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2009 JUN 26 PM 1:21

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

BY _____

7 Attorneys for David A. Gill, Receiver

8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10 CV09-4632 GHK

Case No.

(FEM)

11 DAVID A. GILL, solely in his capacity as)
Permanent Receiver in the matter of)
12 Securities and Exchange Commission vs.)
Diversified Lending Group, Inc.; Applied)
13 Equities, Inc.; Bruce Friedman and Tina)
M. Placourakis, U.S.D.C. Case No. CV)
14 09-01533-R-JTLx,)

COMPLAINT TO AVOID AND
RECOVER FRAUDULENT
TRANSFER, FOR UNJUST
ENRICHMENT, CONSTRUCTIVE
TRUST AND EQUITABLE LIEN

15 Plaintiff,

16 vs.

17 KAREN O'CALLAGHAN and
18 KABR SHAMROCK, LLC,

19 Defendants.

20
21 Plaintiff David A. Gill, Receiver, for his complaint against Defendants, says:

22 PARTIES, JURISDICTION AND VENUE

23 1. David A. Gill is the duly appointed Permanent Receiver (the
24 "Receiver") for Diversified Lending Group ("DLG"), Applied Equities, Inc.
25 ("AEL"), and their subsidiaries and affiliates.

26 2. Defendant Karen O'Callaghan (the "O'Callaghan") is, and at all times
27 mentioned herein was, a resident of Los Angeles County, California.

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1 and for orders: (1) freezing assets, (2) appointing a temporary receiver, (3)
2 prohibiting the destruction of documents, (4) granting expedited discovery, and (5)
3 requiring accountings, and for an order to show cause re preliminary injunction and
4 appointment of a permanent receiver.

5 9. On March 4, 2009, this Court granted the TRO Application and, among
6 other things, appointed David A. Gill as Temporary Receiver. Mr. Gill received the
7 Temporary Restraining Order appointing him as Temporary Receiver early on March
8 5, 2009, and, within the hour, with his counsel, accountants and field personnel, took
9 possession of the business premises of the DLG and AEI in Sherman Oaks,
10 California. The order was amended and superseded by two additional orders of the
11 Court. One, entered on March 10, 2009, appointed Mr. Gill as Permanent Receiver
12 and another, entered on or about April 3, 2009, clarified the earlier orders by
13 specifically naming certain wholly owned subsidiaries and their assets as subject to
14 administration in the receivership (AEI, DLG, and their wholly owned subsidiaries
15 are collectively referred to as the "Receivership").

16 **B. The Transfer of Funds.**

17 10. The Receiver is informed and believes, and on that basis alleges that on
18 or about July 10, 2008, the Defendant O'Callaghan, funded by DLG, purchased a
19 parcel of real property improved by a single family dwelling commonly known as
20 5034 Mecca Avenue, Tarzana, CA 91356 (the "Property"). The legal description of
21 the Property is: the West 197 Feet of the North 97.33 Feet of Lot 77, in the City of
22 Los Angeles, County of Los Angeles, State of California, as per map recorded in
23 Book 64, Pages 35 and 36 of Maps, in the office of the County Recorder of said
24 County, Assessor's Parcel Number 2184-001-005.

25 11. The Receiver is informed and believes, and on that basis alleges that the
26 Property was paid for by DLG from investor funds, in the total amount of
27 \$1,354,985.00.

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1 26. The Receiver is informed and believes, and based thereon alleges, that
2 when DLG made the Transfers, it was engaged in, or was about to engage in,
3 business or a transaction, for which any property remaining with DLG was an
4 unreasonably small capital.

5 27. The Receiver is entitled to avoid the Transfers under California Civil
6 Code section 3439.04(b)(1). Furthermore, under California Civil Code Section
7 3439.08, the Receiver is entitled to recover from the Defendants the Property, or the
8 value thereof, plus interest thereon as allowed by law.

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FOURTH CLAIM FOR RELIEF

(For Avoidance and Recovery of Fraudulent Transfers)

(Against Both Defendants)

28. The Receiver repeats and re-alleges the allegations contained in paragraphs 1 through 17, inclusive, hereof and incorporates the same herein by this reference.

29. The Receiver is informed and believes, and based thereon alleges, that when DLG made the Transfer, it had already incurred, or believed or reasonably should have believed that it would incur, debts that would be beyond its ability to pay as such debts matured.

30. The Receiver is entitled to avoid the Transfer under California Civil Code section 3439.04(b)(2). Furthermore, under California Civil Code Section 3439.08, the Receiver is entitled to recover from the Defendant the Property, or the value thereof, plus interest thereon as allowed by law.

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FIFTH CLAIM FOR RELIEF

(To Avoid Unjust Enrichment)

(Against Both Defendants)

31. The Receiver repeats and re-alleges the allegations contained in paragraphs 1 through 17, inclusive, hereof and incorporates the same herein by this reference.

32. The Receiver is informed and believes, and based thereon alleges, that as a result of the transactions herein alleged, the Defendants have been unjustly enriched, so that the Receiver is entitled to recover from the Defendants the Property, or the value thereof, plus interest thereon at the legal rate.

SIXTH CLAIM FOR RELIEF

(To Impose Constructive Trust)

(Against Both Defendants)

33. The Receiver repeats and re-alleges the allegations contained in paragraphs 1 through 27, inclusive, hereof and incorporates the same herein by this reference.

34. The Receiver is informed and believes, and based thereon alleges, that the Transfers by DLG to O'Callaghan and the subsequent transfer of the Property to Shamrock constitutes identifiable and traceable property which was fraudulently transferred to the Defendants or for which title improperly remains in the Defendants, so that the Receiver is entitled to, among other things, a determination that the Defendants hold such property in trust for the benefit of the Receiver.

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1 FOR ALL CLAIMS FOR RELIEF:

2 40. For interest on the sums recovered;

3 41. For costs of suit incurred herein; and

4 42. For all other and further relief as the Court deems just and proper.

5 Dated: June 25, 2009

DANNING, GILL, DIAMOND &
KOLLITZ, LLP

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By: 

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George E. Schulman
Attorneys for David A. Gill, Receiver

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LOS ANGELES, CA 90067
Telephone: (310) 277-0077
Facsimile: (310) 277-5735
Attorneys for David A. Gill, Receiver

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

(SEE ATTACHED) **DAVID A. GILL**
PLAINTIFF(S)

CASE NUMBER CV09-4632-R-SS

v.

KAREN O'CALLAGHAN AND KABR SHAMROCK, LLC,

DEFENDANT(S).

SUMMONS

TO: DEFENDANT(S): Karen O'Callaghn and KABR Shamrock, LLC

A lawsuit has been filed against you.

Within 20 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint _____ amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, George E. Schulman, whose address is Danning, Gill, Diamond & Kollitz, 2029 Century Park East 3rd Fl, LA, CA 90067. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: 2 - JUL 2009

By: *Vina Bongers*
Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

SUMMONS (attachment)
CV-01A (12/07)

DAVID A. GILL, solely in his capacity as
Permanent Receiver in the matter of
Securities and Exchange Commission vs.
Diversified Lending Group, Inc.; Applied
Equities, Inc.; Bruce Friedman and Tina
M. Placourakis, U.S.D.C. Case No. CV
09-01533-R-JTLx,

Plaintiff

Courtesy Copy

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UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/>) David A. Gill in SEC v. Diversified Lending Group, Inc.; Applied Equities, Inc.; Bruce Friedman and Tina M. Placoursakis	DEFENDANTS Karen O'Callaghan and KABR Shamrock, LLC
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(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) George E. Schulman, Danning, Gill, Diamond & Kollitz, LLP, 2029 Century Park East, Third Floor, Los Angeles, CA 90067 Telephone: (310) 277-0077 Facsimile: (310) 277-5735	Attorneys (If Known)
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II. BASIS OF JURISDICTION (Place an X in one box only.) <input type="checkbox"/> 1 U.S. Government Plaintiff <input checked="" type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table border="1"> <tr> <td></td> <td>PTF</td> <td>DEF</td> <td></td> <td>PTF</td> <td>DEF</td> </tr> <tr> <td>Citizen of This State</td> <td><input checked="" type="checkbox"/> 1</td> <td><input checked="" type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td><input type="checkbox"/> 4</td> <td><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td><input type="checkbox"/> 2</td> <td><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td><input type="checkbox"/> 5</td> <td><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td><input type="checkbox"/> 3</td> <td><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td><input type="checkbox"/> 6</td> <td><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
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Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. ORIGIN (Place an X in one box only.)

1 Original Proceeding 2 Removed from State Court 3 Remanded from Appellate Court 4 Reinstated or Reopened 5 Transferred from another district (specify): 6 Multi-District Litigation 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check 'Yes' only if demanded in complaint.)

CLASS ACTION under F.R.C.P. 23: Yes No **MONEY DEMANDED IN COMPLAINT:** \$ 1,354,985.00

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)

AVOIDANCE OF RECOVERY OF FRAUDULENT TRANSFER

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER STATUTES <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	CONTRACT <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	TORTS PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	TORTS PERSONAL PROPERTY <input checked="" type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability BANKRUPTCY <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 Habeas Corpus General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition FORFEITURE/PENALTY <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety /Health <input type="checkbox"/> 690 Other	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
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FOR OFFICE USE ONLY: Case Number: CV09-4632

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? No Yes
If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? No Yes
If yes, list case number(s): CV 09-1533-R-JTLx

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
 B. Call for determination of the same or substantially related or similar questions of law and fact; or
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

- (a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.
 Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

- (b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.
 Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

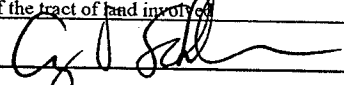
County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

- (c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved.

X. SIGNATURE OF ATTORNEY (OR PRO PER):  Date June 25, 2009

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))