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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.

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

**~~PROPOSED~~ ORDER OF
 PRELIMINARY INJUNCTION AND
 ORDERS: (1) CONTINUING ASSET
 FREEZE, (2) APPOINTING A
 PERMANENT RECEIVER,
 (3) PROHIBITING THE
 DESTRUCTION OF DOCUMENTS,
 (4) GRANTING EXPEDITED
 DISCOVERY, AND
 (5) REQUIRING ACCOUNTINGS**

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1 This matter is granted pursuant to stipulation of the parties on Tuesday,
2 March 10, 2009, pursuant to an Order to Show Cause issued by this Court on
3 March 4, 2009, and upon the prior Application of Plaintiff Securities and Exchange
4 Commission ("Commission") for a Temporary Restraining Order And Orders: (1)
5 Freezing Assets, (2) Appointing A Temporary Receiver, (3) Prohibiting The
6 Destruction Of Documents, (4) Granting Expedited Discovery, and (5) Requiring
7 Accountings; And To Show Cause Re Preliminary Injunction And Appointment Of
8 A Permanent Receiver (the "Application").

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

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

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

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

24 E. Notice of this Preliminary Injunction has been provided to the
25 Defendants as required by F.R.C.P. 65(a)(1).

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1 I.

2 IT IS HEREBY ORDERED that the Commission's Application for an Order
3 of Preliminary Injunction and Orders: (1) Continuing Asset Freeze, (2) Appointing
4 a Permanent Receiver, (3) Prohibiting the Destruction of Documents, (4) Granting
5 Expedited Discovery, and (5) Requiring Accountings is GRANTED.

6 II.

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

- 14 A. employing any device, scheme or artifice to defraud;
15 B. obtaining money or property by means of any untrue statement of a
16 material fact or any omission to state a material fact necessary in order
17 to make the statements made, in light of the circumstances under
18 which they were made, not misleading; or
19 C. engaging in any transaction, practice, or course of business which
20 operates or would operate as a fraud or deceit upon the purchaser;
21 in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

22 III.

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

V.

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

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

<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

<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 A. Gill is hereby appointed as Permanent 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 at any bank, title company, escrow agent, financial institution or

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

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

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

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

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

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

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

5 VII.

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

12 VIII.

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

17 IX.

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

27 A. commencing, prosecuting, continuing or enforcing any suit or
28 proceeding (other than the present action by the Commission) against

1 any of them;

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

14 X.

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

23 XI.

24 IT IS FURTHER ORDERED that the Defendants shall pay the costs, fees
25 and expenses of the Permanent Receiver incurred in connection with the
26 performance of his or her duties described in this Order, including the costs and
27 expenses of those persons who may be engaged or employed by the Permanent
28 Receiver to assist him or her in carrying out his or her duties and obligations. All

1 applications for costs, fees and expenses for services rendered in connection with
2 the receivership other than routine and necessary business expenses in conducting
3 the receivership, such as salaries, rent and any and all other reasonable operating
4 expenses, shall be made by application setting forth in reasonable detail the nature
5 of the services and shall be heard by the Court.

6 **XII.**

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

14 **XIII.**

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

20 **XIV.**

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

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

6 XV.

7 IT IS FURTHER ORDERED that the Commission's application for
8 expedited discovery, previously granted in this Court's Temporary Restraining
9 Order is continued and that the Commission and the Permanent Receiver may
10 request documents from and take depositions of parties and non-parties upon oral
11 examination subject to two calendar days notice pursuant to Rules 30(a), 34, and
12 45 of the Federal Rules of Civil Procedure, that the Commission and Permanent
13 Receiver may take more than one deposition at the same time, that depositions of
14 the Defendants may be taken on any day, including Saturdays, Sundays, and
15 holidays subject to two calendar days notice, including notice given personally, by
16 facsimile or by electronic mail, and that the depositions taken pursuant to this
17 Order shall not be counted for purposes of determining the applicability of the
18 limitations of Rules 30(a)(2)(A) and 30(a)(2)(B) of the Federal Rules of Civil
19 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 of
8 Preliminary Injunction, cause to be prepared and delivered to the Permanent
9 Receiver, a detailed and complete schedule of all passwords, usernames, and
10 identification numbers for all web sites, email accounts, and all accounts at any
11 bank, financial institution, brokerage firm, or insurance company to which DLG
12 and AEI have access.

13 **XVIII.**

14 IT IS FURTHER ORDERED that this Order of Preliminary Injunction shall
15 remain in effect until a hearing on the Commission's Request for a Permanent
16 Injunction is heard and determined by this Court, or until other Order of this Court.

17 **XIX.**

18 IT IS FURTHER ORDERED that this Court shall retain jurisdiction over
19 this action for the purpose of implementing and carrying out the terms of all orders

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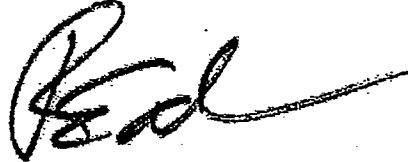
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1 and decrees which may be entered herein and to entertain any suitable application
2 or motion for additional relief within the jurisdiction of this Court.

3 **IT IS SO ORDERED.**

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5 DATED: March 10, 2009

6 TIME: 9:30 o'clock a. .m.

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9 HONORABLE MANUEL L. REAL
10 UNITED STATES DISTRICT JUDGE

11 Presented by:

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14 John M. McCoy, III
15 Attorney for Plaintiff
16 Securities and Exchange Commission
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PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036-3648

Telephone No. (323) 965-3998; Facsimile No. (323) 965-3908.

On March 6, 2008, I caused to be served the document entitled **[PROPOSED] ORDER OF PRELIMINARY INJUNCTION AND ORDERS: (1) CONTINUING ASSET FREEZE, (2) APPOINTING A PERMANENT RECEIVER, (3) PROHIBITING THE DESTRUCTION OF DOCUMENTS, (4) GRANTING EXPEDITED DISCOVERY, AND (5) REQUIRING ACCOUNTINGS** on all the parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

HAND DELIVERY: I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

FEDERAL EXPRESS: By placing in sealed envelope(s) designated by Federal Express with delivery fees paid or provided for, which I deposited in a facility regularly maintained by Federal Express or delivered to a Federal Express courier, at Los Angeles, California.

ELECTRONIC MAIL: By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

FAX: By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

(Federal) I declare under penalty of perjury that I am a member of the bar of this Court and that the foregoing is true and correct.

Date: March 6, 2009

/s/ John M. McCoy III
John M. McCoy III

1 **SEC v. DIVERSIFIED LENDING GROUP, INC., et al.**
2 **United States District Court – Central District of California**
3 **Case No. CV 09-01533 R (JTLx)**
4 **(LA-3591)**

5 **SERVICE LIST**

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22 Diversified Lending Group, Inc.
23 c/o CT Corporation, Registered Agent
24 818 W. 7th Street
25 Los Angeles, CA 90017

26 Applied Equities, Inc.
27 c/o Karen Burhoe, Registered Agent
28 15260 Ventura Boulevard, Suite 1240
 Sherman Oaks, CA 91403

 Tina Placourakis
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 Court-Appointed Temporary Receiver

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