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

12 SECURITIES AND EXCHANGE
13 COMMISSION,

14 Plaintiff,

15 vs.

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

19 Defendants,

20 and

21 TINA M. PLACOURAKIS,

22 Relief Defendant.

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

**RECEIVER'S EX PARTE
APPLICATION TO APPROVE
SETTLEMENT AGREEMENT
BETWEEN RECEIVER AND
SHAWNA FRIEDMAN;
DECLARATIONS OF DAVID A.
GILL AND GILBERT MIKALIAN**

[No hearing requested]

23 **PLEASE TAKE NOTICE THAT** David A. Gill, the Permanent Receiver
24 ("**Receiver**") of Diversified Lending Group, Inc. ("**DLG**"), and Applied Equities,
25 Inc., and their subsidiaries and affiliates, including but not limited to MMHIM, Inc.,
26 DLG International, a Panamanian company, and SunWest Bottlers, LLC, will and
27 hereby moves to the Court for an order granting *Receiver's Ex Parte Application to*
28 *Approve Settlement Agreement Between Receiver and Shawna Friedman* (the
"**Application**").

1 The Application requests an order:

2 1. authorizing the Receiver to settle the Dispute, as that term is defined
3 herein, with defendant Shawna Friedman in the matters *Gill v. Shawna Friedman*¹
4 and *Gill v. Wendy Ann Mehlman et al.*;²

5 2. authorizing the Receiver to execute all documents and otherwise take all
6 actions he deems necessary and appropriate to effectuate the settlement;

7 3. confirming the terms and provisions of the *Settlement Agreement and*
8 *Mutual Limited Release* (the "**Agreement**"), a copy of which is attached as Exhibit
9 "1" to my declaration; and

10 4. confirming that the form and manner of notice of the Application
11 provided by the Receiver is appropriate. A copy of the proposed order is attached as
12 Exhibit "2" to the Declaration of David A. Gill.

13 The Application is based upon the following: Shawna Friedman
14 ("**Friedman**"), Bruce Friedman's daughter, and the Receiver seek to resolve the
15 disputes and claims relating to my claims against Ms. Friedman regarding the total
16 transfers of at least \$361,192 from DLG to or for the benefit of Ms. Friedman (the
17 "**Transfer**") and Ms. Friedman's defenses to the Transfer (the "**Dispute**"). The
18 Transfer was primarily used to purchase a single family residence at 5807 Wish
19 Avenue in Encino, California (the "**Property**"). In order to resolve the Dispute and
20 to avoid costly and lengthy litigation, Ms. Friedman and the Receiver have entered
21 into the Agreement. As more fully set out in the Agreement, and subject to Court
22 approval, the Receiver has agreed to accept the transfer of the real property, which is
23 estimated to be worth approximately \$475,000 with about \$150,000 in equity (before
24 costs of sale, interest and taxes) from Ms. Friedman in addition to cash payment of
25 \$15,528.67 in exchange for a release of claims against Ms. Friedman related to the

26 _____
27 ¹ U.S. District Court case number CV 09-08978-R (SSx).

28 ² U.S. District Court case number CV 10-01552-R (SSx).

1 Transfer only. The Agreement resolves claims with respect to the Dispute between
2 the Receiver and receivership estate, on the one hand, and Ms. Friedman, on the
3 other hand. Each party has reserved his rights with respect to any other claims they
4 might have.

5 The Agreement is subject to Court approval, and accordingly, the Receiver
6 seeks approval of this Application and the proposed Agreement described herein.

7 The Application is made on the grounds that the Receiver has determined in
8 my business judgment that the Agreement is fair and equitable and in the best
9 interests of the estate, given the fact that without this Agreement, the receivership
10 estate must otherwise engage in costly and lengthy litigation in order to recover the
11 Transfer. The Agreement allows the Receiver to take ownership of real property and
12 receive payment in exchange for the elimination of litigation against Ms. Friedman.

13 The Application is based upon this Notice, the Application, the Memorandum
14 of Points and Authorities, the Declarations of David A. Gill and Gilbert Mikalian,
15 and upon such other evidentiary matters as may be considered by the Court.

16 **PLEASE TAKE FURTHER NOTICE** that pursuant to the prior order of this
17 Court entered May 4, 2009, in the SEC Action (the "Omnibus Order"), notice of this
18 Application was posted on the website www.diversifiedreceivership.com and this
19 notice and Application was served upon the approved Limited Service List and Ms.
20 Friedman on June 18, 2010, as reflected in the Declaration of Gilbert Mikalian. No
21 opposition has been received.

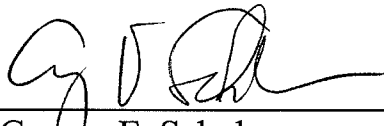
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PLEASE TAKE FURTHER NOTICE that pursuant to the Omnibus Order this Notice and Application will be served upon the approved Limited Service List.

Dated: June 21, 2010

DANNING, GILL, DIAMOND &
KOLLITZ, LLP

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

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **INTRODUCTION**

4 DLG transferred \$345,442 to or for the benefit of Ms. Friedman for the
5 purchase of the real property located at 5807 Wish Avenue in Encino, California.
6 Ms. Friedman is DLG's principal's, Bruce Friedman, daughter. Additionally, DLG
7 transferred to or the benefit of Ms. Friedman an additional \$15,750. DLG also
8 purchased for Ms. Friedman a vehicle in the amount of over \$36,000. Upon learning
9 of the transfer after investigating DLG's financial records, the Receiver filed a
10 Complaint against Ms. Friedman with respect to the transfer of funds for the
11 purchase of the Property. Upon further investigation, the Receiver filed a second
12 action, in which Ms. Friedman was one of several other defendants, for the transfer
13 of at least \$8,750 from DLG to or for the benefit of Ms. Friedman. Additionally, the
14 Receiver's investigation further revealed that Ms. Friedman had received from DLG
15 an additional \$7,000 and a vehicle valued at over \$36,000. In order to resolve the
16 Dispute and to avoid costly litigation, the parties have entered into the Agreement,
17 subject to this Court's approval.

18 **II.**

19 **RELEVANT FACTS**

20 **A. Facts Relating to the Dispute**

21 From December 2005 through March 2008, DLG transferred a total of
22 \$354,192.00 to or for the benefit of Shawna Friedman, largely for the purchase of a
23 single family residence located at 5807 Wish Avenue in Encino, California (the
24 "Property"). The purchase of the Property was also funded by Broadview Mortgage
25 Corporation in the amount of \$350,000.00 secured by a first Deed of Trust. Title to
26 the Property was recorded in the name of "Shawna Friedman, A Single Woman."

27 On June 6, 2009, the Receiver filed a complaint against Shawna Friedman to
28 avoid and recover fraudulent transfers, for unjust enrichment, constructive trust and

1 equitable liens in the matter *David A. Gill, solely in his capacity as Permanent*
2 *Receiver in the matter of Securities and Exchange Commission vs. Diversified*
3 *Lending Group, Inc.; Applied Equities, Inc.; Bruce Friedman and Tina M.*
4 *Placourakis, U.S.D.C. case number CV 09-01533-R-JTLx³ vs. Shawna Friedman,*
5 pending before this Court, case number CV 09-04630-R (SSx) (“**Friedman Action**
6 **No. 1**”). Friedman Action No. 1 seeks avoidance and recovery of the transfer of
7 funds in connection with Shawna Friedman's purchase of the Property. In Friedman
8 Action No. 1, the Receivers is seeking to recover funds in the amount of at least
9 \$345,442.00, which figure is comprised of one transfer in the amount of \$325,442.00
10 and another transfer in the amount of \$20,000.00. On December 28, 2009, the
11 Receiver recorded a writ of attachment in the amount of \$345,442.00 against the
12 Property (“**Writ of Attachment**”).

13 On March 2, 2010, the Receiver filed a complaint (“the **Family Complaint**”)
14 against some of Bruce Friedman's friends and family members, including Ms.
15 Friedman. The Family Complaint seeks to avoid and recover fraudulent transfers,
16 for unjust enrichment, constructive trust and equitable liens in the matter *David A.*
17 *Gill, solely in his capacity as Permanent Receiver in the matter of Securities and*
18 *Exchange Commission vs. Diversified Lending Group, Inc.; Applied Equities, Inc.;*
19 *Bruce Friedman and Tina M. Placourakis, U.S.D.C. case number CV 09-01533-R-*
20 *SSx vs. Wendy Ann Mehlman et al.*, pending in U.S. District Court, Central District of
21 California, case number CV 10-01552-R (SSx) (“**Friedman Action No. 2**”). In
22 Friedman Action No. 2, the Receiver is seeking to recover from Ms. Friedman funds
23 in the amount of at least \$28,750.00, of which \$20,000.00 may also be the subject of
24 Friedman Action No. 1, thus leaving \$8,750.00 in dispute in Friedman Action No. 2.

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27 ³ The discovery magistrate in the SEC Action has since been changed to the Hon.
28 Suzanne H. Segal. As a result, the SEC Action case number is CV 09-01533-R (SSx).

1 The Receiver's investigation revealed additional transfers from DLG to or for
2 the benefit of Ms. Friedman, namely, the purchase of a vehicle by DLG for over
3 \$36,000 in September 2006 for Ms. Friedman's use, the payment of \$7,000, and the
4 benefit received from various family vacations. Taken together, all the transfers
5 from DLG to or for the benefit of Ms. Friedman are referred to herein, and in the
6 Agreement, as the "Transfer."

7 Ms. Friedman and the Receiver have agreed not to litigate these issues
8 between them relating to the Transfer, and desire and intend to fully settle any and all
9 claims between them with respect to the Transfer only. To that end, Ms. Friedman
10 and the Receiver have agreed to settle this Dispute on the terms and conditions set
11 forth in the Agreement.

12 **B. Terms of the Agreement**

13 Ms. Friedman and the Receiver have agreed to resolve this Dispute by entering
14 into the Agreement.⁴ All of the terms and conditions contained in the Agreement are
15 incorporated herein by this reference, and any reference to the terms and conditions
16 of the Agreement is not meant to modify or augment the Agreement. Specifically,
17 Ms. Friedman is to pay \$15,528.67 and to transfer the Property, free and clear of all
18 liens and encumbrances, except for this Court's writ of attachment and a deed of trust
19 in favor of Broadview Mortgage Corporation, to the Receiver in full satisfaction of
20 the Dispute, and in exchange, the Receiver agrees to release his claims against Ms.
21 Friedman with respect to the Transfer. Within five business days of notice of the
22 entry of the order approving this Application and the Agreement, Ms. Friedman will
23 deliver to the Receiver certified funds in the amount of \$15,528.67. Thereafter,
24 within fifteen business days of notice of the entry of the order approving this
25 Application and the Agreement, Ms. Friedman will deliver to the Receiver title and
26 possession of the Property. Within five days of receiving title and possession to the

27 _____
28 ⁴ Declaration of David A. Gill, at ¶ 3, Exhibit "1."

1 Property, the Receiver was obligated to move to dismiss Friedman Action No. 1,⁵
2 and Ms. Friedman from Friedman Action No. 2.⁶ However, the Court has already
3 dismissed Friedman Action No. 1.

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5 **III.**

6 **THIS APPLICATION MAY BE FILED ON AN EX PARTE BASIS**

7 Pursuant to the instructions of this Court, the Receiver is applying for the
8 approval of the Agreement on an ex parte basis in order to maximize efficiency for
9 both the Court and the receivership estate. Accordingly, this Application may
10 properly be brought before the Court on an ex parte basis.

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12 **IV.**

13 **THE APPLICATION AND AGREEMENT SHOULD BE APPROVED**

14 In ruling on proposed settlements, the standard that courts applied under the
15 former Bankruptcy Act is the same standard as courts apply under the Bankruptcy
16 Code.⁷ The Ninth Circuit Court of Appeals stated the standard as follows:⁸

17 In determining the acceptability of a proposed compromise
18 the following four factors should be considered: (1) The
19 probability of success in the litigation; (2) The difficulties,
20 if any, encountered in the matter of collections; (3) The

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22 ⁵ Following the Receiver's filing of a *Notice of Pending Settlement*, on June 18, 2010, the
23 Court entered its *Order of Dismissal* in Friedman Action No. 1 and thereby dismissed that action
24 "without prejudice to the right, upon good cause shown within 60 days, to reopen the action if the
25 settlement is not consummated" [Case No. CV 09-08978-R (SSx); ECF Doc. No. 29].

26 ⁶ Pursuant to the Agreement, only Ms. Friedman will be dismissed in Friedman Action
27 No. 2.

28 ⁷ See *In re Carla Leather, Inc.*, 44 B.R. 457, 466 (Bankr. S.D.N.Y. 1984).

⁸ *In re A & C Properties*, 784 F.2d 1377, 1381 (9th Cir. 1986) (quoting *In re Flight
Transportation Corp. Securities Litigation*, 730 F.2d 1128, 1135 (8th Cir. 1984)), cert. denied sub
nom *Reavis & McGrath v. Antinore*, 469 U.S. 1207 (1985).

1 complexity of the litigation involved, the expense,
2 inconvenience and delay necessarily attending it; and (4)
3 The paramount interest of the creditors and a proper
4 deference to their reasonable views.

5 Applying the four factors described above, the Receiver believes that the
6 proposed Agreement is a reasonable exercise of his business judgment for the benefit
7 of the receivership estate and its creditors.

8 **A. Probabilities of Success**

9 The principal issue being resolved by the Agreement is the settlement of all of
10 the Receiver's claims against Ms. Friedman and all defenses alleged or available to
11 Ms. Friedman. The litigation would, for the most part, deal with Ms. Friedman's
12 defenses against the Receiver's claims. The Receiver is confident that he would
13 prevail in an action to recover the Transfers but at significant expense to the
14 receivership estate, as is usually the case with litigation. Although the Receiver is
15 likely to prevail in this case, the settlement value may represent, in all likelihood, a
16 higher net gain for the estate than if the Receiver prevails in litigation.

17 **B. Difficulties in Collection**

18 In the event that the Dispute is litigated, the Receiver is confident that he can
19 recover the Property. Collection of more from Ms. Friedman may pose a problem
20 given the fact that collecting \$354,192.00 from Ms. Friedman may prove to be
21 problematic based on Ms. Friedman's assertion that she does not have significant
22 funds available for any possible cash payment; her significant asset is the Property.
23 As a result, in the event the Receiver prevails in a suit to recover the Transfer,
24 difficulty of collection of more than offered here may be a factor weighing in favor
25 of approving this Application.

26 **C. Complexity and Expense of Litigation**

27 Although litigation with respect to the Dispute would not be overly complex, it
28 would nonetheless increase costs to the estate and would decrease the ultimate

1 benefit to the estate. With the Agreement, the fees and costs are greatly reduced
2 while the estate obtains real property which has been estimated to be worth over
3 \$475,000 (before costs of sale, interest and taxes), with a lien of approximately
4 \$350,000, in exchange for a limited release of claims against Ms. Friedman.
5 Consequently, settlement of the Dispute is appropriate given the potential expense to
6 the receivership estate resulting from litigation between Shawna Friedman and the
7 Receiver.

8 **D. Paramount Interest of Creditors**

9 Most importantly, the Receiver believes that the Agreement is in the
10 paramount interest of the receivership creditors. Without the Agreement, the
11 receivership estate may claim approximately \$354,192.00 against Shawna Friedman,
12 but must engage in litigation and collection to realize this amount. Per the terms of
13 the Agreement, the receivership estate will receive funds and the Property and in
14 return will release all claims against Shawna Friedman relating to the Dispute.
15 Consequently, the Agreement is in the interests of the Creditors since the estate will
16 obtain an asset it can monetize while eliminating the need for litigation.

17 The Receiver has carefully considered the factors set forth above, and weighed
18 them in determining that the Agreement is a prudent and reasonable exercise of his
19 business judgment. It is the Receiver's opinion that the Agreement is in the best
20 interests of the estate, given the nature and circumstance of the Dispute.⁹

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⁹ Declaration of David A. Gill, at ¶ 6.

V.

**THE WRIT OF ATTACHMENT AGAINST THE PROPERTY MAY BE
RELEASED BY THE RECEIVER**

Pursuant to California Code of Civil Procedure section 488.730,
subsections (a) and (d):

(a) The levying officer shall release attached property when
the levying officer receives a written direction to release the
property from the plaintiff's attorney of record or, if the
plaintiff does not have an attorney of record, from the plaintiff
or when the levying officer receives a certified copy of a court
order for release or when otherwise required to release the
property. The release extinguishes any attachment lien in favor
of the plaintiff on the property released.

(d) If the property to be released was levied upon by recording
or filing a copy of the writ and a notice of attachment, the
levying officer shall record or file a written notice of release in
the same office. If the notice of attachment had been filed with
the Secretary of State, any release shall have the effect
prescribed in Section 697.650.

Per the terms of the above provisions, the Receiver is authorized to release the writ of
attachment but in an abundance of caution, in the proposed order, the Receiver is
seeking this Court's confirmation that he is authorized to release the attachment
against Property per the terms of the Agreement.

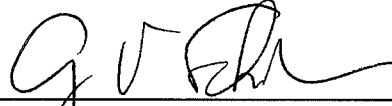
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VI.
CONCLUSION

Based upon the foregoing, the Receiver respectfully requests approval of this Application, the Agreement, and all other appropriate relief.

Dated: June 21, 2010

DANNING, GILL, DIAMOND &
KOLLITZ, LLP

By: 
George E. Schulman
Attorneys for David A. Gill, 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., and Applied Equities, Inc., 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, signed and entered by this Court on March 10, 2009.

2. This declaration is made in support of the Ex Parte Application to Approve Settlement Agreement between Receiver and Shawna Friedman (the "Application").

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

4. On or about June 18, 2010, I entered into that certain agreement entitled *Settlement Agreement and Mutual Limited Release* (the "Agreement") with Shawn Friedman, a true and correct copy of which is attached hereto as Exhibit "1." It is, by its terms, subject to approval of this Court.

5. A copy of the proposed order is attached hereto as Exhibit "2."

6. I have carefully considered the factors set forth in the Application, and weighed them in determining that the Agreement is a prudent and reasonable exercise of my business judgment. Furthermore, it is my opinion that the Agreement is in the best interests of the estate, given the nature and circumstance of my claims

1 against Shawna Friedman with respect to the Dispute, as that term is defined in the
2 Application..

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

6 Executed at Los Angeles, California, on June 12, 2010.

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DAVID A. GILL

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DECLARATION OF GILBERT MIKALIAN

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I, Gilbert Mikalian, declare as follows:

1. I am an attorney licensed to practice in California. I am an associate at the law firm of Danning, Gill, Diamond & Kollitz, LLP ("Danning-Gill"). Danning-Gill is the duly employed counsel to David A. Gill, the duly appointed Permanent Receiver (the "Receiver") for Diversified Lending Group, Inc., and Applied Equities, Inc., 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, signed and entered on March 10, 2009, in the above-captioned case. I am one of the attorneys at Danning-Gill assigned to represent the Receiver in the instant action.

2. This declaration is made in support of the Ex Parte Application to Approve Settlement Agreement between Receiver and Shawna Friedman ("Application").

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

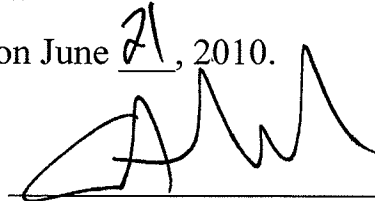
4. On June 18, 2010, the Notice and Application, including all exhibits attached thereto, were provided to all parties requiring notice in the Limited Service List and the Notice was posted on the website www.diversifiedreceivership.com pursuant to the Notice Procedures as set forth in an order of this Court dated May 4, 2009. The proposed Notice and Application were served electronically on the Limited Service List and Shawna Friedman on June 18, 2010. The parties requiring notice in the Limited Service List have been advised that

1 any opposition to the Application must be filed with the Court no later than twenty-
2 four hours after receipt of the Application. No opposition has been received.

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

Executed at Los Angeles, California, on June 21, 2010.



Gilbert Mikalian

EXHIBIT 1

SETTLEMENT AGREEMENT AND MUTUAL LIMITED RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL LIMITED RELEASE (this "**Agreement**"), is made and entered into as of June 18, 2010, by and between Shawna Friedman, on the one hand, and David A. Gill, Permanent Receiver (the "**Receiver**") of Diversified Lending Group, Inc., a California corporation ("**Diversified**"), and Applied Equities, Inc. ("**AEI**"), and their subsidiaries and affiliates, including but not limited to MMHIM, Inc., DLG International, a Panamanian company, and SunWest Bottlers, LLC (collectively, hereinafter referred to as the "**Receivership Defendants**"), in the United States District Court for the Central District of California, Western Division, case number CV 09-01533-R (SSx), on the other hand. For purposes of this Agreement, Shawna Friedman, the Receiver and Diversified are individually referred to as the "**Party**" and collectively referred to as the "**Parties.**" This Agreement is made with reference to the following agreed facts:

RECITALS

A. On March 4, 2009, the Securities and Exchange Commission ("**SEC**") filed a Complaint (the "**SEC Complaint**") in the United States District Court for the Central District of California, Western Division, case number CV09-01533-R (SSx) (the "**SEC Action**"), alleging fraud claims and requesting relief against Diversified, AEI, and Bruce Friedman, as well as Relief Defendant Tina M. Placourakis.

B. The SEC Complaint alleged, among other things, that the Receivership Defendants and Bruce Friedman perpetrated an ongoing fraudulent investment scheme whereupon the Receivership Defendants and Bruce Friedman raised at least \$216 million by offering and selling securities in the form of one or

five year "Secured Investment Notes" to numbers of investors nationwide, many of whom are older Americans. The SEC Complaint further alleged that the Receivership Defendants and Bruce Friedman did not invest the money they raised from investors as represented; rather, the Receivership Defendants and Bruce Friedman diverted a substantial amount of investor money to undisclosed business ventures or investments, as well as to Bruce Friedman, his family members and friends.

C. At the time it filed its 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.

D. On March 4, 2009, this Court granted the TRO Application and, among other things, appointed David A. Gill as Temporary Receiver. The order was amended and superseded by two additional orders of the Court. One, entered on March 10, 2009, appointed David A. Gill as Permanent Receiver and another, entered on or about March 31, 2009, clarified the earlier orders by specifically naming certain wholly owned subsidiaries and their assets as subject to administration in the receivership.

E. On June 6, 2009, the Receiver filed a complaint against Shawna Friedman to avoid and recover fraudulent transfers, for unjust enrichment, constructive trust and equitable liens in the matter *David A. Gill, solely in his capacity as Permanent Receiver in the matter of Securities and Exchange Commission vs. Diversified Lending Group, Inc.; Applied Equities, Inc.; Bruce*

*Friedman and Tina M. Placourakis, U.S.D.C. case number CV 09-01533-R-JTLx*¹ vs. *Shawna Friedman*, pending in U.S. District Court, Central District of California, case number CV 09-04630-R (SSx) (“**Shawna Friedman Action No. 1**”). Shawna Friedman Action No. 1 dealt primarily with the transfer of funds in connection with the purchase of a home for the benefit of Shawna Friedman. In Shawna Friedman Action No. 1, the Receiver is seeking to avoid the transfer to recover the Property or to recover funds in the amount of at least \$345,442.00, which figure is comprised of one transfer in the amount of \$325,442.00 and another transfer in the amount of \$20,000.00.

F. On March 2, 2010, the Receiver filed a complaint against some of Bruce Friedman's friends and family members, including Shawna Friedman who is Bruce Friedman's daughter (“**Shawna Friedman Action No. 2**”). Shawna Friedman Action No. 2 seeks to avoid and recover fraudulent transfers, for unjust enrichment, constructive trust and equitable liens in the matter *David A. Gill, solely in his capacity as Permanent Receiver in the matter of Securities and Exchange Commission vs. Diversified Lending Group, Inc.; Applied Equities, Inc.; Bruce Friedman and Tina M. Placourakis, U.S.D.C. case number CV 09-01533-R-SSx* vs. *Wendy Ann Mehlman et al.*, pending in U.S. District Court, Central District of California, case number CV 10-01552-R (SSx) (“**Shawna Friedman Action No. 2**”). Specifically, in Shawna Friedman Action No. 2, the Receiver is seeking to recover funds in the amount of at least \$28,750.00, of which \$20,000.00 is also the subject of Shawna Friedman Action No. 1, thus leaving \$8,750.00 in dispute in Shawna Friedman Action No. 2.

¹ The discovery magistrate in the SEC Action has since been changed to the Hon. Suzanne H. Segal. As a result, the SEC Action case number is CV 09-01533-R (SSx).

G. In Shawna Friedman Action No. 1, the Receiver alleges that on or about September 9, 2006, Shawna Friedman purchased a parcel of real property improved by a single family dwelling commonly known as 5807 Wish Avenue, Encino, California 91316-1459 (the "**Property**") for a total of \$675,442.00, of which \$345,442.00 was paid by Diversified by investor funds. The remainder of the purchase price of the Property was funded by a purchase money loan from Broadview Mortgage Corporation in the amount of \$350,000.00.

H. The Receiver alleges that on September 15, 2006, a Deed of Trust was recorded against the Property by Broadview Mortgage Corporation in the principal amount of \$350,000 and title to the Property was recorded in the name of "Shawna Friedman, A Single Woman" (the "**Deed of Trust**").

I. Shawna Friedman also received a 2006 Acura TL vehicle which was purchased using Diversified funds in the amount of \$36,703.20 (the "**Vehicle Transfer**"). Shawna Friedman represents that she has now traded the vehicle in for a leased vehicle and received \$15,000 credit for the 2006 Acura.

J. The approximate sum of \$7,000 was paid to or for the benefit of Shawna Friedman by Diversified, and Shawna Friedman states that said transfer was used to repair plumbing upon the Property (the "**\$7,000 Transfer**").

K. Shawna Friedman states that to her knowledge she has not received any other transfers of over \$15,000.00, inclusive of any family vacations ("**Vacation Transfers**") directly or indirectly from the Receivership Defendants or Bruce Friedman since January 1, 2004.

L. The transfer of funds by Diversified for the benefit of Shawna Friedman to purchase the Property, the additional transfer of \$8,750 as set forth in Shawna Friedman Action No. 2, the Vehicle Transfer, the \$7,000 Transfer and the Vacation Transfers are hereinafter referred to as the "**Transfers**."

M. The Receiver alleges that the Receivership Defendants did not receive any consideration in exchange for the Transfers (the “Disputes”). Shawna Friedman alleges that any transfers, exclusive of the Property, were gifts and support between Father and Daughter.

N. The Receiver and Shawna Friedman have agreed to stop further litigation in Shawna Friedman Action No. 1 and Shawna Friedman Action No. 2, and now desire and intend to fully and finally settle, resolve and release any and all claims between them with respect to the Disputes upon the terms, covenants and conditions set forth herein. The Receiver and Shawna Friedman do not intend to waive any claims or defenses in connection with any matters aside from the Disputes and any claims with respect to the physical condition of the Property as conditioned by Paragraph 6 herein below. There may exist additional claims the Receiver has against Shawna Friedman and which Shawna Friedman does not concede that the Receiver has any such claims and does not waive any defenses to those claims. There may exist additional claims Shawna Friedman has against the Receivership Defendants; the Receiver does not concede that Shawna Friedman has any such claims and does not waive any defenses to those claims. The only matter being resolved are the Disputes.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and subject to the terms and conditions set forth below, the parties do hereby agree as follows:

AGREEMENT

1. **Incorporation.** The Recitals set forth hereinabove are incorporated herein by reference.

2. **Settlement.** In full and final settlement of the Disputes, the Parties hereby agree as follows:

a. As more fully set forth in Paragraph 6 of this Agreement, Shawna Friedman shall transfer all of her right, title and interest with respect to the Property to the Receiver by a grant deed ("**Grant Deed**"), a copy of which is attached as Exhibit 1. Shawna Friedman shall cooperate to the extent necessary for the transition of all utilities from Shawna Friedman to the Receiver. The Grant Deed shall be executed by Shawna Friedman, and the property shall be free and clear of all liens, whether consensual or involuntary, with the exception of (1) the Deed of Trust, (2) the Writ of Attachment recorded by the Receiver in Shawna Friedman Action No. 1 (the "**Writ of Attachment**") and (3) property taxes due through December 31, 2009. Shawna Friedman represents that she has paid the first installment of property taxes for the 2009-2010 property tax year in the sum of \$3,172, and that she has mde her January 2010 mortgage payment.

b. In addition to the Grant Deed, Shawna Friedman shall also make a payment of \$15,528.67 in good funds to the Receiver, within five days of entry of a final court order approving this Agreement (the "**Payment**").

c. Shawna Friedman shall deliver possession of the Property to the Receiver and shall have removed all of her personal property from the Property within five days of entry of a final court order approving this Agreement.

d. As more fully set forth herein, the Receiver shall accept the Grant Deed, possession of the Property, and the Payment, as a full and final accord and

satisfaction of any and all amounts Shawna Friedman allegedly owes with respect to the Disputes.

3. Releases.

a. Release by the Receiver. Except for the obligations arising out of this Agreement, in further consideration of this Agreement and the other good and valuable consideration provided to the Receiver pursuant hereto, receipt of which is hereby acknowledged by the Receiver, the Receiver, for himself and on behalf of the Receivership Defendants and each and all of their respective officers, directors, stockholders, predecessors, administrators, representatives, affiliates, parent entities, subsidiary entities, attorneys, agents, insurers, successors, heirs and assigns, and each of them, (collectively, the "**Receiver Releasing Parties**") hereby absolutely, forever and fully, release and discharge Shawna Friedman, her administrators, estates, beneficiaries, trusts, trustees, trustors, executors, employees, representatives, attorneys, agents, insurers, predecessors, successors, heirs, beneficiaries, and assigns, and each of them (collectively, the "**Shawna Friedman Released Parties**") from any and all Claims related to the Disputes or the physical condition of the Property, whether due or owing in the past, present or future and whether based upon contract, tort, statute or any other legal or equitable theory of recovery, and whether known or unknown, suspected or unsuspected, fixed or contingent, matured or unmatured, with respect to, pertain to, or arising from any matters, acts, omissions, events, conduct, or occurrences at any time prior to the date of this Agreement with respect to the allegations set forth herein relating to the Disputes. Further, the Receiver hereby agrees that within five days of entry of a final court order approving this Agreement, he shall cause a release of any and all writs of attachment, other than the above described real property, including but not limited to Shawna Friedman's bank account(s).

b. Release by Shawna Friedman. Except for the obligations arising out of this Agreement, in further consideration of this Agreement and the other good and valuable consideration provided to Shawna Friedman pursuant hereto, receipt of which is hereby acknowledged by Shawna Friedman, Shawna Friedman, her administrators, estates, beneficiaries, trusts, trustees, trustors, executors, employees, representatives, attorneys, agents, insurers, predecessors, successors, heirs, beneficiaries, and assigns, and each of them (collectively, the "**Shawna Friedman Releasing Parties**") hereby absolutely, forever and fully, releases and discharges the Receiver, for himself and on behalf of the Receivership Defendants and each and all of their respective officers, directors, stockholders, predecessors, administrators, representatives, affiliates, parent entities, subsidiary entities, attorneys, agents, insurers, successors, heirs and assigns, and each of them, (collectively, the "**Receiver Released Parties**") from any and all claims, related to the Disputes, whether due or owing in the past, present or future and whether based upon contract, tort, statute or any other legal or equitable theory of recovery, and whether known or unknown, suspected or unsuspected, fixed or contingent, matured or unmatured, with respect to, pertaining to, or arising from any matters, acts, omissions, events, conduct or occurrences at any time prior to the date of this Agreement solely with respect to the allegations set forth herein relating to the Disputes.

c. Excluded From Release. Notwithstanding anything contained in this Agreement to the contrary, it is the express intention of the Receiver Releasing Parties and Shawna Friedman Releasing Parties (collectively, the "**Releasing Parties**") and the Receiver Released Parties and the Shawna Friedman Released Parties (collectively, the "**Released Parties**"), and each of them, that the Claims released pursuant to Paragraph 3(a) and Paragraph 3(b) (hereinafter collectively

referred to as the "**Release**") do not include: (i) claims, if any, which arise from, pertain to, or are based upon a breach of this Agreement, including, but not limited to, a breach of any or all of the representations and warranties set forth in this Agreement; (ii) claims, if any, which arise from, pertain to or are based upon the executory obligations of this Agreement or (iii) any claims or defenses relative to matters not part of the Disputes.

d. Effectiveness of Releases. The releases set forth in the Paragraphs above shall become effective, and are expressly conditioned upon, the full performance of the parties' respective obligations set forth in this Agreement and final court approval in the SEC Action.

4. Representations and Warranties.

a. Representations and Warranties of the Releasing Parties. The Releasing Parties, and each of them, represent and warrant to the Released Parties, and each of them, that they have all necessary power and authority to make such release, including any necessary consent or approval from any person and including the absence of any duty or obligations that would prevent, or be put in breach or default by, such release, and have not heretofore transferred or attempted to transfer all or any part of any such thing released in any manner whatsoever, including by way of subrogation or operation of law. The Releasing Parties, and each of them, indemnify and hold harmless the Released Parties, and each of them, with respect to any liability, cost, expense or claim with respect to, pertaining to, or arising from any assertion of any such obligation or transfer or lack of such power or authority including, but not limited to reasonable attorneys' fees and costs. The Releasing Parties, and each of them, represent and warrant further to the Released Parties, and each of them, that this Release is executed voluntarily and without

duress or undue influence on the part of or on behalf of the Released Parties or any other person or entity whatsoever.

b. Representations and Warranties of the Receiver. The Receiver hereby represents and warrants to Shawna Friedman, and hereby agrees that subject to Court Approval of this Agreement as set forth in Paragraph 5 herein, the Receiver has the full power and authority to execute and deliver this Agreement and to perform the terms and provisions thereof for itself and on behalf of Diversified. The Receiver hereby represents and warrants to Shawna Friedman that the Receiver has thoroughly inspected the Property and is satisfied with the condition thereof.

c. Representations and Warranties of Shawna Friedman. Shawna Friedman hereby represents and warrants to the Receiver, and hereby agrees as follows:

i. Shawna Friedman has the full right to transfer her ownership interest in the Property without the consent of any third party.

ii. Shawna Friedman is the sole legal owner of the Property, and no other person or entity owns any interest in the Property with the exception of Broadview Mortgage Corporation. The ownership interest in the Property has not been assigned, pledged or otherwise transferred (except to the Receiver as provided herein).

iii. The Property is free and clear of all liens whether consensual or involuntary, with the exception of the Deed of Trust, the Writ of Attachment, and any property taxes due through June 30, 2010. Shawna Friedman represents that the first installment of property taxes for the 2009-2010 property tax year have been paid. Shawna Friedman further represents that she has no

knowledge of any mechanic or materialman who has the right to record a lien with respect to the Property.

d. Representations and Warranties of Shawna Friedman and the Receiver. Each of Shawna Friedman and the Receiver hereby represents and warrants to the other, and hereby agrees as follows:

i. He or she has received or had the opportunity to receive independent legal advice from his attorney with respect to the advisability of making the settlement provided herein, with respect to the advisability of entering into this Agreement, including the limited release it gives.

ii. He or she has not relied upon any statement, representation promise of any other party (or of any officer, agent, representative or attorney of or for any of the other parties), in entering into this Agreement, or in making the settlement provided for herein, except as expressly stated in this Agreement.

iii. He or she has made such investigation of the facts pertaining to this Agreement and of all the matters pertaining thereto as deemed necessary.

5. Effectiveness; Subject to Prior Approval of District Court.

Notwithstanding anything to the contrary contained in this Agreement, the Parties acknowledge and hereby agree that the terms and conditions of this Agreement, and the Parties' respective obligations hereunder, are expressly conditioned upon the approval of the form and substance of this Agreement and the settlement it contemplates by the United States District Court in the SEC Action ("**Court Approval**"). The Receiver shall obtain Court Approval within the shortest reasonable period of time.

6. Closing. An escrow shall be opened at Western Resources Title Company. Escrow and title insurance fees and costs shall be paid by the Receiver.

Shawna Friedman shall deposit into escrow the fully executed, notarized Grant Deed, a sample of which is attached hereto as Exhibit A. The Receiver shall arrange for a policy of title insurance insuring that there are no liens on the property other than as specified in this Agreement, i.e., the Deed of Trust, the Writ of Attachment, and the lien for property taxes for the second half of the 2009-2010 tax year. The cost of the standard CLTA title insurance policy shall be paid by the Receiver, who shall also pay any costs related to extended coverage and for any endorsements to the policy. Upon receipt of Court Approval, the Receiver shall promptly notify Shawna Friedman thereof in writing. Within five days of being notified of the final Court Approval, Shawna Friedman shall deliver possession of the Property to the Receiver in the same condition as of the date hereof, reasonable wear and tear excepted, or sooner if mutually agreed upon by the Parties. The Receiver shall thereafter notify escrow, which shall record the Grant Deed and otherwise close the transaction. All of these events are conditions precedent to the effectiveness of this Agreement. If Shawna Friedman does not tender possession of the Property, and title to the Property insured by a title company, on the terms and conditions set forth herein, no later than five days after entry of a final order approving this Agreement, this Agreement will become void unless extended by the parties in writing. Within five days of receiving title to the Property, possession of the Property, and title to the property insured by a title company insuring title on the terms and conditions set forth herein, and the escrow closes, the Receiver shall move to dismiss Shawna Friedman Action No. 1 and shall also move to dismiss Shawna Friedman as a defendant in Shawna Friedman Action No. 2, both with prejudice and release any and all writs issued, except for the real property writ.

7. **No Assignment.** Each party to this Agreement warrants that he or she has not assigned or otherwise transferred any interest in any claim which he or she may have against any other party to this Agreement that he or she releases in this Agreement, and that he or she owns each claim released by this Agreement. Each party agrees to indemnify and hold each other party harmless from any liabilities, claims, demands, damages, costs, expenses and attorneys' fees, and expert witness fees and expenses incurred by such other party as a result of any representation being incorrect or the warranty or agreement given in this Paragraph 7 being breached.

8. **No Admission of Liability.** This Agreement constitutes a compromise and settlement of claims that are denied and contested and nothing in this Agreement, or any document referred to herein, nor any act (including, but not limited to, the execution of this Agreement) of any Party, is or shall be treated, construed or deemed as an admission by any Party of any liability, fault, responsibility, or guilt of any kind to any other Party or to any person, as to any allegation or claim, for any purpose whatsoever, all such liability fault, responsibility and guilt of any kind being expressly denied.

9. **Interpretation.**

a. **Advice and Reliance.** All Parties to this Agreement mutually represent and warrant that each are and have been represented by independent counsel regarding the above-mentioned disputes and that they have entered into this Agreement after consultation with such attorneys and other professional advisors they deem necessary or appropriate in connection with the preparation and execution of this Agreement, including but not limited to the foregoing releases and waivers.

b. Mutually Drafted. This Agreement shall be deemed to have been mutually drafted and shall be construed fairly and in accord with its terms. No Party shall be entitled to any presumption or construction in such Party's favor as a result of any Party having assumed the primary burden of memorializing all Parties' agreements, or any party thereof, in this writing.

10. Attorneys' Fees. Each Party shall bear his or her own attorneys' fees and costs incurred in connection with Shawna Friedman Action No. 1, Shawna Friedman Action No. 2, and the preparation and execution of this Agreement. In the event of any lawsuit, action or other court proceeding arising out of the subject matter of this Agreement and seeking to enforce any provision of this Agreement, or to enforce any remedy available under this Agreement, the prevailing party shall be entitled to recover, in addition to any other damages assessed, his or her reasonable attorneys' fees and costs, including expert witness fees and expenses, incurred in litigating such dispute.

11. Miscellaneous.

a. Successors and Assigns. This Agreement shall be binding upon, shall inure to the benefit of, the parties hereto and their heirs, administrators, executors, legatees, devisees, beneficiaries, representatives, permitted successors and assigns and any and all persons holding directly or indirectly under any of the foregoing.

b. Further Assurances. The parties hereto agree to execute, acknowledge and deliver all documents, instruments, agreements and other assurances of any kind reasonably requested by any party or reasonably required of the party asked to supply same if reasonably necessary to fulfill that party's obligations under this Agreement and each party agrees it will take any other action consistent with the terms of this Agreement that may reasonably be

requested by any party for the purposes of carrying out any of the provisions hereof.

c. Governing Law. This Agreement shall be construed in accordance with, and all disputes hereunder shall be governed by, the laws of the State of California, without regard to choice of law principles and shall be enforceable only in the United States District Court for the Central District of California in the courtroom in which the SEC Action is then pending, or after that case is closed, in the United States District Court for the Central District of California, with notice to the court that it is related to a case pending at the time of the Agreement. The Parties agree that the United States District Court retains jurisdiction to enforce this Agreement and agree that the order approving the Settlement shall contain language so stating.

d. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties hereto with respect to the subject matter contained herein, and supersedes and cancels any and all prior and contemporaneous agreements, negotiations, representations, arrangements and understandings, oral or written, of the parties with respect to such subject matter. No representation, promise, inducement or statement of intent has been made by the parties which is not embodied in this Agreement and no party shall be bound by or be liable for any alleged representation, promise, inducement or statement of intention not specifically and unequivocally set forth in this Agreement.

e. Severability. The provisions of this Agreement are severable; if any provision of this Agreement is declared or found to be void or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.

f. Headings. The headings used in this Agreement are included for convenience only and are not to be used in construing or interpreting this Agreement or any portion of this Agreement.

h. Exhibits and Other Writings. Any and all exhibits, documents, instruments, certificates or other writings attached hereto or required or provided for by this Agreement, if any, shall be part of this Agreement and shall be considered set forth in full at each reference thereto in this Agreement.

i. Modification. No supplement, modification, waiver, or amendment of this Agreement or any provision hereof shall be binding unless such supplement, modification, waiver, or amendment is in writing and executed by the Party against whom enforcement of such supplement, modification, waiver, or amendment is sought and approved by the Court if such approval is necessary.

j. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

"Shawna Friedman"


Shawna Friedman

"Receiver"



David A. Gill, Receiver for the estate
of Diversified Lending Group, Inc.,
a California corporation

EXHIBIT 1

RECORDING REQUESTED BY:

David A. Gill, Receiver for the estate of Diversified Lending Group, Inc.

WHEN RECORDED MAIL TO:

George E. Schulman, Esq.
Danning, Gill, Diamond & Kollitz, LLP
2029 Century Park East, Third Floor
Los Angeles, CA 90067

APN: 2255-004-022

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S): Tax Exempt Pursuant to Revenue & Taxation Code § 11923(a)(3) DOCUMENTARY TRANSFER TAX is \$0.00 City Tax is
 computed on the full value of the property conveyed, or
 computed on the full value less value of liens or encumbrances remaining at the time of sale,
 Unincorporated area City of _____, and

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

SHAWNA FRIEDMAN, a single woman

hereby GRANT(S) to David A. Gill, Receiver for the estate of Diversified Lending Group, Inc., in the matter Securities & Exchange Comm. v. Diversified Lending Group, Inc., et al., case no. CV 09-01533-R (SSx) in the U.S. District Court for the Central District of California, the following described real property in the City of Los Angeles, County of Los Angeles, State of California:

As shown in Exhibit "A" attached hereto and made part hereof, and commonly known as 5807 Wish Avenue, Encino, California 91316.

The implied covenents set forth in Section 1113 of the Calif. Civil Code are expressly disclaimed by Grantor, except that Grantor covenents that previous to the time of execution of this Grant Deed, she has not conveyed the same estate conveyed by this Grant Deed to any person or entity.

Dated:

State of California }
County of _____ } ss

Signature _____

On _____ before me

_____, Notary Public,

Shawna Friedman

Personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed in the within instrument and acknowledged to me that he/she/they executed the same in his/her authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Exhibit "A"

Legal Description of Property Located at 5807 Wish Avenue,
Encino, California, 91316:

**Lot 176 of Tract 20331, in the City of Los Angeles, County of
Los Angeles, State of California, per map recorded in Book
579, Page 9 to 11, inclusive, of Maps, in the office of the County
Recorder of said County.**

EXHIBIT 2

1 GEORGE E. SCHULMAN (State Bar No. 064572)
 gschulman@dgdk.com
 2 KATHY BAZOIAN PHELPS (State Bar No. 155564)
 kphelps@dgdk.com
 3 GILBERT MIKALIAN (State Bar No. 244690)
 gmikalian@dgdk.com
 4 DANNING, GILL, DIAMOND & KOLLITZ, LLP
 2029 Century Park East, Third Floor
 5 Los Angeles, California 90067-2904
 Telephone: (310) 277-0077
 6 Facsimile: (310) 277-5735

7 Attorneys for David A. Gill, Receiver

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

12 SECURITIES AND EXCHANGE
 13 COMMISSION,

14 Plaintiff,

15 vs.

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

18 Defendants,

19 and

20 TINA M. PLACOURAKIS,

21 Relief Defendant.

Case No. CV 09-01533-R-SS

**[PROPOSED] ORDER
 APPROVING SETTLEMENT
 AGREEMENT BETWEEN
 RECEIVER AND SHAWNA
 FRIEDMAN**

[No hearing requested]

22
 23 There came before this Court the *Ex Parte Application to Approve Settlement*
 24 *Agreement Between Receiver and Shawna Friedman; Declarations of David A. Gill*
 25 *and Gilbert Mikalian* (the "Application"), filed by David A. Gill, the Receiver (the
 26 "Receiver") in the above-captioned case. The Application having been considered
 27 by the Court and, good cause appearing,
 28

1 **IT IS HEREBY ORDERED** that:

2 1. The Application is GRANTED in its entirety.

3 2. The terms and conditions set forth in the *Settlement Agreement and*
4 *Mutual Limited Release* between Receiver and Shawna Friedman, attached as Exhibit
5 "1" to the Declaration of David A. Gill in support of the Application are hereby
6 approved.

7 3. The Receiver is hereby authorized to execute all documents and
8 otherwise take all actions the Receiver deems necessary and appropriate to effectuate
9 the settlement.

10 4. The United States District Court for the Central District of California
11 shall retain jurisdiction to enforce the Agreement.

12 5. Pursuant to California Code of Civil Procedure § 488.730, the Receiver
13 is authorized to release the writ of attachment recorded on December 28, 2009,
14 against the real property located at 5807 Wish Avenue in Encino, California.

15 6. The form and manner of notice of the Application provided by the
16 Receiver is appropriate.

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19 Dated: June __, 2010

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MANUEL L. REAL
United States District Judge

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PROOF OF SERVICE

I, Patricia Morris, 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 June 22, 2010, I served the following document(s): RECEIVER'S EX PARTE APPLICATION TO APPROVE SETTLEMENT AGREEMENT BETWEEN RECEIVER AND SHAWNA FRIEDMAN; DECLARATIONS OF DAVID A. GILL AND GILBERT MIKALIAN on the interested parties addressed as follows:

SEE ATTACHED SERVICE LIST

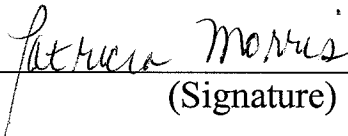
(By Mail) I placed the document for collection and deposit in the mail. I am familiar with this firm's practice for the collection and processing of correspondence for mailing. Under that practice, the document would be placed in a sealed envelope and deposited with the U.S. Postal Service on that same 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.

(Electronic Mail) By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

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 June 22, 2010, at Los Angeles, California.

Patricia Morris
(Type or print name)


(Signature)

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SERVICE LIST

Attorneys for Plaintiff U.S. Securities Exchange Commission

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

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

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richard.drooyan@mto.com

Counsel for Paul L. Goering and Wilda M. Goering

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

Shawna Friedman

5807 Wish Avenue
Encino, CA 91316

Courtesy Copy

Ronald E. Michelman, Esq.
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Woodland Hills, CA 91364
ronaldmichelman@sbcglobal.net