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 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.;
 APPLIED EQUITIES, INC.; and BRUCE
 20 FRIEDMAN,

21 Defendants,

22 and

23 TINA M. PLACOURAKIS,

24 Relief Defendant.

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

**AMENDED 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**

1 This matter came to be heard at 10:00 a.m. on Tuesday, March 10, 2009,
2 pursuant to an Order to Show Cause issued by this Court on March 4, 2009, and
3 upon the prior Application of Plaintiff Securities and Exchange Commission
4 (“Commission”) for a Temporary Restraining Order And Orders: (1) Freezing
5 Assets, (2) Appointing A Temporary Receiver, (3) Prohibiting The Destruction Of
6 Documents, (4) Granting Expedited Discovery, and (5) Requiring Accountings;
7 And To Show Cause Re Preliminary Injunction And Appointment Of A Permanent
8 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

1 instrumentality of interstate commerce, or of the mails, or of any facility of any
2 national securities exchange:

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

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

12 **IV.**

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

- 19 A. transferring, assigning, selling, hypothecating, changing, wasting,
20 dissipating, converting, concealing, encumbering, or otherwise
21 disposing of, in any manner, any funds, assets, securities, claims, or
22 other real or personal property, wherever located, of the Defendants,
23 or their subsidiaries and affiliates (including but not limited to
24 MMHIM, Inc., DLG International, a Panamanian company, and
25 SunWest Bottlers, LLC), owned by, controlled by, managed by or in
26 the possession or custody of any of them;
- 27 B. transferring, assigning, selling, hypothecating, encumbering, or
28 otherwise disposing of any securities, including, but not limited to,

1 any investment contracts or other securities of DLG, or any of its
 2 subsidiaries or affiliates (including but not limited to MMHIM, Inc.,
 3 DLG International, a Panamanian company, and SunWest Bottlers,
 4 LLC).

5 **V.**

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

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<u>Institution Name</u>	<u>Account Name</u>	<u>Account No.</u>
18 Wells Fargo Bank	Diversified Lending Group Inc.	200-0451001
19 Wells Fargo Bank	Diversified Lending Group Inc.	719-3206666
20 Wells Fargo Bank	Diversified Lending Group Inc.	359-7119035
21 Wells Fargo Bank	Diversified Lending Group Inc.	361-0903241
22 Wells Fargo Bank	Diversified Lending Group Inc.	361-0903233

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<u>Institution Name</u>	<u>Account Name</u>	<u>Account No.</u>
Wells Fargo Bank	Diversified Lending Group Inc.	362-2099608
Wells Fargo Bank	Diversified Lending Group Inc.	382-7425475
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

<u>Institution Name</u>	<u>Account Name</u>	<u>Account No.</u>
Merrill Lynch	Bruce Friedman and Tina M. Placourakis	236-15L42
Merrill Lynch	MMHIM / Diversified Lending Group Inc.	236-07088
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 (including but not limited to MMHIM, Inc., DLG International, a Panamanian company, and SunWest Bottlers, LLC), 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 (including but not limited to MMHIM, Inc., DLG International, a Panamanian company, and SunWest Bottlers, LLC), 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,

1 records, papers and other real or personal property, wherever located,
2 of or managed by DLG and AEI, and their subsidiaries and affiliates
3 (including but not limited to MMHIM, Inc., DLG International, a
4 Panamanian company, and SunWest Bottlers, LLC), with full power
5 to sue, foreclose, marshal, collect, receive, and take into possession all
6 such property;

7 B. to have control of, and to be added as the sole authorized signatory
8 for, all accounts of the entities in receivership, including all accounts
9 at any bank, title company, escrow agent, financial institution or
10 brokerage firm (including any futures commission merchant) which
11 has possession, custody or control of any assets or funds of DLG and
12 AEI, and their subsidiaries and affiliates (including but not limited to
13 MMHIM, Inc., DLG International, a Panamanian company, and
14 SunWest Bottlers, LLC), or which maintains accounts over which
15 DLG and AEI, and their subsidiaries and affiliates (including but not
16 limited to MMHIM, Inc., DLG International, a Panamanian company,
17 and SunWest Bottlers, LLC), and/or any of their employees or agents
18 have signatory authority;

19 C. to conduct such investigation and discovery as may be necessary to
20 locate and account for all of the assets of or managed by DLG and
21 AEI, and their subsidiaries and affiliates (including but not limited to
22 MMHIM, Inc., DLG International, a Panamanian company, and
23 SunWest Bottlers, LLC), and to engage and employ attorneys,
24 accountants and other persons to assist in such investigation and
25 discovery;

26 D. to take such action as is necessary and appropriate to preserve and
27 take control of and to prevent the dissipation, concealment, or
28 disposition of any assets of or managed by DLG and AEI, and their

1 subsidiaries and affiliates;

2 E. to make an accounting, as soon as practicable, to this Court and the
3 Commission of the assets and financial condition of DLG and AEI,
4 and to file the accounting with the Court and deliver copies thereof to
5 all parties;

6 F. to make such payments and disbursements from the funds and assets
7 taken into custody, control, and possession or thereafter received by
8 him or her, and to incur, or authorize the making of, such agreements
9 as may be necessary and advisable in discharging his or her duties as
10 permanent receiver;

11 G. to employ attorneys, accountants and others to investigate and, where
12 appropriate, to institute, pursue, and prosecute all claims and causes of
13 action of whatever kind and nature which may now or hereafter exist
14 as a result of the activities of present or past employees or agents of
15 DLG and AEI, and their subsidiaries and affiliates (including but not
16 limited to MMHIM, Inc., DLG International, a Panamanian company,
17 and SunWest Bottlers, LLC); and

18 H. to have access to and monitor all mail of the entities in receivership in
19 order to review such mail which he or she deems relates to their
20 business and the discharging of his or her duties as permanent
21 receiver.

22 **VII.**

23 IT IS FURTHER ORDERED that the Defendants, and their subsidiaries and
24 affiliates (including but not limited to MMHIM, Inc., DLG International, a
25 Panamanian company, and SunWest Bottlers, LLC), including all of the other
26 entities in receivership, and their officers, agents, servants, employees and
27 attorneys, and any other persons who are in custody, possession or control of any
28 assets, collateral, books, records, papers or other property of or managed by any of

1 the entities in receivership, shall forthwith give access to and control of such
2 property to the Permanent Receiver.

3 **VIII.**

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

8 **IX.**

9 IT IS FURTHER ORDERED that, except by leave of this Court, during the
10 pendency of this receivership, all clients, investors, trust beneficiaries, note
11 holders, creditors, claimants, lessors, consultant groups and all other persons or
12 entities seeking relief of any kind, in law or in equity, from the Defendants, or their
13 subsidiaries and affiliates (including but not limited to MMHIM, Inc., DLG
14 International, a Panamanian company, and SunWest Bottlers, LLC), and all
15 persons acting on behalf of any such investor, trust beneficiary, note holder,
16 creditor, claimant, lessor, consultant group or other person, including sheriffs,
17 marshals, servants, agents, employees, and attorneys, are hereby restrained and
18 enjoined from, directly or indirectly, with respect to these persons and entities:

- 19 A. commencing, prosecuting, continuing or enforcing any suit or
20 proceeding (other than the present action by the Commission) against
21 any of them;
- 22 B. using self-help or executing or issuing or causing the execution or
23 issuance of any court attachment, subpoena, replevin, execution or
24 other process for the purpose of impounding or taking possession of
25 or interfering with or creating or enforcing a lien upon any property or
26 property interests owned by or in the possession of DLG or AEI; and
- 27 C. doing any act or thing whatsoever to interfere with taking control,
28 possession or management by the permanent receiver appointed

1 hereunder of the property and assets owned, controlled or managed by
2 or in the possession of DLG or AEI, or in any way to interfere with or
3 harass the Permanent Receiver or his or her attorneys, accountants,
4 employees or agents or to interfere in any manner with the discharge
5 of the Permanent Receiver's duties and responsibilities hereunder.

6 **X.**

7 IT IS FURTHER ORDERED that the Defendants, and their subsidiaries,
8 affiliates, officers, agents, servants, employees and attorneys, shall cooperate with
9 and assist the Permanent Receiver and shall take no action, directly or indirectly, to
10 hinder, obstruct, or otherwise interfere with the Permanent Receiver or his or her
11 attorneys, accountants, employees or agents, in the conduct of the Permanent
12 Receiver's duties or to interfere in any manner, directly or indirectly, with the
13 custody, possession, management, or control by the Permanent Receiver of the
14 funds, assets, collateral, premises, and choses in action described above.

15 **XI.**

16 IT IS FURTHER ORDERED that the Defendants shall pay the costs, fees
17 and expenses of the Permanent Receiver incurred in connection with the
18 performance of his or her duties described in this Order, including the costs and
19 expenses of those persons who may be engaged or employed by the Permanent
20 Receiver to assist him or her in carrying out his or her duties and obligations. All
21 applications for costs, fees and expenses for services rendered in connection with
22 the receivership other than routine and necessary business expenses in conducting
23 the receivership, such as salaries, rent and any and all other reasonable operating
24 expenses, shall be made by application setting forth in reasonable detail the nature
25 of the services and shall be heard by the Court.

26 **XII.**

27 IT IS FURTHER ORDERED that no bond shall be required in connection
28 with the appointment of the Permanent Receiver. Except for an act of gross

1 negligence, the Permanent Receiver shall not be liable for any loss or damage
2 incurred by any of the Defendants, their officers, agents, servants, employees and
3 attorneys or any other person, by reason of any act performed or omitted to be
4 performed by the Permanent Receiver in connection with the discharge of his or
5 her duties and responsibilities.

6 **XIII.**

7 IT IS FURTHER ORDERED that representatives of the Commission are
8 authorized to have continuing access to inspect or copy any or all of the corporate
9 books and records and other documents of the Defendants and the other entities in
10 receivership, and continuing access to inspect their funds, property, assets and
11 collateral, wherever located.

12 **XIV.**

13 IT IS FURTHER ORDERED that, except as otherwise ordered by this
14 Court, the Defendants, relief defendant Placourakis, and their officers, agents,
15 servants, employees, attorneys, subsidiaries and affiliates, including the other
16 entities in receivership, and those persons in active concert or participation with
17 any of them, who receive actual notice of this Order, by personal service or
18 otherwise, and each of them, be and hereby are preliminarily restrained and
19 enjoined from, directly or indirectly: destroying, mutilating, concealing,
20 transferring, altering, or otherwise disposing of, in any manner, any documents,
21 which includes all books, records, computer programs, computer files, computer
22 printouts, contracts, correspondence, memoranda, brochures, or any other
23 documents of any kind in their possession, custody or control, however created,
24 produced, or stored (manually, mechanically, electronically, or otherwise),
25 pertaining in any manner to Defendants, and their subsidiaries and affiliates
26 (including but not limited to MMHIM, Inc., DLG International, a Panamanian
27 company, and SunWest Bottlers, LLC).

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1 **XV.**

2 IT IS FURTHER ORDERED that the Commission's application for
3 expedited discovery, previously granted in this Court's Temporary Restraining
4 Order is continued and that the Commission and the Permanent Receiver may
5 request documents from and take depositions of parties and non-parties upon oral
6 examination subject to two calendar days notice pursuant to Rules 30(a), 34, and
7 45 of the Federal Rules of Civil Procedure, that the Commission and Permanent
8 Receiver may take more than one deposition at the same time, that depositions of
9 the Defendants may be taken on any day, including Saturdays, Sundays, and
10 holidays subject to two calendar days notice, including notice given personally, by
11 facsimile or by electronic mail, and that the depositions taken pursuant to this
12 Order shall not be counted for purposes of determining the applicability of the
13 limitations of Rules 30(a)(2)(A) and 30(a)(2)(B) of the Federal Rules of Civil
14 Procedure.

15 **XVI.**

16 IT IS FURTHER ORDERED that the non-receivership Defendants shall,
17 within five days of the issuance of this Order, each prepare and deliver to the
18 Commission a detailed and complete schedule of all their assets, including all real
19 and personal property exceeding \$5,000 in value, and all bank, securities, futures
20 and other accounts identified by institution, branch address and account number.
21 The accounting shall include a description of the source(s) of all such assets. Such
22 accounting shall be filed with the Court and a copy shall be delivered to the
23 Commission's Los Angeles Regional Office. After completion of the accounting,
24 the Defendants shall produce to the Commission's Los Angeles Regional Office, at
25 a time agreeable to the Commission, all books, records and other documents
26 supporting or underlying his accounting.

27 **XVII.**

28 IT IS FURTHER ORDERED that the Defendants, and their officers, agents,

1 servants, employees, attorneys, subsidiaries and affiliates, including the other
2 entities in receivership, shall, within 24 hours of the issuance of this Order of
3 Preliminary Injunction, cause to be prepared and delivered to the Permanent
4 Receiver, a detailed and complete schedule of all passwords, usernames, and
5 identification numbers for all web sites, email accounts, and all accounts at any
6 bank, financial institution, brokerage firm, or insurance company to which DLG
7 and AEI have access.

8 **XVIII.**

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

12 **XIX.**

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

17 **IT IS SO ORDERED.**

18
19 DATED: March 31, 2009

20 
21 _____
22 HONORABLE MANUEL L. REAL
23 UNITED STATES DISTRICT JUDGE

24 Presented by:

25 /s/ John M. McCoy III
26 _____
27 John M. McCoy, III
28 Attorney for Plaintiff
Securities and Exchange Commission