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4 Permanent Receiver  
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8 **UNITED STATES DISTRICT COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **WESTERN DIVISION**

11 SECURITIES AND EXCHANGE  
COMMISSION,

12 Plaintiff,

13 vs.  
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15 DIVERSIFIED LENDING GROUP,  
INC.; APPLIED EQUITIES, INC.; AND  
16 BRUCE FRIEDMAN,

17 Defendants,

18 and

19 TINA M. PLACOURAKIS,  
20

21 Relief Defendant.  
22

Case No. CV 09-01533-R (SSx)

**NOTICE OF MOTION AND  
MOTION OF RECEIVER FOR  
DISALLOWANCE OF  
DUPLICATE CLAIMS, (B)  
EXTENDING LAST DATE TO  
FILE CLAIMS TO JULY 10, 2010  
AND (C) TO RECOMMEND A  
PROCEDURE TO RESOLVE  
CLAIMS DISPUTES);  
DECLARATION OF DAVID A.  
GILL**

Date: November 1, 2010  
Time: 10:00 a.m.  
Place: Courtroom "8"  
Hon. Manuel Real

23  
24 **PLEASE TAKE NOTICE THAT** on November 1, 2010, at 10:00 a.m. in  
25 Courtroom "8" of the above-captioned Court, I, David A. Gill, the Permanent  
26 Receiver ("Receiver") of Diversified Lending Group, Inc. ("DLG"), Applied  
27 Equities, Inc. ("AEI"), and their subsidiaries and affiliates, including but not limited  
28 to MMHIM, Inc., DLG International, a Panamanian Company, and Sun West

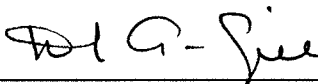
1 Bottlers, LLC (collectively "Diversified"), will move and hereby moves the Court  
2 ("Motion") for an order disallowing duplicate claims, as detailed in Exhibit "C" to  
3 the Declaration of David A. Gill and at the next page of this Notice, extending the  
4 Claims Bar Date to July 10, 2010, establishing procedures to litigate objections to  
5 claims and approving the manner of notice of this motion.

6 **NOTICE IS HEREBY FURTHER GIVEN**, that the Motion is made on the  
7 grounds set forth in the attached Motion and the Declaration of David A. Gill filed  
8 therewith. A proposed order is filed therewith.

9 **PLEASE TAKE FURTHER NOTICE** that any interested party may request  
10 paper or electronic copies of the entire service package by contacting me in writing,  
11 and I will comply with all such requests by first-class mail. A copy of this Notice  
12 and the Motion can be viewed by accessing the Receiver's website at  
13 *www.DiversifiedReceivership.com*. Inquiries may be directed to the Receiver's  
14 office at the above address, attention Ms. Jessica Ramos, Paraprofessional.

15 **NOTICE IS HEREBY FURTHER GIVEN** that Local Rule 67-9 requires  
16 that, not later than 14 days before the date designated for the hearing on the Motion,  
17 any party who opposes the Motion to file with the Court and serve upon the Receiver  
18 such opposing party's response to the Motion. Failure to comply with this  
19 requirement, as set forth in the Local Rules of the Court, may be deemed by the  
20 Court to be consent to the granting of the Motion.

21  
22 Dated: October 1, 2010

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25 David A. Gill, Receiver  
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**Receivership of Diversified Lending Group, Inc.  
Duplicate Claims**

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
1089	Gregory, John F	07-01401	05/28/10	\$ 58,048.34	X
1088	Gregory, John F	07-01401	05/28/10	\$ 58,048.34	
Total Allowable Claim				\$ 58,048.34	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
501	Hickham, Robert H. Hickam Defined Benefit Pension Plan FBO Harold D. Meek	07-01609	04/02/10	\$ 106,127.00	X
596	Hickham, Robert H. Hickam Defined Benefit Pension Plan FBO Harold D. Meek	07-01609	04/14/10	\$ 108,665.00	
546	Hickham, Robert H. Hickam Defined Benefit Pension Plan FBO Robert Hickam	07-01608	04/12/10	\$ 184,296.00	
Total Allowable Claim				\$ 292,961.00	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
917	Ivie, Kraig S	07-01408	05/24/10	\$2,200,000.00	X
918	Ivie, Kraig S	07-01408	05/24/10	\$2,200,000.00	
Total Allowable Claim				\$2,200,000.00	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
608	Kotal Trust Dated Aug. 19, 1998, Edward Kotal & Edith M. Kotal, TTEES	07-00117	04/19/10	\$ 433,168.25	X
1011	Kotal Trust Dated Aug. 19, 1998, Edward Kotal & Edith M. Kotal, TTEES	07-00117	05/27/10	\$ 433,168.25	
Total Allowable Claim				\$ 433,168.25	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
571	Warner, Wynne Natalie	07-01472	04/12/10	\$ 323,785.02	X
642	Warner, Wynne Natalie	07-01472	04/22/10	\$ 323,785.02	
Total Allowable Claim				\$ 323,785.02	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
572	Warner, Wynne Warner Trust, Dated August 24, 1990	07-01586;08-01226;08-01321;08-01358	04/12/10	\$ 665,376.50	X
643	Warner, Wynne Warner Trust, Dated August 24, 1990		04/22/10	\$ 665,376.50	X
655	Warner, Wynne Warner Trust, Dated August 24, 1990	07-01586;08-01226;08-01321;08-01358	04/26/10	\$ 665,376.50	
Total Allowable Claim				\$ 665,376.50	

1 The undersigned, David A. Gill, the Permanent Receiver (the "Receiver") of  
2 Diversified Lending Group, Inc. and Applied Equities, Inc., and their subsidiaries  
3 and affiliates, hereby moves that duplicate claims be disallowed, that the last date to  
4 file claims be retroactively extended to July 10, 2010, and that a procedure be  
5 established to resolve claims disputes

6 I.

7 INTRODUCTION

8 1. I am the Permanent Receiver appointed by this Court for Diversified  
9 Lending Group, Inc. ("DLG"), and Applied Equities, Inc. ("AEI") and certain  
10 subsidiaries and affiliates (collectively hereinafter referred to as "Diversified"),  
11 pursuant to the Order of Preliminary Injunction and Orders: (1) Continuing Asset  
12 Freeze, (2) Appointing a Permanent Receiver, (3) Prohibiting the Destruction of  
13 Documents, (4) Granting Expedited Discovery, and (5) Requiring Accountings (the  
14 "Preliminary Injunction Order"), signed and entered by this Court on March 10, 2009  
15 in the above-captioned case and thereafter amended on March 31, 2009.

16 2. On February 11, 2010, this Court made its Order Re Claims  
17 Administration Procedure and Claims Bar Date. A true copy thereof is attached as  
18 Exhibit "A" to the Declaration of David A. Gill ("Gill. Decl.") *Inter alia*, it fixed a  
19 claims bar date of June 1, 2010, and provided that on or before October 1, 2010, I  
20 should file appropriate proceedings to object to claims and/or to establish a  
21 procedure for resolution of claims disputes. This pleading is intended to comply  
22 with those mandates. A proposed Order is attached to the Declaration of David A.  
23 Gill ("Gill. Decl.") as Exhibit "D."

24 3. I gave the requisite notice to creditors and received 1224 claims  
25 aggregating \$310,186,780.91. Through direct contact with claimants I eliminated or  
26 received amendments to 51 duplicate or otherwise obviously objectionable claims  
27 aggregating \$40,051,115.57. I have approximately \$5,000,000 on hand at this time.  
28 I have unpaid and accruing administrative expenses. Even without reference to

1 accrued and accruing fees and costs, if all that I have to distribute is the cash now on  
2 hand, distributions would be less than one cent on the dollar. This is because Bruce  
3 Friedman took in excess of \$50,000,000 of investor moneys for his personal use,  
4 many of his investments on behalf of Diversified appear worthless and those  
5 remaining are difficult to market, and in view of the general economy, a considerable  
6 time will be required to do so.

7 4. For the reasons stated above, at this time there are presently insufficient  
8 moneys with which to fund claims litigation and to make distribution beyond  
9 fractions of a cent. It may, and hopefully will be that other property of the estate will  
10 ultimately be liquidated for a substantial amount and/or there will be significant  
11 recoveries on pending litigation. It seems imprudent at this time to expend time and  
12 moneys in claims litigation beyond that which is needed to clear away claims which  
13 on their face appear to be not allowable. It does seem appropriate as part of this  
14 Report to advise creditors of my intentions as to claims and to recommend to the  
15 Court for approval a procedure to deal with claims issues as, if and when they  
16 become appropriate. Therefore, this Motion seeks, after a hearing, (a) immediate  
17 disallowance of duplicative claims, (b) an extension to July 10, 2010 of the last date  
18 to file claims and (c) establishment of a procedure for processing of objections to  
19 claims. It also seeks to inform claimants as to my position on major anticipated  
20 issues, but recommends deferral of resolution of those issues until the anticipated  
21 controversies become worthwhile to pursue, so as to minimize possible unnecessary  
22 expense and court involvement.

23 **Negotiated Withdrawals of Claims**

24 5. After service of notices pursuant to the court's order we created a docket  
25 and reviewed all claims. That docket is available for review on reasonable notice.  
26 1186 claims were timely filed aggregating \$305,102,406.70.

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1 6. There were 38 claims filed after the June 1, 2010 claims bar date, the  
2 latest of which was received on July 8, 2010 aggregating another \$5,084,374.21.  
3 [Exhibit "B" to Declaration of David A. Gill ("Gill Decl.")]

4 7. As to duplicate claims, the review process was relatively clerical; e.g.,  
5 after initial claims review, we contacted many claimants and succeeded in obtaining  
6 amendments or withdrawals of 51 claims which appeared to be duplicates or were  
7 otherwise defective, for a reduction of \$40,051,115.57. Other duplicates are dealt  
8 with in this Motion.

9 **Summary of Claims as of Date**

10 8. The profile of timely filed claims (i.e., net of the foregoing withdrawn  
11 claims, is as follows:

12	Priority tax claims <sup>1</sup>	2	\$13,751.89
13	Former employees (not for wages)	3	\$1,629,159.64
14	Investors	1,099	\$225,516,218.86
15	Breach of promise to invest <sup>2</sup>	6	\$33,356,492.76
16	Vendors	27	\$4,381,724.98
17	Broker	2	\$153,943.00
18	Insurance Companies <sup>3</sup>	3	Unliquidated

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24 <sup>1</sup> There may be additional claims by taxing authorities not affected by the Court's Bar  
Order.

25 <sup>2</sup> Eight claimants are businesses in which Diversified invested and who allege that  
26 Diversified breached agreements to invest additional sums.

27 <sup>3</sup> Two claims were filed by Jackson National Life Insurance Company and one claim was  
28 filed by Metropolitan Life Insurance Company, each marked "contingent and unliquidated."

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**II.**

**IMMEDIATE RELIEF REQUESTED**

**Request to Extend Claims Bar Date**

9. 38 claims aggregating \$5,084,374.21 appear to have been be filed after the June 1, 2010 bar date but before July 10, 2010. They are scheduled at Exhibit "B" to the Gill Decl. From their face, some claims were mailed before the Claims Bar Date. All were received in the few weeks after the Bar Date. The latest claim was received on July 8, 2010. While certainly claimants should have complied strictly with the court's order, I would like to accommodate claimants and I believe that the expense of objecting to, defending and adjudicating these claims is not justified, particularly in view of the lack of clarity whether the litigation will be worth the dislocation and expense.

10. I therefore request that the court enter an order extending the last date to file claims to July 10, 2010, so as to protect the claims in Exhibit "B" from objections based on the time of filing;

**Objection to and Motion to Disallow Duplicate Claims**

11. Based upon the similarity in amounts and supporting documentation submitted with the subject claims, and lack of response to our written inquiries, 58 claims appear to be duplicative. Those claimants who have not voluntarily withdrawn the alleged duplicate claims are scheduled at Exhibit "C" to the Gill Decl. I object to the duplicate claims indicated at Exhibit "C" as "Claims to Disallow," in favor of the claims not so marked.

**III.**

**RECEIVER'S POSITION ON OTHER ISSUES**

12. I do not propose that the Court approve the following at this time but believe that inclusion of my position on these matters is appropriately contained in this Motion. I do not and will not assert that claimants have any obligation to respond at this time to matters discussed in this Section III, and will not so argue at a

1 later date. As to the following matters, it seems unwise to litigate the issues  
2 described in the following four paragraphs (13-16) at this time, because the estate is  
3 not in a position to make significant distributions to claimants and probably will be  
4 unable to do so before there are any such recoveries and the impact of such  
5 adjustment becomes ascertainable. It seems advisable to avoid contested litigation  
6 on these issues at this point. According I propose that resolution of these issues be  
7 deferred to a later date when the facts become more clear.

### 8 Calculation of Claim Amounts

9 13. Formula to calculate allowed claims: I believe that the appropriate and  
10 most equitable manner in which to calculate claims amounts from investors is to (a)  
11 calculate the amounts of cash invested by each claimant and (b) then to deduct the  
12 amounts paid by or on behalf of the Receivership Defendants to the same claimant  
13 whether or not the payment were styled as return of principal or interest. I believe  
14 that claims for alleged profits would not be valid and allowance unfair to the other  
15 claimants, even though Diversified reported to investors that they had earned the  
16 same, as there were really no profits at all, payments thereto having been made from  
17 funds received from investors in the Ponzi scheme. For the proposed calculation, I  
18 would include in receipts, moneys invested in Lenders Depot (a previous Friedman  
19 affiliate). I would include as reductions of said claims moneys recovered by  
20 investors on their collateral, including annuities held by Jackson National Life  
21 Insurance Company and American National Life Insurance Company. At an  
22 appropriate time, I will bring this before the Court for determination.

23 14. Moneys paid from third parties to investors: There are actions pending  
24 against various defendants on behalf of some claimants in this Receivership who  
25 were investors in Diversified. For example, some investors are suing Jackson  
26 National Life Insurance on their own claims, and actions are pending in this and  
27 other courts against agents and representatives of the Receivership Defendants.  
28 These actions, to which I am not a party, may or may not result in recoveries to

1 those claimants. It is premature at this point to know what, if anything, will be  
2 recovered by such individuals. It is my position that amounts received by such  
3 claimants arising out of the business of the Receivership Defendants from such  
4 sources should reduce the amount of the distribution that would ultimately be  
5 payable to them on a dollar for dollar basis. If appropriate, I will seek such relief  
6 from the Court.

7 **Claims variances**

8 15. When it is determined that there are moneys with which to pay  
9 claimants, it can also be determined the extent to which the amounts claimed exceed  
10 the amounts that I believe are due. In my experience, there is almost always a point  
11 where it is less costly to allow the claims than to object to them. That point cannot  
12 be ascertained at this point prior to substantial completion of the sale of estate assets  
13 and resolution of litigation. I will determine that and, if I ask to be given permission  
14 to ignore certain variances, will seek instructions from the Court at that time.

15 **Priorities of Distribution**

16 16. I intend at a later time, if appropriate, to propose to distribute claims  
17 pro rata to all unsecured creditors, without regard to whether they are investors,  
18 vendors, prior employees or the like; reserving all rights to seek to offset, object on  
19 the merits, and the like. As to taxes and other governmental claims I propose to  
20 follow state and federal distribution priorities, as applicable. I propose to seek  
21 authority for all of this at a later time.

22  
23 **IV.**

24 **MANNER OF LITIGATING CLAIMS OBJECTIONS**

25 17. For the reasons stated herein, I believe, recommend and request that I  
26 be excused from immediately objecting to claims. Should it become necessary to  
27 litigate specific claims matters, I propose that objections be filed in the form of  
28 motions and subject to the procedure governing motions, including the right of the

1 Court to authorize oral testimony if appropriate. I also request that I be authorized to  
2 enter into agreements for voluntary mediation under General Orders 04-01 and 07-01  
3 and the alternative of binding arbitration if the parties so stipulate, decisions of the  
4 arbitrator being subject to confirmation by this Court pursuant to the Federal  
5 Arbitration Act.

6 **V.**

7 **MANNER OF NOTICE HEREOF**

8 18. This Motion is being served on all parties in interest in the manner set  
9 forth in this court's Order re Claims Administration Procedure and Claims Bar dated  
10 February 11, 2010, including posting on the case website and, additionally, by first  
11 class mail postage prepaid on the persons whose duplicate claims are objected to  
12 herein, addressed to the address or addresses set forth in the claims objected to.

13  
14 WHEREFORE I pray as follows:

15 1. that the last date to file claims be extended retroactively from June 1,  
16 2010 to July 31, 2010;

17 2. that the claims identified on Exhibit "C" to my declaration filed  
18 herewith as being duplicates be disallowed in favor of the claim not so marked,  
19 reserving my right to object at a later time to such claims on the merits;

20 3. that the Court permit me to defer prosecution of other objections to  
21 claims at this time, pending further order of this court, subject to my obligation to  
22 report on the status of the case and the status of claims objections semi-annually as  
23 part of my required Receiver's reports and accounts;

24 4. that the procedures for processing objections contained herein and set  
25 forth in the Proposed Order filed herewith be approved;

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1           5.     that the Court approve the manner of notice hereof as set forth in  
2 Paragraph 18; and

3           6.     for all other proper relief.

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5           Given at Los Angeles, California, on October 1, 2010.

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David A. Gill, Receiver

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1 those remaining will be difficult to market, and in view of the general economy, a  
2 considerable time will be required to do so.

3         5. For the reasons stated above, at this time, there are insufficient moneys  
4 with which to fund claims litigation and to make distribution beyond fractions of a  
5 cent. It may, and hopefully will be that other property of the estate will ultimately be  
6 liquidated for a substantial amount and/or there will be significant recoveries on  
7 pending litigation. It seems imprudent at this time to expend time and moneys in  
8 claims litigation beyond that which is needed to clear away claims which on their  
9 face appear to be not allowable. It does seem appropriate as part of this Report to  
10 advise creditors of my intentions as to claims and to recommend to the Court for  
11 approval a procedure to deal with claims issues as, if and when they become  
12 appropriate.

13         6. After service of notices pursuant to the court's order we created a docket  
14 and reviewed all claims. That docket is available for review on reasonable notice.  
15 1186 claims were timely filed aggregating \$305,102,406.70.

16         7. 38 claims aggregating \$5,084,374.21 appear to have been be filed after  
17 the June 1 bar date but before July 10, 2010. They are scheduled at Exhibit "B"  
18 hereto. From their face, some claims were mailed before the Claims Bar Date. All  
19 were received in the few weeks after the Bar Date. The latest claim was received on  
20 July 8, 2010. While certainly claimants should have complied strictly with the  
21 court's order, I believe that the expense of objecting to, defending and adjudicating  
22 these claims is not justified, particularly in view of the lack of clarity whether the  
23 litigation will be worth the dislocation and expense. Reserving my rights to object  
24 on the merits, I see no real harm to anyone in allowance of these late filed claims.

25         8. The profile of timely filed claims (i.e., net of the foregoing withdrawn  
26 claims, is as follows:

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1	Priority tax claims <sup>4</sup>	2	\$13,751.89
2	Former employees (not for wages)	3	\$1,629,159.64
3	Investors	1,099	\$225,516,218.86
4	Breach of promise to invest <sup>5</sup>	6	\$33,356,492.76
5	Vendors	27	\$4,381,724.98
6	Broker	2	\$153,943.00
7	Insurance Companies <sup>6</sup>	3	Unliquidated
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11 9. Based upon the similarity in amounts and supporting documentation  
12 submitted with the subject claims, and lack of response to our written inquiries,  
13 approximately 58 claims appear to be duplicative. Those claimants who have not  
14 voluntarily withdrawn the alleged duplicate claims are scheduled at Exhibit "C"  
15 hereto. I object to the duplicate claims indicated at Exhibit "C," and ask that all  
16 claims scheduled at that Exhibit as "Claims to Disallow" be disallowed in favor of  
17 the claims not so designated.

18 10. I believe that the appropriate and most equitable manner in which to  
19 calculate claims amounts from investors is to (a) calculate the amounts of cash  
20 invested by each claimant and (b) then to deduct the amounts paid to or on behalf of  
21 the Receivership Defendants to said investors whether or not the payment were  
22

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23  
24 <sup>4</sup> There may be additional claims by taxing authorities not affected by the Court's Bar  
Order.

25 <sup>5</sup> Eight claimants are businesses in which Diversified invested and who allege that  
26 Diversified breached agreements to invest additional sums.

27 <sup>6</sup> Two claims were filed by Jackson National Life Insurance Company and one claim was  
28 filed by Metropolitan Life Insurance Company, each marked "contingent and unliquidated."

1 styled as return of principal or interest. I believe that claims for alleged profits  
2 would not be valid, as there were really no profits at all, payments thereto having  
3 been made from funds received from investors in the Ponzi scheme. For the  
4 proposed calculation, I would include in receipts, moneys invested in Lenders Depot  
5 (a previous Friedman affiliate). I would include as reductions of said claim moneys  
6 recovered by investors on their collateral, including annuities held by Jackson  
7 National Life Insurance Company and American National Life Insurance Company.  
8 Prior to distribution to claimants I will bring this before the Court for determination.

9       11. There are actions pending against various defendants on behalf of some  
10 claimants in this Receivership who were investors in Diversified. For example, some  
11 investors are suing Jackson National Life Insurance on their own claims, and actions  
12 are pending in this and other courts against agents and representatives of the  
13 Receivership Defendants. These actions, to which I am not a party, may or may not  
14 result in recoveries to those claimants. It is premature at this point to know what, if  
15 anything, will be recovered by such individuals. It is my position that amounts  
16 received by such claimants arising out of the business of the Receivership  
17 Defendants from such sources should reduce the amount of the distribution that  
18 would ultimately be payable to them on a dollar for dollar basis. But I do not know  
19 if this concern has practical implications or is merely academic.

20       12. It seems to me unwise to litigate these and other issues on the merits at  
21 this time, because the estate is not in a position to make significant distributions to  
22 claimants and probably will be unable to do so before there are any such recoveries  
23 and the impact of such adjustment becomes ascertainable. It seems advisable to  
24 avoid contested litigation on these issues at this point. Accordingly I propose that  
25 these issues be deferred to a later date when the facts become more clear.

26       13. When it is determined that there are moneys with which to pay  
27 claimants, it can also be determined the extent to which the amounts claimed exceed  
28 the amounts that I believe are due. In my experience, there is almost always a point

1 where it is less costly to allow the claims than to object to them. That point cannot  
2 be ascertained at this point prior to substantial completion of the sale of estate assets  
3 and resolution of litigation I will determine that and, if I ask to be given permission  
4 to ignore certain claim amount variances, I will seek instructions from the Court at  
5 that time.

6 14. I intend at a later time, if appropriate, to propose to distribute claims  
7 pro rata to all unsecured creditors, without regard to whether they are investors,  
8 vendors, prior employees or the like; reserving all rights to seek to offset, object on  
9 the merits, and the like. As to taxes and other governmental claims I propose to  
10 follow state and federal distribution priorities, as applicable. I propose to seek  
11 authority for all of this at a later time.

12 15. It is conceivable that we may need to litigate certain claims at some  
13 point before that which I now anticipate. I propose that objections to claims be  
14 litigated by motion, subject to any orders that the court might determine to make  
15 relative to oral testimony. I also recommend that I be authorized to enter into  
16 agreements for voluntary mediation under General Orders 04-01 and 07-01 and an  
17 alternative of binding arbitration if the parties so stipulate, awards to be subject to  
18 confirmation by this Court pursuant to the Federal Arbitration Act.

19  
20 I declare under penalties of perjury under the laws of the United States of America  
21 that the foregoing is true and correct.

22  
23 Given at Los Angeles, California on October 1 2010

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26 \_\_\_\_\_  
27 David A. Gill, Receiver  
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**EXHIBIT "A"**

1 DAVID A. GILL (State Bar No. 032145)  
dag@dgdk.com  
2 DANNING, GILL, DIAMOND & KOLLITZ, LLP  
2029 Century Park East, Third Floor  
3 Los Angeles, California 90067-2904  
Telephone: (310) 277-0077  
4 Facsimile: (310) 277-5735

5 Receiver

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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION**

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SECURITIES AND EXCHANGE  
COMMISSION,

Case No. CV 09-01533-R-SS

12

Plaintiff,

**ORDER RE CLAIMS  
ADMINISTRATION PROCEDURE  
AND CLAIMS BAR DATE**

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vs.

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DIVERSIFIED LENDING GROUP,  
INC.; APPLIED EQUITIES, INC.; AND  
16 BRUCE FRIEDMAN,

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Defendants,

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and

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TINA M. PLACOURAKIS,

[No hearing requested]

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Relief Defendant.

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There came before this Court the *Ex Parte Application for Order to Establish  
Claims Administration Procedure and to Set Claims Bar Date; Declarations of  
David A. Gill and Kathy Bazoian Phelps* (the "Ex Parte Application"), filed by David  
A. Gill, the Receiver (the "Receiver") in the above-captioned case. There were no  
objections thereto, and the matter was taken under submission. The Ex Parte

1 Application and the Supplemental Declaration of David A. Gill having been  
2 considered by the Court and, good cause appearing,

3 IT IS HEREBY ORDERED:

4 1. The Receiver is authorized to retain Omni Management Group, LLC, as the  
5 authorized Claim Agent, with the duties and on the terms set forth in the Ex Parte  
6 Application.

7 2. All claims against the receivership estate shall be filed in writing with Omni  
8 Management Group, LLC, substantially in the form of the exemplar Claim Form  
9 attached as Exhibit 2 to the Declaration of David A. Gill filed with and in support of  
10 the Ex Parte Application.

11 3. The last day for claimants to file a claim against the receivership estate (the  
12 "Claims Bar Date") is fixed as June 1, 2010; any claims filed after that date are  
13 barred from participating in any distribution of assets from the receivership estate.

14 4. The form and substance of the Notice of Claims Bar Date and Procedure for  
15 Filing Claims provided by the Receiver is appropriate. It shall be served by U.S.  
16 Mail, first class postage prepaid, within ten days after the date of this Order, on each  
17 creditor known to the Receiver, at the most recent addresses contained in his records.

18 5. On or before October 1, 2010 the Receiver shall file appropriate proceedings  
19 in this court to object to claims and/or to establish a procedure for resolution of  
20 claims disputes.

21  
22  
23 Dated: February 11, 2010

  
\_\_\_\_\_  
MANUEL L. REAL  
United States District Judge

**EXHIBIT "B"**

Receivership of Diversified Lending Group, Inc.  
 Claims Filed After June 1, 2010

Late Filed Claim No.	Claim No.	Creditor	Primary Address	Claim Amount	Date Received
1	1201	Blake, Donna F	25821 Lois Lane Dr. Southfield, MI 48075	\$ 49,030.00	06/03/10
2	1204	Caveman Productions, Inc.	C/O RSA, Inc 232 Maddison Avenue New York, NY 10016  LSHR CPA'S LLC Lebenhart, Seckendorf, Hasson, & Reilly CPA'S, LLC 3000 Marcus Ave, Suite 3W7 Lake Success, NY 11042	\$ 10,000.00	06/04/10
3	1207	Custer, Denise T	707 S. Vine Street Hinsdale, IL 60521	\$ 451,619.00	06/07/10
4	1209	Dilger, Michael Andrew	2435 Avenida De Las Plantas Thousand Oaks, CA 91360	\$ 75,466.58	06/07/10
5	1223	Gupta, Samuel Gupta, Janet	2736 Armour Lane Redondo Beach, CA 90278	\$ 116,052.85	06/16/10
6	1205	Hoffman, Michael	4193 W Ivanhoe Court Chandler, AZ 85226	\$ 100,000.00	06/04/10
7	1189	Ingenix, Inc.	C/O Mitchell W. Granberg, Esq. 12125 Technology Drive Eden Prairie, MN 55344	\$ 234,200.00	06/02/10
8	1220	Keller, Nadya C - Deceased	285 Twin Lakes Road Natchitoches, LA 71457  Kevin Keller / Karen Searight co-executors 2300 Mirow Place Charlotte, NC 28270	\$ 102,910.92	06/24/10
9	1194	Lamoreaux Trust dated June 12, 2007	Karen Lamoreaux 25113 Doria Ave. Lomita, CA 90717	\$ 50,000.00	06/02/10
10	1195	Lamoreaux Trust dated June 12, 2007	Karen Lamoreaux 25113 Doria Ave. Lomita, CA 90717	\$ 180,800.00	06/02/10
11	1197	Lamoreaux Trust dated June 12, 2007	Karen Lamoreaux 25113 Doria Ave. Lomita, CA 90717	\$ 100,000.00	06/02/10
12	1198	Lamoreaux, Karen Sue	25113 Doria Ave. Lomita, CA 90717	\$ 418,626.89	06/02/10
13	1199	Lamoreaux, Karen Sue	25113 Doria Ave. Lomita, CA 90717	\$ 160,000.00	06/02/10

**Receivership of Diversified Lending Group, Inc.  
Claims Filed After June 1, 2010**

Late Filed				Claim Amount	Date Received
Claim No.	Claim No.	Creditor	Primary Address		
14	1193	Lamoreaux, Karen, CEO Socal Air Retirement Plan	17000 S. Western Ave. # 6 Gardena, CA 90247	\$ 38,415.32	06/02/10
15	1192	Lamoreaux, Karen, CEO Socal Air, Inc.	17000 S. Western Ave. # 6 Gardena, CA 90247	\$ 300,000.00	06/02/10
16	1196	Lamoreaux, Kurt, Des. Karen Lamoreaux, POA	Karen Lamoreaux 25113 Doria Ave. Lomita, CA 90717	\$ 18,244.00	06/02/10
17	1208	Learnerd, Michael R, Sr	Learned, Kristen B 2679 Brookford Dr. Toledo, OH 43614	\$ 60,000.00	06/07/10
18	1186	Lyons,Carolyn Lee	1131 Rawson Lane Vicksburg, MI 49097	\$ 353,253.45	06/02/10
19	1185	Lyons, Eugene Merl	1131 Rawson Lane Vicksburg, MI 49097-9723	\$ 371,060.06	06/02/10
20	1212	Moffat, Donald Arthur	1610 Willow Lane Ann Arbor, MI 48105	\$ 46,862.36	06/07/10
21	1221	Owen, Margaret	2267 Ohio Ave. Signal Hill, CA 90755	\$ 225,305.53	06/28/10
22	1222	Owen, Margaret	2267 Ohio Ave. Signal Hill, CA 90755	\$ 339,280.00	06/28/10
23	1218	Perry, Lindsey R Profit-Sharing Trust dated January 1, 1984	7541 Bella Verde Way Delray Beach, FL 33446 ACCT NO(S): 08-01487	\$ 50,000.00	06/11/10
24	1219	Perry, Lindsey R, Jr	6505 NW 39th Terrace Boca Raton, FL 33496 ACCT NO(S): 07-00146	\$ 61,607.25	06/11/10
25	1217	Perry, Lindsey R, Jr Caddyshack Partners LLC	7541 Bella Verde Way Delray Beach, FL 33446 contract # 07-001-47	\$ 100,000.00	06/11/10
26	1215	Perry, Lindsey R, Sr	7541 Bella Verde Way Delray Beach, FL 33446 ACCT NO(S): 07-00126	\$ 100,000.00	06/11/10
27	1214	Postema, Joanne	5335 Canal SW Grandville, MI 49418	\$ 50,000.00	06/10/10
			Raymond J. Postema Trust Dated August 28, 1974 5335 Canal Ave. SW Wyoming, MI 49418		

Receivership of Diversified Lending Group, Inc.  
 Claims Filed After June 1, 2010

Late Filed					Date
Claim No.	Claim No.	Creditor	Primary Address	Claim Amount	Received
28	1224	Preston, Patricia Kay	16161 Eskes Street Lansing, MI 48906	\$ 75,000.00	06/18/10
29	1206	Ross, Jerold Martin	5974 Rod Ave. Woodland Hills, CA 91367	\$ 32,592.74	06/04/10
30	1213	Schoen, Douglas Schoen, Susan	P.O. BOX 1727 Pacific Palisades, CA 90272	\$ 54,422.76	06/09/10
31	1225	Shands, Nathan Shands, Ida Lee	2128 E. 122nd Street Compton, CA 90222	\$ 63,000.00	07/08/10
32	1191	Smith, Kristopher	119 South Monte Vista Covina, CA 91723	\$ 151,606.97	06/02/10
33	1211	Stevens, Douglas C, Sr.	37543 Amrhein Livonia, MI 48150	\$ 80,000.00	06/07/10
34	1190	Sykes, John	17169 Citronia St. Northridge, CA 91325 17939 Chatsworth St. Granada Hills, CA 91344	\$ 9,387.00	06/02/10
35	1187	Timko, James A., Esq	Allen Matkins Leck Gamble Mallory & Natsis LLP 1900 Main Street, 5th floor Irvine, CA 92614-7321  RWSI, INC. 3275 Lapeer Rd West Auburn Hills, MI 48326		06/02/10
36	1203	Wiener, Alan	4 Agawam Road Sharon, MA 2067	\$ 182,342.65	06/03/10
37	1202	Wiener, Nancy R	4 Agawam Road Sharon, MA 2067	\$ 94,287.88	06/03/10
38	1210	William E. Gardner Limited Partnership	P.O. Box 489 Port Haywood, VA 23138	\$ 179,000.00	06/07/10
				\$ 5,084,374.21	

**EXHIBIT "C"**

**Receivership of Diversified Lending Group, Inc.  
Duplicate Claims**

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
1089	Gregory, John F	07-01401	05/28/10	\$ 58,048.34	X
1088	Gregory, John F	07-01401	05/28/10	\$ 58,048.34	
Total Allowable Claim				\$ 58,048.34	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
501	Hickham, Robert H. Hickam Defined Benefit Pension Plan FBO Harold D. Meek	07-01609	04/02/10	\$ 106,127.00	X
596	Hickham, Robert H. Hickam Defined Benefit Pension Plan FBO Harold D. Meek	07-01609	04/14/10	\$ 108,665.00	
546	Hickham, Robert H. Hickam Defined Benefit Pension Plan FBO Robert Hickam	07-01608	04/12/10	\$ 184,296.00	
Total Allowable Claim				\$ 292,961.00	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
917	Ivie, Kraig S	07-01408	05/24/10	\$2,200,000.00	X
918	Ivie, Kraig S	07-01408	05/24/10	\$2,200,000.00	
Total Allowable Claim				\$2,200,000.00	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
608	Kotal Trust Dated Aug. 19, 1998, Edward Kotal & Edith M. Kotal, TTEES	07-00117	04/19/10	\$ 433,168.25	X
1011	Kotal Trust Dated Aug. 19, 1998, Edward Kotal & Edith M. Kotal, TTEES	07-00117	05/27/10	\$ 433,168.25	
Total Allowable Claim				\$ 433,168.25	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
571	Warner, Wynne Natalie	07-01472	04/12/10	\$ 323,785.02	X
642	Warner, Wynne Natalie	07-01472	04/22/10	\$ 323,785.02	
Total Allowable Claim				\$ 323,785.02	

Claim No.	Creditor	DLG Account No.	Date	Claim Amount	Claim to Disallow
572	Warner, Wynne Warner Trust, Dated August 24, 1990	07-01586;08-01226;08-01321;08-01358	04/12/10	\$ 665,376.50	X
643	Warner, Wynne Warner Trust, Dated August 24, 1990		04/22/10	\$ 665,376.50	X
655	Warner, Wynne Warner Trust, Dated August 24, 1990	07-01586;08-01226;08-01321;08-01358	04/26/10	\$ 665,376.50	
Total Allowable Claim				\$ 665,376.50	

**EXHIBIT "D"**

1 DAVID A. GILL (State Bar No. 032145)  
dgill@dgdk.com  
2 2029 Century Park East, Third Floor  
Los Angeles, California 90067-2904  
3 Telephone: (310) 277-0077  
Facsimile: (310) 277-5735

4 Permanent Receiver

5  
6  
7  
8 **UNITED STATES DISTRICT COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **WESTERN DIVISION**

11 SECURITIES AND EXCHANGE )  
COMMISSION, )

12 Plaintiff, )

13 vs. )

14 )  
15 DIVERSIFIED LENDING GROUP, )  
INC.; APPLIED EQUITIES, INC.; AND )  
16 BRUCE FRIEDMAN, )

17 Defendants, )

18 and )

19 TINA M. PLACOURAKIS, )

20 )  
21 Relief Defendant. )  
22

Case No. CV 09-01533-R (SSx)

**[PROPOSED] ORDER RE  
MOTION OF RECEIVER FOR  
DISALLOWANCE OF  
DUPLICATE CLAIMS, (B)  
EXTENDING LAST DATE TO  
FILE CLAIMS TO JULY 10, 2010  
AND (C) TO RECOMMEND A  
PROCEDURE TO RESOLVE  
CLAIMS DISPUTES);**

Date: November 1, 2010  
Time: 10:00 a.m.  
Place: Courtroom "8"  
Hon. Manuel Real

23  
24 There came before this Court the Motion of Receiver for Disallowance of  
25 Duplicate Claims, (B) Extending Last Date to File Claims to July 10, 2010 and (C)  
26 Recommending a Procedure to Resolve Claims Disputes; ("the Motion"), filed by  
27 David A. Gill, the Receiver (the "Receiver") in the above-captioned case. The  
28 Report having been considered by the Court, and, good cause appearing,

1 **IT IS HEREBY ORDERED** that:

2 1. Notice. The manner of notice of the Motion was appropriate.

3 2. Extension of Claims Bar Date. The last day for the filing of claims in  
4 this case is extended from June 1, 2010 to July 10, 2010.

5 3. Disallowance of Duplicate Claims. All claims of those claimants who  
6 are listed at Exhibit "C" to the Declaration of David A. Gill filed with the Motion  
7 and identified in said Exhibit as "Claim to Disallow" are and each is hereby  
8 disallowed as duplicative of and superseded by the claims or amendments so  
9 indicated in said Exhibit such, which latter claims are approved and allowed.  
10 However, nothing herein precludes the Receiver from later objecting to particular  
11 claims on the merits.

12 4. Time and Procedure for Litigating Disputed Claims.

13 (a) The Receiver may defer initiating objections to claims until a  
14 later date or until this court otherwise orders.

15 (b) The Receiver shall include in his semi- annual reports and  
16 accounts situation relative to claims and potential disbursements.

17 (c) At such time as the Receiver deems it appropriate to make a  
18 distribution he shall so report to the Court and seek permission to do so. He shall  
19 report as to the status of anticipated distributions in each semi-annual report.

20 (d) The Receiver shall attempt to resolve disputed claims matters  
21 without litigation if possible. At such time as these efforts have proved unavailing or  
22 when the Court so orders, the Receiver may utilize the following procedure at his  
23 option:

24 i. The Receiver may initiate litigation on disputed claims by  
25 filing a Motion to Object to particular claims on notice. Regular motion practice  
26 shall be followed unless the Court otherwise orders.

27  
28

1                   ii. The Receiver may mediate any dispute privately or under  
2 this Court's Attorney Settlement Officer Program if the other party or parties so  
3 agree.

4                   iii. The Receiver may enter into binding arbitration if he and  
5 the other parties so agree; in which event this court shall confirm such determinations  
6 subject to such defenses to confirmation of arbitration awards as provided in the  
7 Federal Arbitration Act.

8                   (e) If and to the extent that this Order is inconsistent with the  
9 provisions of this court's Order re claims Administration and Claims Bar Date filed  
10 on February 11, 2010, the terms of this Order shall control.

11  
12  
13 November \_\_\_\_\_, 2010

14 \_\_\_\_\_  
15 MANUEL L. REAL  
16 United States District Judge  
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1 PROOF OF SERVICE

2 I, Patricia Morris, declare:

3 I am employed by the law firm of DANNING, GILL, DIAMOND &  
4 KOLLITZ, LLP, in the County of Los Angeles, State of California. I am employed  
5 in the office of a member of the bar of this Court at whose direction the service was  
6 made. I am over the age of 18 years and am not a party to the within action. My  
business address is 2029 Century Park East, Third Floor, Los Angeles, California  
90067-2904.

7 On October 1, 2010, I served the following document(s): **[NOTICE OF MOTION  
8 AND MOTION OF RECEIVER FOR DISALLOWANCE OF DUPLICATE  
9 CLAIMS, (B) EXTENDING LAST DATE TO FILE CLAIMS TO JULY 10  
2010 AND (C) TO RECOMMEND A PROCEDURE TO RESOLVE CLAIMS  
DISPUTES]; DECLARATION OF DAVID A. GILL** on the interested parties  
addressed as follows:

10 [SEE ATTACHED SERVICE LIST.]

11 (By Mail) I placed the document for collection and deposit in the mail. I am familiar  
12 with this firm's practice for the collection and processing of correspondence for  
13 mailing. Under that practice, the document would be placed in a sealed envelope and  
14 deposited with the U.S. Postal Service on that same day with postage thereon fully  
15 prepaid at 2029 Century Park East, Third Floor, Los Angeles, California 90067-  
2904, in the ordinary course of business. The documents served are placed in sealed  
envelopes and placed for collection and mailing following ordinary business  
practices.

16 I declare under penalty of perjury under the laws of the State of California and  
of the United States of America that the foregoing is true and correct.

17 Executed on October 1, 2010, at Los Angeles, California.

18 Patricia Morris  
19 \_\_\_\_\_  
20 (Type or print name)

*Patricia Morris*  
\_\_\_\_\_  
(Signature)

1 **SERVICE LIST**

2 **Attorneys for Plaintiff U.S. Securities Exchange Commission**

3 John M McCoy, III, Esq.  
4 US Securities & Exchange Commission Office of Enforcement  
5 5670 Wilshire Boulevard 11th Floor  
6 Los Angeles, CA 90036  
7 mccoym@sec.gov

8 **Counsel for Defendants Diversified Lending Group, Inc.,**  
9 **Applied Equities, Inc., and Bruce Friedman**

10 Richard Elliott Drooyan, Esq.  
11 Munger Tolles & Olson LLP  
12 355 S. Grand Avenue, 35th Floor  
13 Los Angeles, CA 90017  
14 Richard.Drooyan@mto.com

15 **Counsel for Paul L. Goering and Wilda M. Goering**

16 Kurt A. Goering, Esq.  
17 714 E. Rose Lane, Ste. 200  
18 Phoenix, AZ 85014  
19 kagoering@gmail.com

20 **DUPLICATE CLAIMS CLAIMANTS**

21 John F. Gregory  
22 c/o Franklin D. Gordon  
23 LeBeau-Thelen, LLP  
24 P.O. Box 12092  
25 Bakersfield, CA 93389-2092

26 John F. Gregory  
27 c/o Franklin D. Gordon  
28 LeBeau-Thelen, LLP  
5001 E. Commercenter Drive  
Suite 300  
Bakersfield, CA 93309

Robert H. Hickam  
Robert H. Hickam Defined Benefit Pension Plan  
20090 Avenue 264  
Exeter, CA 93221

1 Kraig S. Ivie  
2 505 Rustic Lane  
3 Vicksburg, MI 49097

4 Edward Kotal & Edith M. Kotal,  
5 TTEES of the Kotal Trust Dated Aug. 19, 1998  
6 4250 Meadowlark Drive  
7 Calabasas, CA 91302

8 Wynne Natalie Warner  
9 11845 W. Olympic Blvd #1050  
10 Los Angeles, CA 90064

11 Wynne Natalie Warner  
12 c/o Polycomp Trust Company Custodian  
13 6400 Canoga Avenue Suite 250  
14 Woodland Hills, CA 91367-2446

15 Wynne Warner, Trustee  
16 The Wynne Warner Trust, Dated August 24, 1990  
17 150 Ocean Park Blvd., # 324  
18 Santa Monica, CA 90405

19 Wynne Warner, Trustee  
20 The Wynne Warner Trust, Dated August 24, 1990  
21 c/o Polycomp Trust Company Custodian  
22 6400 Canoga Avenue Suite 250  
23 Woodland Hills, CA 91367-2446

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26  
27  
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