the "Application").

7 A. This Court has jurisdiction over the parties to, and the subject matter
 8 of, this action.

9 B. Good cause exists to believe that defendants Diversified Lending
 10 Group, Inc. ("DLG"), Applied Equities, Inc. ("AEI") and Bruce Friedman
 11 ("Friedman") (collectively, "the defendants"), and each of them, have engaged in,
 12 are engaging in, and are about to engage in transactions, acts, practices and courses
 13 of business that constitute violations of Section 17(a) of the Securities Act of 1933
 14 ("Securities Act"), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange
 15 Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17
 16 C.F.R. § 240.10b-5.

17 C. The Commission has demonstrated a probability of success on the
 18 merits in this action.

19 D. Good cause exists to believe that the defendants will continue to
 20 engage in such violations to the immediate and irreparable loss and damage to
 21 investors and to the general public unless they are restrained and enjoined.

22 E. It is appropriate and the interests of justice require that the
 23 Commission's Application be granted without notice to the defendants as the
 24 Commission has set forth in its Application the reasons supporting its claim that
 25 notice should not be required, and it appears from specific facts shown by the
 26 Declarations filed by the Commission that immediate and irreparable injury, loss,
 27 or damage will result if notice to the defendants is given.

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1 I.

2 IT IS HEREBY ORDERED that the Commission's Application for a
3 Temporary Restraining Order and Orders: (1) Freezing Assets, (2) Appointing A
4 Temporary Receiver, (3) Prohibiting the Destruction Of Documents, (4) Granting
5 Expedited Discovery, and (5) Requiring Accountings; And To Show Cause Re
6 Preliminary Injunction And Appointment Of A Permanent Receiver is GRANTED.

7 II.

8 IT IS FURTHER ORDERED that the defendants, and their officers, agents,
9 servants, employees, attorneys, subsidiaries and affiliates, and those persons in
10 active concert or participation with any of them, who receive actual notice of this
11 Order, by personal service or otherwise, and each of them, be and hereby are
12 temporarily restrained and enjoined from, directly or indirectly, in the offer or sale
13 of any securities, by the use of any means or instruments of transportation or
14 communication in interstate commerce or by use of the mails:

- 15 A. employing any device, scheme or artifice to defraud;
16 B. obtaining money or property by means of any untrue statement of a
17 material fact or any omission to state a material fact necessary in order
18 to make the statements made, in light of the circumstances under
19 which they were made, not misleading; or
20 C. engaging in any transaction, practice, or course of business which
21 operates or would operate as a fraud or deceit upon the purchaser;

22 in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

23 III.

24 IT IS FURTHER ORDERED that the defendants, and their officers, agents,
25 servants, employees, attorneys, subsidiaries and affiliates, and those persons in
26 active concert or participation with any of them, who receive actual notice of this
27 Order, by personal service or otherwise, and each of them, be and hereby are
28 temporarily restrained and enjoined from, directly or indirectly, in connection with

1 the purchase or sale of any security, by the use of any means or instrumentality of
2 interstate commerce, or of the mails, or of any facility of any national securities
3 exchange:

- 4 A. employing any device, scheme or artifice to defraud;
- 5 B. making any untrue statement of a material fact or omitting to state a
6 material fact necessary in order to make the statements made, in the
7 light of the circumstances under which they were made, not
8 misleading; or
- 9 C. engaging in any act, practice, or course of business which operates or
10 would operate as a fraud or deceit upon any person;

11 in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule
12 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

13 IV.

14 IT IS FURTHER ORDERED that, except as otherwise ordered by this
15 Court, the defendants, and their officers, agents, servants, employees, attorneys,
16 subsidiaries and affiliates, and those persons in active concert or participation with
17 any of them, who receive actual notice of this Order, by personal service or
18 otherwise, and each of them, be and hereby are temporarily restrained and enjoined
19 from, directly or indirectly:

- 20 A. transferring, assigning, selling, hypothecating, changing, wasting,
21 dissipating, converting, concealing, encumbering, or otherwise
22 disposing of, in any manner, any funds, assets, securities, claims, or
23 other real or personal property, wherever located, of the defendants, or
24 their subsidiaries or affiliates, owned by, controlled by, managed by
25 or in the possession or custody of any of them;
- 26 B. transferring, assigning, selling, hypothecating, encumbering, or
27 otherwise disposing of any securities, including, but not limited to,
28 any investment contracts or other securities of DLG, or any of its

1 subsidiaries or affiliates.

2 V.

3 IT IS FURTHER ORDERED that, except as otherwise ordered by this
 4 Court, an immediate freeze shall be placed on all monies and assets (with an
 5 allowance for necessary and reasonable living expenses to be granted only upon
 6 good cause shown by application to the Court with notice to and an opportunity for
 7 the Commission to be heard) in all accounts at any bank, financial institution or
 8 brokerage firm (including any futures commission merchant), all certificates of
 9 deposit, and other funds or assets, held in the name of, for the benefit of, or over
 10 which account authority is held by any of the defendants, and relief defendant Tina
 11 M. Placourakis ("relief defendant Placourakis"), or any entity affiliated with any of
 12 them, including, but not limited to, the accounts set forth below:

13

<u>Institution Name</u>	<u>Account Name</u>	<u>Account No.</u>
14 Wells Fargo Bank	Diversified Lending Group Inc.	200-0451001
15 Wells Fargo Bank	Diversified Lending Group Inc.	719-3206666
16 Wells Fargo Bank	Diversified Lending Group Inc.	359-7119035
17 Wells Fargo Bank	Diversified Lending Group Inc.	361-0903241
18 Wells Fargo Bank	Diversified Lending Group Inc.	361-0903233
19 Wells Fargo Bank	Diversified Lending Group Inc.	362-2099608
20 Wells Fargo Bank	Diversified Lending Group Inc.	382-7425475

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<u>Institution Name</u>	<u>Account Name</u>	<u>Account No.</u>
Wells Fargo Bank	Diversified Lending Group Inc.	939-7908642
Wells Fargo Bank	Diversified Lending Group Inc.	981-4827631
Wells Fargo Bank	Diversified Lending Group Inc.	945-0422838
Wells Fargo Bank	Diversified Lending Group Inc.	945-0422846
Wells Fargo Bank	Diversified Lending Group Inc.	945-0422861
Wells Fargo Bank	Diversified Lending Group Inc.	945-0423372
Wells Fargo Bank	Diversified Lending Group Inc.	894-08966843
Wells Fargo Bank	Applied Equities, Inc. ACH Acct.	893-8904177
Wells Fargo Bank	Applied Equities, Inc.	412-1610745
Wells Fargo Bank	Applied Equities, Inc. dba AEI	771-3271497
Wells Fargo Bank	Applied Equities, Inc.	893-8903757
Merrill Lynch	Diversified Lending Group Inc.	236-07199
Merrill Lynch	Diversified Lending Group Inc.	236-07086
Merrill Lynch	Bruce Friedman and Tina M. Placourakis	236-15L42
Merrill Lynch	MMHIM / Diversified Lending Group Inc.	236-07088

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<u>Institution Name</u>	<u>Account Name</u>	<u>Account No.</u>
Merrill Lynch	MMHIM / Diversified Lending Group Inc.	236-07217
Merrill Lynch	Bruce Friedman and Robert Knight	236-11007
Merrill Lynch	Gary Friedman and Dale M. Friedman	236-15B47
Merrill Lynch	Bruce Friedman and Diane Cano	236-15H42

VI.

IT IS FURTHER ORDERED that David Gill is appointed as temporary receiver of DLG and AEI, and their subsidiaries and affiliates, with full powers of an equity receiver, including, but not limited to, full power over all funds, assets, collateral, premises (whether owned, leased, occupied, or otherwise controlled), choses in action, books, records, papers and other property belonging to, being managed by or in the possession of or control of DLG and AEI, and their subsidiaries and affiliates, and that such receiver is immediately authorized, empowered and directed:

- A. to have access to and to collect and take custody, control, possession, and charge of all funds, assets, collateral, premises (whether owned, leased, occupied, or otherwise controlled), choses in action, books, records, papers and other real or personal property, wherever located, of or managed by DLG and AEI, and their subsidiaries and affiliates, with full power to sue, foreclose, marshal, collect, receive, and take into possession all such property;
- B. to have control of, and to be added as the sole authorized signatory for, all accounts of the entities in receivership, including all accounts

1 at any bank, title company, escrow agent, financial institution or
2 brokerage firm (including any futures commission merchant) which
3 has possession, custody or control of any assets or funds of DLG and
4 AEI, and their subsidiaries and affiliates; or which maintains accounts
5 over which DLG and AEI, and their subsidiaries and affiliates, and/or
6 any of their employees or agents have signatory authority;

7 C. to conduct such investigation and discovery as may be necessary to
8 locate and account for all of the assets of or managed by DLG and
9 AEI, and their subsidiaries and affiliates, and to engage and employ
10 attorneys, accountants and other persons to assist in such investigation
11 and discovery;

12 D. to take such action as is necessary and appropriate to preserve and
13 take control of and to prevent the dissipation, concealment, or
14 disposition of any assets of or managed by DLG and AEI, and their
15 subsidiaries and affiliates;

16 E. to make an accounting, as soon as practicable, to this Court and the
17 Commission of the assets and financial condition of DLG and AEI,
18 and to file the accounting with the Court and deliver copies thereof to
19 all parties;

20 F. to make such payments and disbursements from the funds and assets
21 taken into custody, control, and possession or thereafter received by
22 him or her, and to incur, or authorize the making of, such agreements
23 as may be necessary and advisable in discharging his or her duties as
24 temporary receiver;

25 G. to employ attorneys, accountants and others to investigate and, where
26 appropriate, to institute, pursue, and prosecute all claims and causes of
27 action of whatever kind and nature which may now or hereafter exist
28 as a result of the activities of present or past employees or agents of

1 DLG and AEI, and their subsidiaries and affiliates; and

2 H. to have access to and monitor all mail of the entities in receivership in
3 order to review such mail which he or she deems relates to their
4 business and the discharging of his or her duties as temporary
5 receiver.

6 VII.

7 IT IS FURTHER ORDERED that the defendants, and their subsidiaries and
8 affiliates, including all of the other entities in receivership, and their officers,
9 agents, servants, employees and attorneys, and any other persons who are in
10 custody, possession or control of any assets, collateral, books, records, papers or
11 other property of or managed by any of the entities in receivership, shall forthwith
12 give access to and control of such property to the temporary receiver.

13 VIII.

14 IT IS FURTHER ORDERED that no officer, agent, servant, employee, or
15 attorney of the defendants shall take any action or purport to take any action, in the
16 name of or on behalf of DLG or AEI without the written consent of the temporary
17 receiver or order of this Court.

18 IX.

19 IT IS FURTHER ORDERED that, except by leave of this Court, during the
20 pendency of this receivership, all clients, investors, trust beneficiaries, note
21 holders, creditors, claimants, lessors, consultant groups and all other persons or
22 entities seeking relief of any kind, in law or in equity, from the defendants, or their
23 subsidiaries or affiliates, and all persons acting on behalf of any such investor, trust
24 beneficiary, note holder, creditor, claimant, lessor, consultant group or other
25 person, including sheriffs, marshals, servants, agents, employees, and attorneys,
26 are hereby restrained and enjoined from, directly or indirectly, with respect to these
27 persons and entities:

28 A. commencing, prosecuting, continuing or enforcing any suit or

1 proceeding (other than the present action by the Commission) against
2 any of them;

- 3 B. using self-help or executing or issuing or causing the execution or
4 issuance of any court attachment, subpoena, replevin, execution or
5 other process for the purpose of impounding or taking possession of
6 or interfering with or creating or enforcing a lien upon any property or
7 property interests owned by or in the possession of DLG or AEI; and
8 C. doing any act or thing whatsoever to interfere with taking control,
9 possession or management by the temporary receiver appointed
10 hereunder of the property and assets owned, controlled or managed by
11 or in the possession of DLG or AEI, or in any way to interfere with or
12 harass the temporary receiver or his or her attorneys, accountants,
13 employees or agents or to interfere in any manner with the discharge
14 of the temporary receiver's duties and responsibilities hereunder.

15 X.

16 IT IS FURTHER ORDERED that the defendants, and their subsidiaries,
17 affiliates, officers, agents, servants, employees and attorneys, shall cooperate with
18 and assist the temporary receiver and shall take no action, directly or indirectly, to
19 hinder, obstruct, or otherwise interfere with the temporary receiver or his or her
20 attorneys, accountants, employees or agents, in the conduct of the temporary
21 receiver's duties or to interfere in any manner, directly or indirectly, with the
22 custody, possession, management, or control by the temporary receiver of the
23 funds, assets, collateral, premises, and choses in action described above.

24 XI.

25 IT IS FURTHER ORDERED that the defendants shall pay the costs, fees
26 and expenses of the temporary receiver incurred in connection with the
27 performance of his or her duties described in this Order, including the costs and
28 expenses of those persons who may be engaged or employed by the temporary

1 receiver to assist him or her in carrying out his or her duties and obligations. All
2 applications for costs, fees and expenses for services rendered in connection with
3 the receivership other than routine and necessary business expenses in conducting
4 the receivership, such as salaries, rent and any and all other reasonable operating
5 expenses, shall be made by application setting forth in reasonable detail the nature
6 of the services and shall be heard by the Court.

7 **XII.**

8 **IT IS FURTHER ORDERED** that no bond shall be required in connection
9 with the appointment of the temporary receiver. Except for an act of gross
10 negligence, the temporary receiver shall not be liable for any loss or damage
11 incurred by any of the defendants, their officers, agents, servants, employees and
12 attorneys or any other person, by reason of any act performed or omitted to be
13 performed by the temporary receiver in connection with the discharge of his or her
14 duties and responsibilities.

15 **XIII.**

16 **IT IS FURTHER ORDERED** that representatives of the Commission are
17 authorized to have continuing access to inspect or copy any or all of the corporate
18 books and records and other documents of the defendants and the other entities in
19 receivership, and continuing access to inspect their funds, property, assets and
20 collateral, wherever located.

21 **XIV.**

22 **IT IS FURTHER ORDERED** that, except as otherwise ordered by this
23 Court, the defendants, relief defendant Placourakis, and their officers, agents,
24 servants, employees, attorneys, subsidiaries and affiliates, including the other
25 entities in receivership, and those persons in active concert or participation with
26 any of them, who receive actual notice of this Order, by personal service or
27 otherwise, and each of them, be and hereby are temporarily restrained and enjoined
28 from, directly or indirectly: destroying, mutilating, concealing, transferring,

1 altering, or otherwise disposing of, in any manner, any documents, which includes
2 all books, records, computer programs, computer files, computer printouts,
3 contracts, correspondence, memoranda, brochures, or any other documents of any
4 kind in their possession, custody or control, however created, produced, or stored
5 (manually, mechanically, electronically, or otherwise), pertaining in any manner to
6 defendants, and their subsidiaries and affiliates.

7 **XV.**

8 **IT IS FURTHER ORDERED** that the Commission's application for
9 expedited discovery be and hereby is granted and that the Commission and the
10 temporary receiver may request documents from and take depositions of parties
11 and non-parties upon oral examination subject to two calendar days notice pursuant
12 to Rules 30(a), 34, and 45 of the Federal Rules of Civil Procedure, that the
13 Commission and temporary receiver may take more than one deposition at the
14 same time, that depositions of the defendants may be taken on any day, including
15 Saturdays, Sundays, and holidays subject to two calendar days notice, including
16 notice given personally, by facsimile or by electronic mail, and that the depositions
17 taken pursuant to this Order shall not be counted for purposes of determining the
18 applicability of the limitations of Rules 30(a)(2)(A) and 30(a)(2)(B) of the Federal
19 Rules of Civil Procedure.

20 **XVI.**

21 **IT IS FURTHER ORDERED** that the defendants shall, within five days of
22 the issuance of this Order, each prepare and deliver to the Commission a detailed
23 and complete schedule of all their assets, including all real and personal property
24 exceeding \$5,000 in value, and all bank, securities, futures and other accounts
25 identified by institution, branch address and account number. The accounting shall
26 include a description of the source(s) of all such assets. Such accounting shall be
27 filed with the Court and a copy shall be delivered to the Commission's Los
28 Angeles Regional Office. After completion of the accounting, the defendants shall

1 produce to the Commission's Los Angeles Regional Office, at a time agreeable to
2 the Commission, all books, records and other documents supporting or underlying
3 his accounting.

4 **XVII.**

5 IT IS FURTHER ORDERED that the defendants, and their officers, agents,
6 servants, employees, attorneys, subsidiaries and affiliates, including the other
7 entities in receivership, shall, within 24 hours of the issuance of this Order, cause
8 to be prepared and delivered to the temporary receiver, a detailed and complete
9 schedule of all passwords, usernames, and identification numbers for all web sites,
10 email accounts, and all accounts at any bank, financial institution, brokerage firm,
11 or insurance company to which DLG and AEI have access.

12 **XVIII.**

13 IT IS FURTHER ORDERED that this Temporary Restraining Order shall
14 expire at 4 o'clock p.m. on March 10, 2009, unless, for good
15 cause shown, it is extended or unless the parties against whom it is directed
16 consent that it may be extended for a longer period.

17 **XIX.**

18 IT IS FURTHER ORDERED that at 10 o'clock a.m. on
19 March 10, 2009, or as soon thereafter as the parties can be heard, the
20 defendants, and each of them, shall appear before the Honorable
21 Manuel L. Real, Judge of the United States District Court for the
22 Central District of California, to show cause, if there be any, why a preliminary
23 injunction should not be granted and a permanent receiver not appointed in
24 accordance with the prayer for relief contained in this Complaint filed by the
25 Commission. Any declarations, affidavits, points and authorities, or other
26 submissions in support of, or in opposition to, the issuance of such an Order shall
27 be filed with the Court and delivered to the Commission's Los Angeles office and
28 the offices of the defendants and/or their attorneys no later than 3 o'clock

1 p .m. on March 6, 2009. Any reply papers shall be filed with the Court
 2 and delivered to opposing counsel no later than 10 o'clock a .m. on
 3 March 9, 2009.

4 XX.

5 IT IS FURTHER ORDERED that this Court shall retain jurisdiction over
 6 this action for the purpose of implementing and carrying out the terms of all orders
 7 and decrees which may be entered herein and to entertain any suitable application
 8 or motion for additional relief within the jurisdiction of this Court.

9
 10 **IT IS SO ORDERED.**

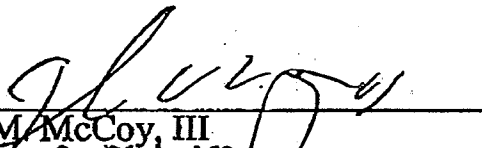
11
 12 DATED: March 4, 2009
 13 TIME: 5:30 o'clock p .m.



OTIS D. WRIGHT

UNITED STATES DISTRICT JUDGE
 on behalf of Manuel L. Real, U.S. District Judge

17 Presented by:

18
 19 
 20 John M. McCoy, III
 21 Attorney for Plaintiff
 22 Securities and Exchange Commission