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7 Proposed Attorneys for David A. Gill, Receiver

8 **UNITED STATES DISTRICT COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**

10  
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  
23  
24

Case No. CV 09-01533-R-JTLx

**NOTICE OF EX PARTE  
APPLICATION AND EX PARTE  
APPLICATION OF RECEIVER  
FOR INSTRUCTIONS RE  
EMPLOYMENT OF PERSONAL  
PROPERTY AUCTIONEER;  
MEMORANDUM OF POINTS  
AND AUTHORITIES;  
DECLARATIONS OF DAVID A.  
GILL, GARY OSTRIN, AND UZZI  
O. RAANAN IN SUPPORT  
THEREOF**

Date: [To be Set By Court]  
Time: [To be Set By Court]  
Place: Courtroom 8  
312 North Spring Street  
Los Angeles, CA

25 **TO THE HONORABLE MANUEL L. REAL, DISTRICT COURT**  
26 **JUDGE AND TO THE PARTIES IN INTEREST:**

27 David A. Gill, the Permanent Receiver (the "Receiver") in the above-  
28 captioned case (the "Case") hereby applies (the "Application") on an ex parte basis,

1 pursuant to Local Rule 7-19, for instructions with regard to employment of an  
2 auctioneer, Ostrin & Ostrin, Inc. (“Ostrin”), to help the Receiver to liquidate  
3 furniture, fixtures and equipment (collectively the “Furniture”), located at the  
4 business premises of the entity defendants (the “Receivership Defendants”) at 15260  
5 Ventura Boulevard, Suite 1240, Sherman Oaks, CA 91403 (the “Premises”), having  
6 an approximate value of \$20,000, on the terms stated herein.

7 This Motion is made on an ex parte basis because the Receivership  
8 Defendants’ furniture, fixtures, and equipment must be sold on an expedited basis for  
9 the receivership estate to get any value from these assets. The Receiver has  
10 bargained with the lessor of the Premises (the Lessor”) to store the property in  
11 question, but such negotiations fell through. The Receiver is informed that the  
12 unencumbered portion of the Furniture has a fair market value of about \$20,000.  
13 The monthly rent on the Premises is approximately \$25,000. To minimize continued  
14 loss, it is necessary to retain the auctioneers on an expedited basis, to allow sufficient  
15 time to liquidate the Furniture by April 25, 2009, or as soon thereafter as is feasible.  
16 The Receiver further seeks to employ Ostrin to liquidate other personal property of  
17 the Receivership Defendants as the need arises.

18 This Application is based on the attached Memorandum of Points and  
19 Authorities, the Declarations of David A. Gill, Gary Ostrin, and Uzzi O. Raanan, and  
20 upon such other grounds as may properly be presented to the Court upon request. A  
21 separate Order approving this Application has been lodged with the Court.

22 The attorneys for the parties or the parties to the Case are:

- 23 1. John M. McCoy III , counsel for Plaintiff Security and Exchange  
24 Commission, 5670 Wilshire Blvd., 11th Floor, Los Angeles, CA 90036;
- 25 2. Richard Elliott Drooyan, at Munger Tolles & Olson LLP, 355 S. Grand  
26 Ave, 35th Floor, Los Angeles, CA 90017, counsel for Defendant Bruce Friedman;

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1           3.     Brian Mueller, at Mariscal, Weeks, McIntyre & Friedlander, P.A., 2901  
2 N. Central Ave., Suite 200, Phoenix, AZ 85012, counsel for Defendant Tina M.  
3 Placourakis (courtesy copy, as counsel has not appeared in this case);

4           4.     Defendant Tina M. Placourakis, at 2121 W. Willetta Street, Phoenix,  
5 Az. 85009.

6           On March 31, 2009, the Receiver notified the above parties-in-interest, inter  
7 alia, of his intent to file this Application and the reasons thereof, via a letter faxed to  
8 the parties and/or their counsel, including a copy of this Application, and by calling  
9 counsel and Ms. Placourakis and providing them telephonic notice. None of the  
10 parties expressed opposition to the Application, or to the fact that the Receiver filed  
11 his request on an ex parte basis.

12  
13 Dated: March 31, 2009

DANNING, GILL, DIAMOND & KOLLITZ, LLP

14  
15 By: 

16           George E. Schulman  
17           Proposed Attorneys for David A. Gill,  
18           Permanent Receiver  
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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION.**

3 The Receiver seeks to employ Ostrin & Ostrin, on the terms set forth below, as  
4 his auctioneers, to help him to liquidate the Receivership Defendants' personal  
5 property, including but not limited to the Furniture currently located at the  
6 Receivership Defendants' offices. The Receiver seeks such authority on an ex parte  
7 basis, because the value of the Furniture to the Receivership estate will depend on a  
8 timely sale. The Receiver requests that the Court authorize him to employ Ostrin as  
9 his auctioneer on an expedited basis, to allow Ostrin sufficient time to conduct an  
10 auction sale of the Furniture on April 25, 2009, or as soon thereafter as is feasible.

11 **II. RELEVANT FACTS.**

12 1. On March 4, 2009, the Security and Exchange Commission  
13 ("SEC") filed a Complaint (the "Complaint") in the SEC Action, alleging two fraud  
14 claims for relief against Receivership Defendants DLG, AEI, and Bruce Friedman  
15 ("Friedman"), as well as Relief Defendant Tina M. Placourakis ("Placourakis").

16 2. At the time it filed the Complaint, the SEC also filed in the SEC  
17 Action an ex parte application (the "TRO Application") for a temporary restraining  
18 order and for orders: (1) freezing assets, (2) appointing a temporary receiver, (3)  
19 prohibiting the destruction of documents, (4) granting expedited discovery, and (5)  
20 requiring accountings, and for an order to show cause re preliminary injunction and  
21 appointment of a permanent receiver.

22 3. On March 4, 2009, this Court granted the TRO Application and  
23 appointed David A. Gill as Temporary Receiver.

24 4. On March 10, 2009, this Court held a hearing on the SEC  
25 Application. The Court granted the SEC Application and entered the Preliminary  
26 Injunction Order, appointing David A. Gill as the Permanent Receiver, among other  
27 things.  
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1           5.           The Receiver has identified various personal property assets  
2 belonging to the Receivership Defendants, and which the Receiver intends to sell,  
3 including office furniture, computer equipment, and fixtures, all currently located at  
4 the business premises at 15260 Ventura Boulevard, Suite 1240, Sherman Oaks, CA  
5 91403 (the "Premises"). The Receiver further identified other personal property,  
6 including art, jewelry, and motor vehicles, which the Receiver also intends to sell,  
7 but this will be accomplished on regular notice.

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9           6.           The Receivership Defendants currently pay about \$25,000 per  
10 month to rent the Premises. The Receiver plans to remove files and records to  
11 smaller quarters. He plans to vacate the Premises around April 15, 2009. Once the  
12 Receiver vacates the Premises, the Receiver believes the Lessor will no longer be  
13 entitled to assert an administrative priority claim for the rent charges the Receiver  
14 incurs for use of the Premises.

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16           **III. THE COURT SHOULD APPROVE EMPLOYMENT OF OSTRIN**  
17 **& OSTRIN COMPANY.**

18           The Receiver seeks to liquidate the Receivership Defendants' Personal  
19 Property for the benefit of the receivership estate and the Receivership Defendants'  
20 creditors. The Receiver has determined that the best means to liquidate the Personal  
21 Property is piece by piece, lot by lot, or in bulk at a public auction conducted by a  
22 licensed auctioneer.

23           The Receiver wishes to expedite the process of selling the Furniture, by  
24 allowing the auctioneer to conduct an auction using the following procedure:

25           1.           The auctioneer shall give notice of the auction at least 10 days prior to  
26 the sale, by posting notice of the sale on his website, the Receiver's website, and  
27 such other public notices as are commonly followed in bankruptcy sales conducted in  
28 the Central District of California;

1           2.     The Receiver shall not be required to obtain from the Court an order  
2 further approving the auction or the results thereof.

3           The Receiver proposes to retain Ostrin, a duly licensed auctioneer in the State  
4 of California, as his auctioneer, effective as of March 5, 2009, to liquidate the  
5 Personal Property. As indicated by the attached Declaration of Gary Ostrin, Ostrin  
6 has conducted bankruptcy auctions for over 30 years, and has substantial experience  
7 in selling all types of property, including property that is similar to the Personal  
8 Property in this case. Attached as Exhibit "1" is Ostrin's business profile, which  
9 describes its qualifications and experience.

10           Ostrin has agreed to conduct an auction(s) of the Personal Property, including  
11 the Furniture, piece by piece or in bulk, for a 10% buyer's premium to be charged to  
12 each purchaser, plus a set expense allowance, to be determined by the Receiver, in  
13 his own discretion, which allowance shall be used by Ostrin for advertising, set up  
14 labor, inspection and sale day personnel, bookkeeping, check out and removal  
15 supervision. After the sale of the Personal Property is consummated, Ostrin shall  
16 submit a report of the auction to the Receiver. Upon the receipt of the report of the  
17 auction, the Receiver proposes to pay the sale expenses of Ostrin without further  
18 Court order, as authorized by Local Bankruptcy Rule 6004-1(h).<sup>1</sup> Ostrin estimates  
19 that the total sale expenses will not exceed the sum of \$6,500.

20           In Ostrin's opinion, the aggregate liquidation value of the Furniture is  
21 approximately \$20,000, and the auction of the Property should generate aggregate  
22 gross proceeds in that range.

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25           <sup>1</sup> Local Rule 66-8 states that, except as ordered by the Court, the Receiver shall  
26 administer the receivership estate as nearly as possible in accordance with the  
27 practice followed in the administration of bankruptcy estates. The Receiver has  
28 therefore structured the employment of the auctioneer herein on the Bankruptcy  
Code.

1 To the best of the Receiver's knowledge, Ostrin and its principals and  
2 employees: (a) do not hold or represent any interest adverse to the Receiver, the  
3 Receivership Defendants, the creditors, or the receivership estate; (b) have no  
4 connection with the Receivership Defendants, the creditors, any other party in  
5 interest, their respective attorneys and accountants, the Securities and Exchange  
6 Commission, or any judge in the United States District Court for the Central District  
7 of California, except that Ostrin has conducted auctions in other unrelated matters in  
8 which the Receiver and various bankruptcy trustees were involved; (c) are  
9 disinterested persons as that term is defined in 11 U.S.C. § 101(14) and used in 11  
10 U.S.C. § 327(a); and (d) hold no pre-petition claims against the receivership estate.

11 Ostrin has posted a current blanket bond in the amount of \$50,000 in favor of  
12 the United States. A copy of the Ostrin's Blanket Auction Performance Bond is  
13 attached as Exhibit "2."

14 The Receiver believes that it is in the best interests of this receivership estate  
15 that the Furniture be sold at public auction upon the terms in this Application and  
16 that Ostrin be employed for that purpose, particularly in light of Ostrin's extensive  
17 experience in conducting auctions of similar property. The Property appears to have  
18 consequential value to the receivership estate, and the employment of Ostrin is  
19 necessary to realize such potential value.

20 There will be no written employment agreement separate from this  
21 Application. No retainer has been paid to Ostrin.

22 The Receiver proposes that if Ostrin cannot deliver the Personal Property  
23 auction proceeds immediately to the Receiver and that if such proceeds are more than  
24 \$50,000, Ostrin will open a segregated or impress escrow account for the deposit of  
25 the auction proceeds. The account will require the co-signature of the Receiver for  
26 any withdrawals. All auction proceeds are to be deposited in the account  
27 immediately upon receipt and such deposits shall be verified by the Receiver. As  
28 soon as the last check deposited in the account has cleared, or the last deposit is

1 made, whichever is applicable, all funds are to be transferred immediately to the  
2 Receiver, but in no event later than 45 days after the date of the auction.

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4 **V. CONCLUSION.**

5 For the foregoing reasons, the Receiver prays for an order: authorizing him to  
6 sell the Furniture and employ Ostrin as his auctioneer, effective as of March 5, 2009,  
7 as an administrative expense of the estate and upon the terms and conditions in this  
8 Application; and granting such other and further relief as may be just and proper.

9

10 Dated: March 31, 2009

DANNING, GILL, DIAMOND & KOLLITZ, LLP

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12

By: 

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

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**DECLARATION OF DAVID A. GILL**

I, David A. Gill, declare as follows:

1. I am the Permanent Receiver appointed by this Court for Diversified Lending Group, Inc. (“DLG”), and Applied Equities, Inc. (“AEI”) (collectively the “Receivership Defendants”), pursuant to the 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 (the “Preliminary Injunction Order”), signed and entered by this Court on March 10, 2009, in Securities and Exchange Commission v.

Diversified Lending Group, Inc., et al., Case No. CV 09—1533-R-JTL (the “SEC Action”), pending in the United States District Court, Central District of California.

2. On March 4, 2009, the Security and Exchange Commission (“SEC”) filed a Complaint (the “Complaint”) in the SEC Action, alleging fraud claims for relief against Receivership Defendants DLG, AEI, and Bruce Friedman (“Friedman”), as well as Relief Defendant Tina M. Placourakis (“Placourakis”).

3. At the time it filed the Complaint, the SEC also filed in the SEC Action an ex parte application (the “TRO Application”) for a temporary restraining order and for orders: (1) freezing assets, (2) appointing a temporary receiver, (3) prohibiting the destruction of documents, (4) granting expedited discovery, and (5) requiring accountings, and for an order to show cause re preliminary injunction and appointment of a permanent receiver.

4. On March 4, 2009, this Court granted the TRO Application and appointed me as Temporary Receiver.

5. On March 10, 2009, this Court held a hearing on the SEC Application. The Court granted the SEC Application and entered the Preliminary Injunction Order, thereby appointing me as the Permanent Receiver, among other things.

6. I have identified various personal property assets (collectively the “Personal Property”) belonging to the Receivership Defendants, and which I intend

1 to sell, including office furniture, computer equipment, and fixtures, all currently  
2 located at the Receivership Defendants' leased offices at 15260 Ventura Boulevard,  
3 Suite 1240, Sherman Oaks, CA 91403 (the "Premises"). I have also identified other  
4 personal property which will be dealt with by subsequent motion.

5 7. The lessor at the Receivership Defendants' Premises (the "Lessor") and  
6 I previously discussed an arrangement under which I was going to leave the  
7 Furniture at the Premises after April 15, 2009, the date I intend to vacate the  
8 Premises, without incurring an administrative expense. This arrangement would  
9 have allowed the Lessor to show the Premises to potential tenants fully furnished and  
10 perhaps develop an in-place purchaser. Under this arrangement, once a new tenant  
11 took over the Premises the Lessor would have had an option to buy the Furniture, or  
12 allow me reasonable time to conduct an auction sale. I recently learned that the  
13 Lessor will not allow me to store the Furniture at the Premises after April 15, 2009,  
14 without paying full rent as an administrative expense.

15 8. The Receivership Defendants pay about \$25,000 per month to rent the  
16 Premises. Unless I can sell the Furniture quickly, the rent obligations I incur for the  
17 Premises after such date, just for storage of the Furniture, will consume most or all of  
18 the approximately \$20,000 in proceeds I expect to receive from the sale of the  
19 Furniture. I believe that once I vacate the Premises, including taking out the  
20 Furniture, the Lessor will no longer be entitled to assert an administrative priority  
21 claim for rent charges.

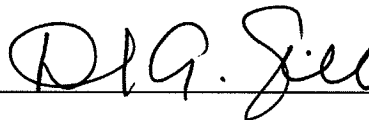
22 9. I would like to liquidate the Receivership Defendants' Personal Property  
23 for the benefit of the receivership estate and its creditors. I have determined that the  
24 best means to liquidate the Personal Property is piece by piece, lot by lot, or in bulk  
25 at a public auction conducted by a licensed auctioneer.

26 10. I propose to employ Ostrin & Ostrin Company ("Ostrin") as my  
27 auctioneers, effective as of March 5, 2009, upon the terms and conditions in the  
28 foregoing Application.

1 11. I believe that it is in the best interests of this estate that the Personal  
2 Property be sold at a public auction(s) upon the terms in the employment Application  
3 and that Ostrin be employed as my auctioneer to liquidate the Personal Property,  
4 including the Furniture. The Personal Property appears to have consequential value  
5 to the receivership estate, and the employment of Ostrin is necessary to realize such  
6 potential value. I propose to leave to the auctioneer the determination of suitable  
7 time to advertise and notice such sale, but I seek to obtain permission to begin the  
8 process of such notice in the manner commonly utilized in this community.  
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11 I declare under penalty of perjury, under the laws of the United States of  
12 America, that the foregoing is true and correct.  
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14 Executed at Los Angeles, CA on March 31, 2009.  
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17 DAVID A. GILL  
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**DECLARATION OF GARY OSTRIN**

I, Gary Ostrin, declare as follows:

1. I am the principal of Ostrin & Ostrin Company (“Ostrin”), a duly licensed auctioneer in the State of California and the proposed auctioneer for David A. Gill, the Permanent Receiver (“Receiver”), appointed in Securities and Exchange Commission v. Diversified Lending Group, Inc., et al., Case No. CV 09—1533-R-JTL (the “SEC Action”).

2. I have personal knowledge of the facts in this declaration and, if called as a witness, I could competently testify to these facts.

3. At the Receiver’s request and on behalf of Ostrin, I personally inspected personal property of the estate consisting of office furniture, fixtures and equipment (collectively the “Furniture”) located at the Sherman Oaks offices of Diversified Lending Group, Inc. (“DLG”) and Applied Equities, Inc (“AEI”) (DLG and AEI are collectively referred to as “Receivership Defendants”). Based upon my inspection of the Furniture and my experience and expertise in selling similar types of property, I believe that the Furniture has an aggregate liquidation value of approximately \$20,000 and that an auction should result in gross proceeds in that range. I estimate that the total sale expenses, which will include advertising, set up labor, inspection and sale day personnel, bookkeeping, check out and removal supervision, among other, will not exceed the sum of \$6,500.

4. On behalf of Ostrin, I agree to the terms and conditions of employment in the foregoing employment application. I agree that the proposed compensation may be modified under the principles of 11 U.S.C. § 328, if so warranted. After the sale of the Furniture is consummated, Ostrin will submit a report of the auction(s) to the Receiver. On behalf of Ostrin, I acknowledge that Ostrin will not be paid any sale expenses until Ostrin submits the report of auction to the Receiver.

5. Ostrin is a duly licensed auctioneer in the State of California with over 30 years of experience and is competent to conduct the auction of the receivership

1 estate's personal property, including the Furniture. It has conducted bankruptcy  
2 auctions for over 30 years, including auctions for bankruptcy trustees in this district.  
3 It has substantial experience in selling all types of property, including property that is  
4 similar to the property to be sold in this case. Attached as Exhibit "1" is a business  
5 profile of Ostrin, describing its qualifications and experience.

6 6. Ostrin has posted a current blanket bond in the amount of \$50,000 in  
7 favor of the United States. A copy of the Blanket Auction Performance Bond is  
8 attached as Exhibit "2".

9 7. Ostrin and I and Ostrin's employees: (a) do not hold or represent any  
10 interest adverse to the Receiver, the Receivership Defendants, the creditors, and the  
11 receivership estate; (b) have no connection with the Receivership Defendants, the  
12 creditors, any other party in interest, their respective attorneys and accountants, the  
13 Securities and Exchange Commission, any person employed by the Securities and  
14 Exchange Commission, or any judge in the United States District Court for the  
15 Central District of California, except that Ostrin may have conducted auctions in  
16 other unrelated matters in which the Receiver and local Bankruptcy trustees were  
17 involved; (c) are disinterested persons as that term is defined in 11 U.S.C. § 101(14)  
18 and used in 11 U.S.C. § 327(a); and (d) hold no pre-petition claims against the  
19 receivership estate.

20 8. On behalf of Ostrin, I acknowledge and agree that if Ostrin cannot  
21 deliver the auction proceeds immediately to the Receiver and such proceeds are more  
22 than \$50,000, Ostrin will open a segregated escrow or impress account for the  
23 deposit of the auction proceeds. I also acknowledge and agree that: (a) the account  
24 will require the co-signature of the Receiver for any withdrawals; (b) all auction  
25 proceeds are to be deposited in the account immediately upon receipt and such  
26 deposit shall be verified by the Receiver; and (c) as soon as the last check deposited  
27 in the account has cleared, or the last deposit is made, whichever is applicable, all  
28

1 funds are to be transferred immediately to the Receiver, but in no event later than 45  
2 days after the date of the auction.

4 I declare under penalty of perjury that the foregoing is true and correct.

5 Executed at NEWPORT BEACH California on March 31<sup>ST</sup>, 2009.

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9 GARY OSTRIN

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**OSTRIN & OSTRIN Co.****AUCTIONEERS**

4101 BIRCH STREET, SUITE 150, NEWPORT BEACH, CA 92660  
(949) 261-6169 FAX: (949) 261-5118

**RESUME OF AUCTIONEER  
GARY OSTRIN, PRESIDENT**

Ostrin & Ostrin Company was founded in 1939, presently in our seventieth year of business. We have been a consistent leader in the Auction and Appraisal service to this community.

Ostrin & Ostrin Company conduct, on the average, sixty to seventy auction sales per year, of which approximately forty percent are on behalf of the United States Bankruptcy Court; twenty percent for various Financial and Lending Institutions; twenty percent for the general business community; twenty percent for various Administrators, Receivers, Assignee For Benefit Of Creditors; Consultants; Accountants and Property Management Companies.

As a rule our auction sales vary from \$50,000.00 to \$450,000.00 in gross proceeds.

We are presently bonded with the United States Bankruptcy Court for projects ranging from \$50,000.00 to \$450,000.00.

Ostrin & Ostrin Company is an Industrial Auction Company specializing in sales for the Metalworking, Woodworking, Textiles, Computers and Electronics, Industrial Tools and Supplies, Contractors, Graphic Arts Industries, Etc.

Gary Ostrin, President of Gary Ostrin, Inc. dba Ostrin & Ostrin Auctioneers and Appraisers, 1974 – Present.

Graduate of UCLA Business Administration 1965, Bachelor of Science Degree.

California Licensed Auctioneer #C-227.

Texas, Oregon, Florida, Illinois Licensed Auctioneer.

# **OSTRIN & OSTRIN Co.**

## **AUCTIONEERS**

4101 BIRCH STREET SUITE 150, NEWPORT BEACH, CA 92660  
(949) 261-6169 FAX: (949) 261-5118

Past President of the Southern California Auctioneers Association, 1979-1980.

Member of the California Auctioneers Association.

A Court Appraiser for Superior Court and the United States Bankruptcy Courts for over thirty years.

I have conducted approximately 2,000 auction sales on behalf of the following Trustees and Receivers in Los Angeles; Santa Ana; Portland, Oregon; Cleveland, Ohio and New Jersey for a period of forty years.

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Mr. Robert Pier  
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Livingston, NJ. 07039  
(973) 422-6032

**OSTRIN & OSTRIN Co.****AUCTIONEERS**

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Mr. Andrew Mauthe  
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(800) 453-3548

Mr. Earl Hagen  
Assignee for Benefit of Creditors  
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Encino, CA. 91436  
(818) 501-6161

Mr. Samuel Biggs  
State Court Receiver  
2800 28<sup>th</sup> Street  
Suite 300  
Santa Monica, CA. 90405  
(310) 450-0875

Mr. Kenneth Roelke  
Bankruptcy Administrator  
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Los Angeles, CA. 90067  
(310) 282-5351

Ms. Nancy Knupfer  
Attorney at Law  
2029 Century Park East  
3<sup>rd</sup> Floor  
Los Angeles, CA. 90067  
(310) 277-0077

Mr. David J. Rapson  
Attorney at Law  
1111 Broadway, Suite 1500  
Oakland, CA. 94607  
(510) 286-2080

Ms. Nancy Zamora  
Attorney at Law  
444 S. Flower St. # 1550  
Los Angeles, CA. 90071  
(213) 488-9411

Hartford Fire Insurance Company



Date: March 30, 2008

Agency Code: 72 254387

KAERCHER CAMPBELL & ASSOC INS BRKR  
1840 CENTURY PARK EAST #1100

OBLIGEE:  
California Secretary of State  
PO Box 944225  
Sacramento, CA 94244-2250

LOS ANGELES, CA 90067

Attn: Bond Department

Insured / Principal: Ostrin & Ostrin Company  
Policy / Bond #: 72BSEDM5386  
Account Name/Number: Ostrin & Ostrin Co. 72M100117741  
Policy Term: June 27, 2008 - June 27, 2011  
Type of Policy: Surety - License & Permit  
Billing Term: Three Years  
Billing Type: Agency Bill  
Transaction Type: Renewal  
Transaction Effective Date: June 27, 2008  
Bond Limit : \$50,000

**Agent's Advice of Premium for Fidelity and Surety Bonds**

Premium	Commission %	Commission Amount
\$ 1,300	%	\$

COMMENTS

Premium will be included in your usual Agency Accounting statement or Direct Bill notification. If you have any questions regarding this transaction, please contact your Hartford Bond Center.

**Hartford Fire Insurance Company**

Bond No. 72BSBIM5386

Premium: \$500.00 ~~1,500.00~~

**BLANKET AUCTION PERFORMANCE BOND**

**KNOW ALL MEN BY THESE PRESENTS:**

That We, **Ostrin & Ostrin Company** as Principal, and **Hartford Fire Insurance Company**, a corporation organized and existing under and by virtue of the laws of the State of Connecticut and authorized to transact business in the State of California, as Surety, are held and firmly bound unto **United States of America** as represented by the **United States Trustee Central District of California** (hereinafter called the Obligee) in the sum of **Fifty Thousand and No/100 (\$50,000.00)** lawful money of the United States, for the payment of which we bind ourselves, our heirs, executors, administrators, successors or assigns, jointly and severally, firmly by these presents.

**WHEREAS**, the Principal is desirous of being employed as auctioneer for bankruptcy estates being administered by the Obligee, and

**WHEREAS**, the Obligee requires that all persons being employed as auctioneers for bankruptcy estates maintain a \$50,000.00 Blanket Auction Performance Bond in favor of the United States.

**NOW, THEREFORE**, the condition of the above obligation is such that if the said Principal shall well and truly, without favor or partiality, do and perform all the duties required of it as an auctioneer for the sale of all machinery, equipment, furniture fixtures and other property belonging to such bankruptcy estates and shall fully account for all monies and property which shall come into its hands and make true returns of the same at such times as shall be required of it by said Obligee, and shall save said Obligee harmless from every act done or neglected to be done by said Principal while acting under said employment, then this bond shall be void; otherwise to remain in full force and virtue, subject, however, to the following conditions:

The Surety's liability herein for the aggregate amount of all claims that shall be recoverable under this bond is expressly limited to the sum set forth above.

This bond may be cancelled and the Surety relieved of all further liability hereunder by the surety's giving thirty (30) days written notice thereof to the Principal and Obligee.

This bond is effective June 27, 2005

**SIGNED, SEALED AND DATED** this 6th day of June, 2005.

**Ostrin & Ostrin Company**

By: [Signature]

**Hartford Fire Insurance Company**

By: [Signature]  
Timothy S. Dunn, Attorney-In-Fact

PROVIDED HOWEVER, this bond is issued subject to the following express conditions:

1. This bond shall be deemed continuous in form and shall remain in full force and effect for the term of the initial bond and all subsequent bonders, for all liabilities, acts, omissions, or causes arising after this bond becomes effective and before the cancellation or withdrawal of the Surety from the bond.
2. This bond is executed by the Surety to comply with the provisions of Title 295 (commencing with Section 1812 600), Part 4 of Division 3 of the Civil Code and of Chapter 2 (commencing with Section 995 010), Title 14, Part 2 of the Code of Civil Procedure and said bond shall be subject to all of the terms and provisions thereof
3. The aggregate liability of the Surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.
4. This bond may be canceled by the Surety in accordance with the provisions of Sections 996 310 et seq. of the Code of Civil Procedure

Hartford Fire Insurance Company

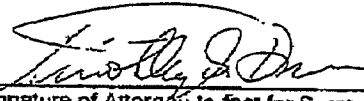
(Name of Surety)

One Pointe Drive, Brea, CA 92821

(Address of Surety)

I certify under penalty of perjury, under the laws of the State of California, that I have executed the foregoing bond under an unrevoked power of attorney.

Executed in Brea, CA on June 6, 2005  
(City, State) (Date)

  
Signature of Attorney-in-fact for Surety

Timothy S. Dunn  
Printed or Typed Name of Attorney-in-Fact for Surety

**INSTRUCTIONS:**

1. Pursuant to Section 1812 600 (a) of the Civil Code every auctioneer and auction company shall maintain a bond.
2. The term for all bonds submitted shall not be less than twenty-four (24) months.
3. Send the executed document and filing fee (if any) to  
California Secretary of State  
P O Box 944225  
Sacramento CA 94244-2250
4. Include the filing fee of \$30.00
5. There is no fee for filing an amendment to a previously filed bond



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**DECLARATION OF UZZI O. RAANAN**

I, Uzzi O. Raanan, declare:

1. I am an attorney admitted to practice before all courts of the State of California and I am a member in good standing of the bar of this Court. I am an associate at Danning, Gill, Diamond & Kollitz, LLP, counsel for David A. Gill, the Permanent Receiver (the “Receiver”), appointed in Securities and Exchange Commission v. Diversified Lending Group, Inc., et al., Case No. CV 09—1533-R-JTL (the “SEC Action”).

2. I have personal knowledge of the facts in this declaration and, if called as a witness, I could testify competently to these facts.

3. The attorneys for the parties or the parties to the Case are:

A. John M. McCoy III , counsel for Plaintiff Security and Exchange Commission, 5670 Wilshire Blvd., 11th Floor, Los Angeles, CA 90036;

B. Richard Elliott Drooyan, at Munger Tolles & Olson LLP, 355 S. Grand Ave, 35th Floor, Los Angeles, CA 90017, counsel for Defendant Bruce Friedman;

C. Brian Mueller, at Mariscal, Weeks, McIntyre & Friedlander, P.A., 2901 N. Central Ave., Suite 200, Phoenix, AZ 85012, counsel for Defendant Tina M. Placourakis (courtesy copy);

D. Defendant Tina M. Placourakis, at 2121 W. Willetta Street, Phoenix, Az. 85009.

4. On March 31, 2009, I notified the above parties-in-interest, inter alia, of the Receiver’s intent to file the above Ex Parte Application (the “Application”) to employ Ostrin & Ostrin Company on an expedited basis as his auctioneers, and the reasons thereof, via a letter I faxed to their counsel and directly to Ms. Placourakis. A copy of my letter (without the exhibit), which included a copy of the Receiver’s Application, is attached herein as Exhibit “A”. I also called counsel and provided them with telephonic notice of the Receiver’s Application. I personally spoke with

1 Mr. Drooyan and Mr. Mueller, who stated that they would not oppose the  
2 Application. I left detailed voice messages for Ms. Placourakis on her cell phone,  
3 and for Mr. McCoy at his office, giving notice of the Application. As of the signing  
4 of this declaration, neither Ms. Placourakis nor Mr. McCoy has contacted me to  
5 express opposition to the Application, or to the fact that the Receiver filed his request  
6 on an ex parte basis.

7

8 I declare under penalty of perjury under the laws of the United States of  
9 America that the foregoing is true and correct.

10 Executed on March 31, 2009, at Los Angeles, California.

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A handwritten signature in black ink, appearing to read "Uzzi O. Raanan", is written over a horizontal line.

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UZZI O. RAANAN

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LAW OFFICES

**DANNING, GILL, DIAMOND & KOLLITZ, LLP**

A LIMITED LIABILITY PARTNERSHIP COMPOSED OF PROFESSIONAL CORPORATIONS

2029 CENTURY PARK EAST, THIRD FLOOR

LOS ANGELES, CALIFORNIA 90067-2904

(310) 277-0077

FACSIMILE: (310) 277-5735

WRITER'S E-MAIL ADDRESS: URAANAN@DGDK.COM

DAVID A. GILL\*  
RICHARD K. DIAMOND\*  
HOWARD KOLLITZ\*  
JOHN J. BINGHAM, JR.\*  
ERIC P. ISRAEL\*  
KATHY BAZOIAN PHELPS\*  
GEORGE E. SCHULMAN\*  
NANCY KNUPFER\*  
ROBERT A. HESSLING\*  
WALTER K. OETZELL

UZZI O. RAANAN  
STEVEN J. SCHWARTZ  
MATTHEW F. KENNEDY  
JOHN N. TEDFORD, IV  
AARON E. DE LEEST  
  
OF COUNSEL  
JAMES J. JOSEPH\*  
  
RETIRED  
CURTIS B. DANNING

REFER TO:  
25176A

\*A PROFESSIONAL CORPORATION

March 31, 2009

**VIA FACSIMILE & U.S. MAIL**

John M. McCoy III  
Security and Exchange Commission  
5670 Wilshire Blvd., 11th Floor  
Los Angeles, CA 90036

Brian Mueller, at Mariscal, Weeks, McIntyre &  
Friedlander, P.A.  
2901 N. Central Ave., Suite 200  
Phoenix, AZ 85012

Richard Elliott Drooyan,  
Munger Tolles & Olson LLP  
355 S. Grand Ave, 35th Floor  
Los Angeles, CA 90017

Tina M. Placourakis  
2121 W. Willetta Street  
Phoenix, AZ. 85009

Re: Securities and Exchange Commission v. Diversified Lending Group,  
Inc., et al., USDC No. CV 09-01533-JTLx/ Notice of Ex Parte  
Application for Instructions to Employ Personal Property Auctioneer

Dear Counsel and Ms. Placourakis:

Please take notice that David A. Gill, the receiver (the "Receiver") in the above-entitled action is filing this afternoon an Ex Parte Application (the "Application"), pursuant to Local Rule 7-19, for instructions with regard to employment of an auctioneer, Ostrin & Ostrin, Inc. ("Ostrin"), to help the Receiver to liquidate furniture, fixtures and equipment (collectively the "Furniture"), located at the business premises of Defendants Diversified Lending Group, Inc. and Applied Equities, Inc., at 15260 Ventura Boulevard, Suite 1240, Sherman Oaks, CA 91403. A copy of the Application is attached herein.

Please note that a party wishing to oppose the Application must file its papers with the Court within 24 hours from its actual receipt of the Application.

Please let me know at your earliest convenience whether you intend to oppose the Application.

Sincerely,



Uzzi O. Raanan  
Encl.

cc: David A. Gill, Receiver  
Kathy B. Phelps, Esq.  
George E. Schulman, Esq.

**EXHIBIT A**

LAW OFFICES  
**DANNING, GILL, DIAMOND & KOLLITZ, LLP**  
2029 CENTURY PARK EAST, THIRD FLOOR  
LOS ANGELES, CALIFORNIA 90067-2904  
(310) 277-0077  
FACSIMILE: (310) 277-5735



MAR 31 2009

**FAXED**

**FACSIMILE COVER SHEET**

**Date:** March 31, 2009      **Time:** 1:43 PM  
**File Name:** Diversified Lending Group, Inc./  
Notice of Ex Parte Application      **File No.:** 25176a

To	Fax No.	Telephone No.
John M. McCoy III Securities and Exchange Commission	323-965- <del>3998</del> 3908 <i>14:34</i>	323-965- <del>3908</del> 3998
Tina Placourakis Sun West Bottlers, LLC	602-462-5151 <i>14:51</i>	
Richard E. Drooyan Munger Tolles & Olson, LLP	213 683-5136 <i>14:42</i>	
Brian M. Mueller Mariscal, Weeks, McIntyre & Friedlander, PA	602-285-5100 <i>14:46</i>	

**From:** Uzzi O. Raanan

**TOTAL NUMBER OF PAGES INCLUDING THIS FORM IS:**

**Message:**

Enclosed is a letter from Uzzi O. Raanan, dated March 31, 2009, with a copy of an Ex Parte Application to be filed by the Receiver.

**ORIGINAL WILL:**

- BE SENT BY MAIL       BE SENT BY FEDEX/OVERNIGHT COURIER
- BE SENT BY MESSENGER       NOT BE SENT
- BE SENT BY E-MAIL

If all pages are not received, please call Uzzi O. Raanan at (310) 277-0077.

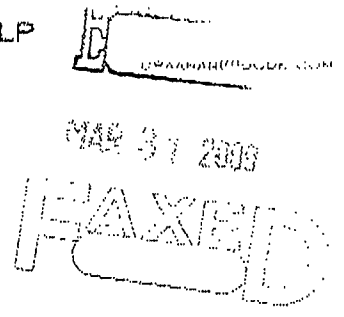
THIS COVER SHEET AND ANY DOCUMENTS ACCOMPANYING IT ARE INTENDED FOR THE INDIVIDUAL OR ENTITY SET FORTH AS THE ADDRESSEE, AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED AND CONFIDENTIAL. IF YOU ARE NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING THE MESSAGE TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE SO THAT ARRANGEMENTS CAN BE MADE FOR RETURNING THE ORIGINAL MESSAGE TO US. THANK YOU.

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\*\*\* TX REPORT \*\*\*  
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TIME USE 03'29  
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RESULT OK

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LOS ANGELES, CALIFORNIA 90067-2904  
(310) 277 0077  
FACSIMILE (310) 277 5735



**FACSIMILE COVER SHEET**

**Date:** March 31, 2009 **Time:** 1:43 PM  
**File Name:** Diversified Lending Group, Inc./  
Notice of Ex Parte Application **File No.:** 25176a

To	Fax No.	Telephone No.
John M. McCoy III Securities and Exchange Commission	323-965- <del>3908</del> 3908	323-965- <del>3908</del> 3908
Tina Placourakis Sun West Bottlers, LLC	602-462-5151	
Richard E. Drooyan Munger Tolles & Olson, LLP	213 683-5136	
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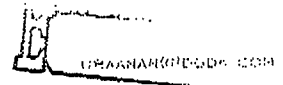
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DANNING, GILL, DIAMOND & KOLLITZ, LLP

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LOS ANGELES, CALIFORNIA 90067-2904  
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MAR 31 2009

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Date: March 31, 2009 Time: 1:43 PM  
File Name: Diversified Lending Group, Inc./ Notice of Ex Parte Application File No.: 25176a

To	Fax No.	Telephone No.
John M. McCoy III Securities and Exchange Commission	323-965- <del>3998</del> 3908	323-965- <del>3998</del> 3998
Tina Placourakis Sun West Bottlers, LLC	602-462-5151	
Richard E. Drooyan Munger Tolles & Olson, LLP	213 683-5136	
Brian M. Mueller Mariscal, Weeks, McIntyre & Friedlander, PA	602-285-5100	

From: Uzzi O. Raanan

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ORIGINAL WILL:

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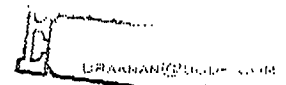
LAW OFFICES

DANNING, GILL, DIAMOND & KOLLITZ, LLP

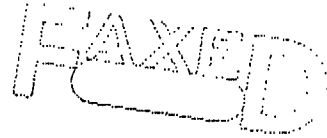
2020 CENTURY PARK EAST, THIRD FLOOR  
LOS ANGELES, CALIFORNIA 90067-2904

(310) 277-0677

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MAR 31 2009



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Tina Placourakis Sun West Bottlers, LLC	602-462-5151	/
Richard E. Drooyan Munger Tolles & Olson, LLP	213 683-5136	/
Brian M. Mueller Mariscal, Weeks, McIntyre & Friedlander, PA	602-285-5100	/

From: Uzzi O. Raanan

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2029 CENTURY PARK EAST, THIRD FLOOR  
LOS ANGELES, CALIFORNIA 90067-2904  
(310) 277-0077  
FACSIMILE: (310) 277-5735

URAANAN@DODK.COM

MAR 31 2009

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**FACSIMILE COVER SHEET**

**Date:** March 31, 2009 **Time:** 1:43 PM  
**File Name:** Diversified Lending Group, Inc./  
Notice of Ex Parte Application **File No.:** 25176a

To	Fax No.	Telephone No.
John M. McCoy III Securities and Exchange Commission	323-965- <del>3908</del> 3908 <i>14:34</i>	323-965- <del>3908</del> 3908
Tina Placourakis Sun West Bottlers, LLC	602-462-5151 ✓	
Richard E. Drooyan Munger Tolles & Olson, LLP	213 683-5136 ✓	
Brian M. Mueller Mariscal, Weeks, McIntyre & Friedlander, PA	602-285-5100	

**From:** Uzzi O. Raanan

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**PROOF OF SERVICE**

I, Martha Gonzalez, declare:

I am employed by the law firm of DANNING, GILL, DIAMOND & KOLLITZ, LLP, in the County of Los Angeles, State of California. I am employed in the office of a member of the bar of this court at whose direction the service was 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.

On March 31, 2009, I served the following document(s): **NOTICE OF EX PARTE APPLICATION AND EX PARTE APPLICATION OF RECEIVER FOR INSTRUCTIONS RE EMPLOYMENT OF PERSONAL PROPERTY AUCTIONEER; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF DAVID A. GILL, GARY OSTRIN, AND UZZI O. RAANAN IN SUPPORT THEREOF** on the interested parties addressed as follows:

SEE ATTACHED SERVICE LIST

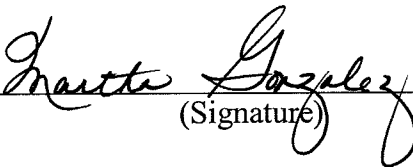
(By Mail) I placed the document for collection and deposit in the mail. I am familiar with this firm's practice for the collection and processing of correspondence for mailing. Under that practice, the document would be placed in a sealed envelope and deposited with the U.S. Postal Service on that same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

(By Facsimile) I'm readily familiar with this firm's practice of sending documents by facsimile. Under that practice, a cover sheet is prepared showing the telephone number of the recipient. The facsimile telephone number is shown on the attached service list. The documents were sent by facsimile and a confirmation was obtained from the facsimile machine that the transmission occurred without error.

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.

Executed on March 31, 2009, at Los Angeles, California.

Martha Gonzalez  
(Type or print name)

  
(Signature)

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**SEC v. DIVERSIFIED LENDING GROUP, INC., et al.**

**United States District Court – Central District of California  
Case No. CV 09-01533 R (JTLx)  
(LA-3591)**

**Counsel for Plaintiff**

John M. McCoy, III, Esq.  
Securities and Exchange Commission  
5670 Wilshire Boulevard, 11<sup>th</sup> Floor  
Los Angeles, CA 90036  
**Fax No.: 323-965-3908**

**Counsel for Defendants Diversified Lending Group, Inc.,  
Applied Equities, Inc. (“AEI”), and Bruce Friedman**

Richard Elliott Drooyan  
Munger Tolles & Olson LLP  
355 S. Grand Ave, 35th Floor  
Los Angeles, CA 90017  
**Fax No.: (213) 687-3702**

**Counsel for Defendant, Tina M. Placourakis.**

Brian Mueller  
Mariscal, Weeks, McIntyre & Friedlander, P.A.  
2901 N. Central Ave., Suite 200  
Phoenix, AZ 85012  
**Fax No.: (602) 285-5100**

Tina M. Placourakis  
2121 W. Willetta Street  
Phoenix, AZ 85009  
**Fax No.: (602) 462-5151**