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7
8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

10
11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 vs.

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

17 Defendants.

18 and

19 TINA M. PLACOURAKIS,

20 Relief Defendant.

Case No. CV 09-01533-R-JTLx

21 } **MOTION OF RECEIVER FOR**
22 } **MODIFICATION OF**
23 } **PRELIMINARY INJUNCTION;**

- 24 } (1) **TO PERMIT RELEASE OF**
25 } **SECURED FUNDS FROM**
26 } **JACKSON NATIONAL**
27 } **LIFE INSURANCE**
28 } **COMPANY AND**
29 } **AMERICAN NATIONAL**
30 } **INSURANCE COMPANY;**
31 } (2) **TO PERMIT RELEASE OF**
32 } **SECURED FUNDS FROM**
33 } **OTHER INSTITUTIONS;**

34 } **MEMORANDUM OF POINTS**
35 } **AND AUTHORITIES; AND**
36 } **DECLARATION OF DAVID A.**
37 } **GILL IN SUPPORT THEREOF**

38 } Date: August 3, 2009
39 } Time: 10:00 a.m.
40 } Place: Courtroom 8
41 } 312 North Spring Street
42 } Los Angeles, CA

43
44 David A. Gill, the Receiver (the "Receiver") in the above-captioned case
45 ("Case"), hereby moves the Court for modification of the injunction entered on
46 March 4, 2009 and modified on March 10, 2009 and April 3, 2009, for the purpose of

1 permitting release by insurance companies to holders of investor notes secured by
2 collateral assignments of annuities ("Collateral Assignees") such collateral security
3 held by the insurance companies, but not in any amounts which would cause the
4 Collateral Assignees to receive more than the principal amounts originally invested
5 by them with the Receivership Defendants less amounts previously repaid to them
6 ("Cap Amounts"). The annuities appear to be owned by Diversified Lending Group,
7 Inc., with Bruce Friedman as the designated annuitant. The known Collateral
8 Assignees and Cap Amounts are set forth in Exhibit "7" attached hereto. The Motion
9 further seeks provisions for the retention of collateral in excess of the Cap Amounts
10 by the insurance companies pending later resolution. More specifically, the Motion
11 seeks authority to:

12 -As to Known Collateral Assignments of Annuities: permit release to the
13 Collateral Assignees of certain collateral held by Jackson National Life Insurance
14 Company ("Jackson National") and American National Insurance Company
15 ("American National") up to, but not in excess of, the Cap Amounts identified in
16 Exhibit "7";

17 -As to Unknown Collateral Assignments of Annuities: permit release to the
18 Collateral Assignees of collateral which may be held by as yet unidentified insurance
19 companies (together with Jackson National and American National, hereinafter
20 referred to as the "Insurance Companies") upon the written authorization of the
21 Receiver setting forth the Cap Amounts to be released to the Collateral Assignees or
22 other investors which the Receiver deems to be properly secured;

23 -As to Collateral in Excess of Amounts Originally Invested: authorize the
24 Insurance Companies to release the remaining amounts of cash value of the collateral
25 in excess of the Cap Amounts identified in the Motion only upon further Court order
26 or upon the signed written consent of the Receiver and the Collateral Assignee of the
27 annuity without the necessity of further Court order;

28

1 later resolution unless they voluntarily release it to the Receiver or are otherwise
2 jointly instructed by the Receiver and the affected Collateral Assignee.

3 4 II.

5 RELEVANT FACTS

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

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

16 On March 4, 2009, this Court granted the TRO Application and, among other
17 things, appointed David A. Gill as Temporary Receiver. Mr. Gill received the
18 Temporary Restraining Order appointing him as Temporary Receiver early on
19 March 5, 2009. The latter order was amended and superseded by two additional
20 orders of the Court. One, entered on March 10, 2009, appointed him as Permanent
21 Receiver and another, entered on or about April 3, 2009, clarified the earlier orders
22 by specifically naming certain wholly owned subsidiaries and their assets as subject
23 to administration in this receivership.

24 Among other activities, DLG represented to potential investors that it was
25 selling two investment programs. The first program promised returns of 12% per
26 annum, and the investors' funds would be pooled for purposes of investment in
27 income-producing real estate. No security was provided to these 12% investors, and
28 their funds and claims are not the subject of this Motion. The second program

1 promised returns of 9% per annum in exchange for security in the form of collateral
2 assignments of annuities in which DLG was the owner and Bruce Friedman was the
3 annuitant. It appears to the Receiver that most of the Collateral Assignees are 9%
4 investors. The Receiver has ascertained that Friedman and Diversified entered into
5 at least 177 such transactions using Jackson National Life Insurance Company
6 ("Jackson National") and at least 44 transactions using American National Insurance
7 Company ("American National"), and possibly other companies (collectively, the
8 "Insurance Companies") to issue the annuities. The representations made to the
9 Collateral Assignees appear to have been that the investment of the 9% investors was
10 to be fully secured by the collateral assignments of the annuities, but, in fact, in
11 almost every instance known to the Receiver, only 10% of the investment amount
12 was actually so secured.

13 The Receiver has recently received documentation from Jackson National and
14 American National reflecting all of the annuities issued to and collaterally assigned
15 by DLG. Lists of those annuities with Jackson National and American National with
16 cash values as of May 31, 2009, and April 30, 2009, respectively, and the identity of
17 the Collateral Assignees are attached to the Declaration of David A. Gill as Exhibits
18 "1" and "2, respectively. A sample of a collateral assignment document provided to
19 the Receiver by Jackson National is attached to the Gill Declaration as Exhibit "3".

20 The Receiver has been advised that in some cases Collateral Assignees
21 requested releases of their collateral and the Insurance Companies may have returned
22 the money to DLG, rather than to the investor, who may have never received such
23 funds. Therefore, the cash value in those annuities would be reflected as \$0 or
24 "surrendered" on Exhibits "1" and "2". In those instances, it does not appear that
25 there remains collateral at this time to secure the obligations to the Collateral
26 Assignees who released their collateral, and that such persons are unsecured creditors
27 of the Receivership estate.

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1 The Receiver has conducted an investigation into the amounts invested by
2 each of the Collateral Assignees and has verified that they in fact invested the
3 amounts reflected in the collateral assignments identified by Jackson National and
4 American National. The Receiver has also reviewed the documentation available to
5 him to attempt to verify the amounts paid out to the Collateral Assignees by DLG
6 subsequent to their investments. Summaries of the Receiver's investigation for the
7 Jackson National and the American National annuities are attached to the Declaration
8 of David Callaghan as Exhibit "4" and "5", respectively.

9 The Receiver believes that, with 11 exceptions, if the Insurance Companies are
10 permitted to deliver to the Collateral Assignees the cash value of the annuities which
11 have been collaterally assigned to them, in the amounts as reflected on Exhibits "1"
12 and "2", said amounts, even when combined with the amounts already paid by DLG
13 to them or on their behalf as a purported return on their investment, will not exceed
14 the principal amount of their original investment. The exceptions are the 11
15 investors identified in Exhibit "6" attached to the Callaghan Declaration whom the
16 Receiver believes would be paid an amount in excess of their original investment if
17 the full cash surrender value of the annuities were paid to them in addition to
18 amounts already paid to them (the "Oversecured Investors"). As set forth in Exhibit
19 "6", any amounts released by the Insurance Companies to the Oversecured Creditors
20 will be limited so that it will not result in a total amount repaid to these investors
21 exceeding the amount which they originally invested. The amounts to which the
22 Receiver does not object being released to the Oversecured Investors are set forth on
23 Exhibit "6". This Motion is not intended to adjudicate the rights of anyone in excess
24 of the Cap Amount, nor is it intended to waive any of the Receiver's claims, other
25 than a claim against the Insurance Companies for the payment to the Collateral
26 Assignees pursuant to the terms of this Motion. However, the Receiver objects to
27 disbursement by the Insurance Companies of moneys in excess of the Cap Amount
28 until the issue of the entitlement of the Oversecured Investors is established, as this

1 disbursement might work to the prejudice of the other creditors of the receivership
2 entities. The Receiver proposes that the Insurance Companies maintain the balance
3 of the cash value of those annuities assigned to the Oversecured Investors in the
4 existing annuities pending later resolution unless they voluntarily release it to the
5 Receiver or are otherwise jointly instructed by the Receiver and the affected
6 Collateral Assignee.

7 A complete list of the Collateral Assignees, including the Oversecured
8 Investors, presently known to the Receiver and the amounts which he does not
9 contest being released to them by Jackson National and American National is set
10 forth in Exhibit "7" attached to the Callaghan Declaration. The Cap Amounts set
11 forth on Exhibit "7" reflect the amount of principal investment, less amounts
12 previously paid to or on behalf of the Collateral Assignee, but in most instances, the
13 amount to actually be paid to the Collateral Assignee from the cash value of the
14 collateral will be substantially less than the Cap Amounts. With respect to the
15 Oversecured Investors, Exhibit "7" caps the amount to be released to the
16 Oversecured Investors at an amount less than the present cash surrender value of the
17 annuities assigned to those investors, since payment of the full cash value to them
18 would result in total payments to them in excess of the amount of their principal
19 investment.

20 The Receiver has been advised by Jackson National and American National
21 that they have not released the cash value of the annuities to the Collateral Assignees
22 because they believe that the injunction imposed in connection with the receivership
23 has prevented them from doing so. The Receiver has never so asserted. However, to
24 avoid prejudice to the Collateral Assignees, by this Motion, the Receiver seeks to
25 clarify or modify the Preliminary Injunction by permitting the Insurance Companies
26 to release the cash surrender value of the annuities to the Collateral Assignees up to
27 the Cap Amounts set forth in this Motion.

28

1 The Receiver's investigation regarding the amounts paid to investors, and his
2 investigation regarding the circumstances surrounding the issuance of the annuities
3 by the Insurance Companies in the first instance, is ongoing at this time. Therefore,
4 while the Receiver does not oppose the release of funds by the Insurance Companies
5 to the extent they determine it is appropriate to do so, he does not intend by this
6 Motion to waive any claims he may have against the Insurance Companies in
7 connection with their dealings with DLG, or any affiliate including Friedman, the
8 issuance of the annuities or any other claim except that the Receiver will expressly
9 waive any claims against the Insurance Companies which might otherwise arise by
10 reason of the release of funds to the extent recommended hereby. The Receiver
11 also does not intend to release any claims against the Collateral Assignees, or other
12 individuals, entities or firms as a result of the filing of this Motion.

13 14 III.

15 **CLARIFICATION OF THE INJUNCTION IS APPROPRIATE TO** 16 **AUTHORIZE RELEASE OF INSURANCE COMPANIES**

17 Jackson National and American National have advised both the Receiver and
18 the investors of DLG that they believe that the injunction imposed in connection with
19 the Case has prevented them from releasing funds to the Collateral Assignees of the
20 annuities. The Receiver has not prevented the Insurance Companies from releasing
21 the funds nor has he provided any such instructions to them. By this Motion, the
22 Receiver seeks instructions from the Court to clarify or modify the injunction
23 permitting the Insurance Companies to release the cash surrender value of the
24 annuities to the Secured Investors up to the amounts set forth in this Motion.

IV.

**IF INSURANCE COMPANIES DETERMINE THAT RELEASE OF
COLLATERALLY ASSIGNED ANNUITIES IS APPROPRIATE, RECEIVER
HAS NO OBJECTION UP TO AMOUNTS SET FORTH HEREIN**

**A. Collaterally Assigned Annuities Are Security of Collateral
Assignees**

The California Commercial Code section 9312(b)(4) says that "A security interest in, or claim in or under, any policy of insurance, including unearned premiums, may be perfected only by giving written notice of the security interest or claim to the insurer." There does not appear to be any debate that the assignments of annuities which were collaterally assigned to investors were perfected by written notice to Jackson National and American National. In fact, those insurance companies provided the Receiver with copies of the written collateral assignments in its files in connection with the Collateral Assignees identified in Exhibit "7" attached hereto. A sample of one of the collateral assignments is attached to the Gill Declaration as Exhibit "3".

Accordingly, the Receiver does not contest the release by the Insurance Companies of collateral to the Collateral Assignees from the annuities held by the Insurance Companies which have been collaterally assigned to the Collateral Assignees, provided that the amount released to the investors does not cause the amount paid to the Collateral Assignees to exceed the unpaid principal balance of the amounts that those investors invested with DLG. The amounts which the Receiver does not oppose being released are set forth on Exhibit "7".

B. Collateral Assignees Bargained for Collateral

The Receiver believes that the Collateral Assignees have properly perfected security interests in the annuities in light of the collateral assignments and that, therefore, return of their collateral is appropriate with the limitations set forth herein. Even in the event that the security interests were not properly perfected, however, the

1 Receiver believes that there is authority to pay the Collateral Assignees a differing
2 rate of return from unsecured investors based upon the different bargains that they
3 negotiated for when initially investing with DLG. The Collateral Assignees agreed
4 to take a lower rate of return in exchange for the security interest in the annuities,
5 while other investors sought higher returns without security. One circuit court has
6 recently approved differing rates of return to different categories of investors in a
7 case with very similar facts. SEC v. Enterprise Trust Company, 559 F.3d 649 (7th
8 Cir. 2009).

9 In Enterprise Trust, the receiver “proposed to distribute these assets so that the
10 custodial investors would receive approximately 60% of their original capital, while
11 investors who permitted Enterprise to exercise some control over their assets would
12 receive less (between 25% and 50%)”. That court explained that, “District judges
13 possess discretion to classify claims sensibly in receivership proceedings. See SEC v.
14 Wang, 944 F.2d 80, 84-85 (2d Cir.1991); SEC v. Elliott, 953 F.2d 1560, 1566 (11th
15 Cir.1992); Forex Asset Management, 242 F.3d at 331; Basic Energy, 273 F.3d at
16 670-71. The district court did not abuse that discretion when approving the receiver's
17 proposal.” Id. at 652.

18 The Enterprise Trust court further reasoned that, “The receiver had three
19 principal reasons to give a preference to the custodial investors: first, they did not
20 authorize Enterprise to change or pledge their assets in any way; second, they were in
21 the dark about the fact that Enterprise had used their assets as collateral (while the
22 investors in managed accounts knew, or could have learned from reading the
23 statements Enterprise sent them, that risky investments had been made in their
24 accounts); third, if Lohmeier's strategy had succeeded, the investors in managed
25 accounts (and Lohmeier himself) would have reaped the gains. Because they had
26 been subjected to involuntary and uncompensated risk, the receiver concluded, the
27 custodial investors deserved a larger cut of the remaining pie (and to be paid in liquid
28 assets to the extent possible)”. Id. “The receiver put approximately 100 accounts in

1 the 25% payout class. These accounts were distinctive, in the receiver's eyes, because
2 the investors knew that Lohmeier personally would decide how to invest their funds,
3 and all of them gave him carte blanche.” Id.

4 Accordingly, based upon the facts known to the Receiver, the Collateral
5 Assignees who bargained for security for their investments should be entitled to the
6 benefit of their bargain, to the extent that the collateral exists today. Although they
7 may have been promised 100% security and only 10% actually exists, that 10%
8 should be turned over to them in connection with their collateral assignments. The
9 Receiver will seek to recover any unassigned annuities for the benefit of the
10 unsecured investors in this Case.

11
12 V.

13 CONCLUSION

14 Based upon the foregoing, the Receiver requests authorization of the matters
15 set forth herein and for all other appropriate relief.

16
17 Dated: July 10, 2009

DANNING, GILL, DIAMOND & KOLLITZ, LLP

18
19 By: 

George E. Schulman
Kathy Bazoian Phelps
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. I have personal knowledge of the facts in this declaration and, if called as a witness, I could competently testify to these facts.

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

4. At the time it filed the Complaint, the SEC also filed 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.

5. On March 4, 2009, this Court granted the TRO Application and appointed me as Temporary Receiver. I received the Temporary Restraining Order appointing me as Temporary Receiver early on March 5, 2009. The latter order was amended and superseded by two additional orders of the Court. One, entered on

1 March 10, 2009, appointed me as Permanent Receiver and another, entered on
2 April 3, 2009, clarified the earlier orders by specifically naming certain wholly
3 owned subsidiaries and their assets as subject to administration in this receivership.

4 6. There are numerous annuities and/or insurance policies at Jackson
5 National Life Insurance Company and American National Life Insurance Company,
6 and possibly at other institutions, which policies are owned by DLG and have been
7 collaterally assigned to certain investors by DLG. I have received numerous
8 requests from the Collateral Assignees for payment of their collateral and have been
9 advised by the Insurance Companies that they believe they are prohibited from
10 releasing the collateral due to the injunction in this case.

11 7. Although I do not have a stake in the outcome, as an accommodation to
12 both the Insurance Companies and the Collateral Assignees, I am hereby seeking
13 modification of the preliminary injunction to clarify that the Insurance Companies
14 may release the funds they are currently holding to the investors identified herein, up
15 to the remaining principal amount owing to the investors. I propose that any
16 collateral in excess of the principal amount invested be retained by the Insurance
17 Companies pending later resolution unless they voluntarily release it to the Receiver
18 or are otherwise jointly instructed by the Receiver and the affected Collateral
19 Assignee.

20 8. I am advised that, among other activities, DLG represented to potential
21 investors that it was selling two investment programs. The first program promised
22 returns of 12% per annum, and the investors' funds would be pooled for purposes of
23 investment in income-producing real estate. No security was provided to these 12%
24 investors, and their funds and claims are not the subject of this Motion. The second
25 program promised returns of 9% per annum in exchange for security in the form of
26 collateral assignments of annuities in which DLG was the owner and Bruce
27 Friedman was the annuitant. It appears to the Receiver that most of the 9% investors
28 are the Collateral Assignees. I and my accountants have ascertained that Friedman

1 and Diversified entered into at least 177 such transactions using Jackson National
2 Life Insurance Company ("Jackson National") and at least 44 transactions using
3 American National Insurance Company ("American National"), and possibly other
4 companies (collectively, the "Insurance Companies") to issue the annuities. The
5 representations made to the Collateral Assignees appear to have been that the
6 investment of the 9% investors was to be fully secured by the collateral assignments
7 of the annuities, but, in fact, in almost every instance known to me, only 10% of the
8 investment was actually so secured.

9 9. I have recently received documentation from Jackson National and
10 American National which they represent reflect all of the annuities issued to and
11 collaterally assigned by DLG. True and correct copies of those lists of those
12 annuities with Jackson National and American National with cash values as of May
13 31, 2009, and April 30, 2009, respectively, and the identity of the Collateral
14 Assignees are attached hereto as Exhibits "1" and "2", respectively. A sample of a
15 collateral assignment document provided to the Receiver by Jackson National, which
16 has personal information redacted, is attached hereto as Exhibit "3". I have no
17 reason to doubt the accuracy of such information.

18 10. I have been advised that in some cases Collateral Assignees requested
19 releases of their collateral and the Insurance Companies may have returned the
20 money to DLG, rather than to the investor, who may have never received such funds.
21 Therefore, the cash value in those annuities would be reflected as \$0 or
22 "surrendered" on Exhibits "1" and "2". In those instances, it does not appear that
23 there remains collateral at this time to secure the obligations to the Collateral
24 Assignees who released their collateral and that such investors are unsecured
25 creditors on a par with other unsecured investors.

26 11. I and my professionals have also reviewed the documentation available
27 to me to attempt to verify the amounts paid out to the Collateral Assignees by DLG
28 subsequent to their investments. Summaries of my investigation for the Jackson

1 National and the American National annuities are attached to the Declaration of
2 David Callaghan as Exhibit "4" and "5", respectively.

3 12. I believe that, with 11 exceptions, if the Insurance Companies are
4 permitted to deliver to the Collateral Assignees the cash value of the annuities which
5 have been collaterally assigned to them, as reflected on Exhibits "1" and "2", said
6 amounts, even when combined with the amounts already paid by DLG to them or on
7 their behalf as a return on their investment, will not exceed the principal amount of
8 their original investment. The exceptions are the 11 investors identified in Exhibit
9 "6" attached to the Callaghan Declaration whom I believe would receive an amount
10 in excess of their original investment if the full cash surrender value of the annuities
11 is paid to them in addition to amounts already paid to them (the "Oversecured
12 Investors"). As set forth in Exhibit "6", any amounts released by the Insurance
13 Companies to the Oversecured Creditors should not cause the amount repaid to these
14 investors to exceed the principal amount they originally invested. The amounts to
15 which I do not object being released to the Oversecured Investors are set forth on
16 Exhibit "6". I object to disbursement by the Insurance Companies of moneys in
17 excess of the Cap Amount until the issue of the entitlement of the Oversecured
18 Investors is established, as this disbursement would work to the prejudice of the
19 other creditors of the receivership entities. I propose that the Insurance Companies
20 maintain the balance of the cash value of those annuities assigned to the Oversecured
21 Investors in the existing annuities pending resolution of the claims to those funds
22 unless they voluntarily release it to me or are otherwise jointly instructed by me and
23 the affected Collateral Assignee.

24 13. A complete list of the Collateral Assignees, including the Oversecured
25 Investors, presently known to me and the amounts which I do not contest being
26 released to them by Jackson National and American National is set forth in Exhibit
27 "7" attached to the Callaghan Declaration. The Cap Amounts set forth on Exhibit
28 "7" reflect the amount of principal investment, less amounts previously paid to the

1 Collateral Assignee, but in most instances, the amount to actually be paid to the
2 Collateral Assignee from the cash value of the collateral will be substantially less
3 than the Cap Amounts. With respect to the Oversecured Investors, Exhibit "7" caps
4 the amount to be released to the Oversecured Investors at an amount less than the
5 present cash surrender value of the annuities assigned to those investors, since
6 payment of the full cash value to them, in addition to amounts previously paid to
7 them, would result in total payments to them in excess of the amount of their
8 principal investment.

9 14. I have been advised by Jackson National and American National that
10 they have not released the cash value of the annuities to the Collateral Assignees
11 because they believe that the injunction imposed in connection with the receivership
12 has prevented them from doing so. I have never so asserted. However, to avoid
13 prejudice to the investors, by this Motion, I seek instructions from the Court to
14 clarify or modify the Preliminary Injunction permitting the Insurance Companies to
15 release the cash surrender value of the annuities to the Collateral Assignees up to the
16 Cap Amounts set forth in this Motion.

17 15. My investigation regarding the amounts paid to investors, and my
18 investigation regarding the circumstances surrounding the issuance of the annuities
19 by the Insurance Companies in the first instance, is ongoing at this time. Therefore,
20 while I do not oppose the release of funds by the Insurance Companies to the extent
21 they determine it is appropriate to do so, I do not intend by this Motion to waive any
22 claims I may have against the Insurance Companies in connection with their dealings
23 with DLG, or any affiliate including Friedman, the issuance of the annuities or any
24 other claim except that I will expressly waive any claims against the Insurance
25 Companies which might otherwise arise by reason of the release of funds to the
26 extent recommended hereby. I also do not intend to release any claims against the
27 Collateral Assignees, or other individuals, entities or firms as a result of the filing of
28 the Motion.

Annuity Contracts
Prepared 4/30/09

Annuitant - Bruce Freidman
Owner - Diversified Lending Group

Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
10/18/2005	\$80,000.00	1001721573	Initial premium		
6/14/2006	\$720,000.00		Additional premium		
5/31/2007	\$763,000.00		Additional premium	\$1,608,161.73	Venilo/Myra Russon
1/12/2006	\$20,000.00	1001755222	Initial premium		
4/4/2006	\$180,000.00		Additional premium	\$209,304.04	Elliot Tokat
1/12/2006	\$70,000.00	1001755249	Initial premium	Surrendered	N/A
1/12/2006	\$80,000.00	1001755311	Initial premium	\$84,545.68	Laura Partridge
1/12/2006	\$10,000.00	1001755370	Initial premium		
4/2/2008	\$1,200.00		Additional premium	\$11,752.74	Lace Jordan
1/12/2006	\$15,000.00	1001755427	Initial premium	\$15,852.32	William Frankenstein
1/12/2006	\$10,000.00	1001755257	Initial premium	\$10,568.21	Gledhill Living Trust
1/26/2006	\$10,000.00	1001762687	Initial premium	\$10,556.24	Judith Steiner
1/27/2006	\$10,000.00	1001763292	Initial premium	Surrendered	N/A
3/1/2006	\$80,000.00	1001782149	Initial premium	\$84,217.67	Ronald Isles
3/13/2006	\$15,000.00	1001794074	Initial premium	\$15,605.48	Beverly Peterson
3/16/2006	\$8,000.00	1001798932	Initial premium		
7/24/2007	\$55,000.00		Additional premium	\$62,421.50	Stanley Markowitz
3/31/2006	\$10,000.00	1001821772	Initial premium	\$10,462.75	Gerrit Bol

Annuitant - Bruce Freidman
Owner - Diversified Lending Group

Annuity Contracts
Prepared 4/30/09

Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
4/6/2006	\$10,000.00	1001828637	Initial premium	\$10,456.00	Phillip Altbaum
4/6/2006	\$10,000.00	1001828645	Initial premium	\$10,456.00	Rose Altbaum Trust
4/20/2006	\$150,000.00	1001858838	Initial premium		
6/12/2007	\$100,000.00		Additional premium	\$255,844.00	Martin/Susan Markowitz
5/14/2006	\$10,000.00	1001892130	Initial premium		
10/18/2007	\$19,000.00		Additional premium	\$40,189.08	Orkney Holding Corp.
5/16/2006	\$5,000.00	1001901474	Initial premium	\$5,319.06	Julanne Wilson
5/24/2006	\$5,000.00	1001915408	Initial premium	Surrendered	N/A
7/7/2006	\$15,000.00	1001984809	Initial premium		
11/20/2006	\$120,000.00		Additional premium	\$140,694.15	Michael Russon
8/1/2006	\$5,000.00	1002025562	Initial premium		
4/13/2007	\$1,000.00		Additional premium	\$6,378.04	Tentser Family Trust
8/11/2006	\$30,000.00	1002044567	Initial premium	\$32,127.37	Michael Kotal
9/14/2006	\$25,000.00	1002100998	Initial premium	Surrendered	N/A
10/2/2006	\$19,000.00	1002128795	Initial premium	Surrendered	N/A
10/12/2006	\$60,000.00	1002145339	Initial premium		
1/25/2007	\$500,000.00		Additional premium	\$571,800.41	Michael Russon
10/12/2006	\$5,000.00	1002145347	Initial premium	\$5,219.23	Michael Hansen

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Annuitant - Bruce Freidman
Owner - Diversified Lending Group

Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
10/12/2006	\$14,000.00	1002145363	Initial premium	\$14,613.90	Linda Lessing
10/12/2006	\$30,000.00	1002145398	Initial premium	\$31,315.50	G. Piccionelli/A. Vradenburgh
10/27/2006	\$5,000.00	1002170414	Initial premium	\$5,105.61	Nancy Huey Meei Leu
10/27/2006	\$6,000.00	1002170422	Initial premium	\$6,126.73	Mile Belfer Insurance Service
11/9/2006	\$7,500.00	1002188984	Initial premium	\$7,649.04	Gledhill Living Trust
11/10/2006	\$60,000.00	1002191241	Initial premium	\$504,329.78	Dorothy Shepherd
2/20/2008	\$450,000.00		Additional premium		
11/20/2006	\$10,000.00	1002204564	Initial premium	\$10,402.34	Marianne Hartshorne
11/21/2006	\$5,000.00	1002206770	Initial premium	\$5,200.68	First Regional Bk/Thomas Trvdy
11/21/2006	\$5,000.00	1002206788	Initial premium	\$5,200.68	Anna Spalding
11/24/2006	\$10,000.00	1002210866	Initial premium	\$10,398.42	Fraser Comm. Def. Bn. P.P.
12/1/2006	\$10,000.00	1002220411	Initial premium	\$10,391.57	Robert Brunetti
12/22/2006	\$20,000.00	1002257633	Initial premium	Surrendered	N/A
12/22/2006	\$14,000.00	1002257650	Initial premium	\$14,220.44	Akira Yamada
12/22/2006	\$5,000.00	1002257676	Initial premium	Surrendered	N/A
2/15/2007	\$3,000.00		Additional premium		
12/22/2006	\$10,000.00	1002257692	Initial premium	\$10,157.46	Jane Martin

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Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
1/8/2007	\$65,000.00	1002290576	Initial premium	Surrendered	N/A
1/8/2007	\$70,000.00	1002290770	Initial premium	Surrendered	N/A
1/8/2007	\$14,000.00	1002290754	Initial premium	\$14,197.68	First Regional Bk/Ann Yoshimura
1/8/2007	\$20,000.00	1002290762	Initial premium	\$25,325.84	First Regional Bk/Joe Yoshimura
3/6/2007	\$5,000.00		Additional premium	\$5,070.60	Aileen Lewis
1/8/2007	\$5,000.00	1002290967	Initial premium	Surrendered	N/A
1/25/2007	\$11,000.00	1002343386	Initial premium	Surrendered	N/A
2/8/2007	\$5,500.00	1002390406	Initial premium	Surrendered	N/A
2/8/2007	\$100,000.00	1002390414	Initial premium	\$101,116.10	Tigris Insurance Co. LTD
2/8/2007	\$5,000.00	1002390422	Initial premium	Surrendered	N/A
2/15/2007	\$15,000.00	1002145050	Initial premium	Surrendered	N/A
7/2/2008	\$44,175.00		Additional premium	Surrendered	N/A
2/26/2007	\$10,000.00	1002445570	Initial premium	Surrendered	N/A
7/2/2008	\$5,000.00		Additional premium	Surrendered	N/A
2/28/2007	\$30,000.00	1002456490	Initial premium	\$30,277.70	Marian Vosburgh
2/28/2007	\$7,500.00	1002456504	Initial premium	\$7,569.43	William Forsyth III
2/28/2007	\$7,500.00	1002456512	Initial premium	\$7,569.43	Izen Family Trust

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Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
2/28/2007	\$25,000.00	1002456539	Initial premium	Surrendered	N/A
3/1/2007	\$5,000.00	1002462016	Initial premium	Surrendered	N/A
3/1/2007	\$48,000.00	1002462059	Initial premium	\$48,439.76	None
3/1/2007	\$20,000.00	1002462067	Initial premium	\$20,183.23	First Regional Bk/Tadashi Araki
3/1/2007	\$12,000.00	1002462113	Initial premium	\$12,109.94	Alice Yoshimura
3/1/2007	\$5,000.00	1002462121	Initial premium	Surrendered	N/A
3/2/2007	\$7,100.00	1002466500	Initial premium	\$7,164.38	Sue Lynn Trust
3/14/2007	\$5,000.00	1002507419	Initial premium	\$4,985.18	George Savatgy
3/20/2007	\$7,500.00	1002527770	Initial premium	Surrendered	N/A
3/22/2007	\$12,500.00	1002537377	Initial premium	\$12,393.49	First Regional Bk/Bill Frankhouser
3/22/2007	\$14,500.00	1002537385	Initial premium	\$16,849.57	First Regional Bk/Stephen Worrell
3/20/2008	\$2,500.00		Additional premium		
3/22/2007	\$14,000.00	1002537407	Initial premium	\$13,880.71	Edna Veeh
3/22/2007	\$5,700.00	1002537350	Initial premium	\$5,651.43	Dennie Denison III
3/22/2007	\$12,000.00	1002537393	Initial premium	\$11,897.75	Miyeko Kamikawa
3/22/2007	\$7,500.00	1002537296	Initial premium	\$9,592.45	Robert Brotherton
6/10/2008	\$2,200.00		Additional premium		

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Annuitant - Bruce Freidman
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Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
3/22/2007	\$5,000.00	1002537369	Initial premium	\$4,957.39	First Regional Bk/Zelma Frankhouser
4/19/2007	\$160,000.00	1002637711	Initial premium	\$158,909.75	The 5255 Trust
4/26/2007	\$10,000.00	1002659545	Initial premium	Surrendered	N/A
5/2/2007	\$5,000.00	1002676270	Initial premium	\$4,959.00	George Savatgy
5/2/2007	\$10,000.00	1002676237	Initial premium	\$75,336.04	The 5255 Trust
4/25/2008	\$65,000.00		Additional premium		
7/9/2007	\$22,000.00	1002883712	Initial premium	\$21,660.74	Pauline Beach
7/9/2007	\$5,000.00	1002883739	Initial premium	\$4,922.89	Edward Mitchell
8/2/2007	\$30,000.00	1002964518	Initial premium	\$29,461.29	L. J. Warner Trust
8/3/2007	\$50,000.00	1002966715	Initial premium	Surrendered	N/A
12/21/2007	\$30,000.00		Additional premium		
8/15/2007	\$8,000.00	1003001640	Initial premium	\$8,016.42	Paul Shapiro Family Trust
8/15/2007	\$15,000.00	1003001659	Initial premium	Surrendered	N/A
8/17/2007	\$100,000.00	1003009218	Initial premium	\$983,442.70	Frank Weisz
9/21/2007	\$900,000.00		Additional premium		
8/27/2007	\$5,000.00	1003040018	Initial premium	\$5,003.41	First Regional Bk/Stewart Cline III
8/27/2007	\$5,000.00	1003040026	Initial premium	\$5,003.41	First Regional Bk/Jean Zelas

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Annuitant - Bruce Freidman
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Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
8/27/2007	\$26,000.00	1003040034	Initial premium	\$26,017.74	Rupert Pajela Jr.
8/27/2007	\$5,500.00	1003040042	Initial premium	\$5,503.74	Ilisa Gillmer
8/27/2007	\$10,000.00	1003040050	Initial premium	\$10,006.81	None
8/27/2007	\$50,000.00	1003040069	Initial premium	\$50,034.11	Steven Feir
8/30/2007	\$12,500.00	1003050692	Initial premium	\$28,233.51	None
7/29/2008	\$15,800.00		Additional premium		
8/30/2007	\$15,400.00	1003050773	Initial premium	\$15,406.98	Christopher Eme
8/30/2007	\$9,700.00	1003050820	Initial premium	\$9,704.40	Dorothy Pedroza
9/7/2007	\$10,000.00	1003072890	Initial premium	\$9,995.41	Inwin Sicherman
9/7/2007	\$61,000.00	1003073684	Initial premium	\$68,499.63	First Commerce Bk/Gerald Hoffarth
5/21/2008	\$7,500.00		Additional premium		
9/7/2007	\$16,000.00	1003073714	Initial premium	\$15,992.66	First Regional Bk/Alan Weiner
9/7/2007	\$5,000.00	1003073773	Initial premium	Surrendered	N/A
9/7/2007	\$16,000.00	1003073781	Initial premium	\$15,992.66	Jill Glyman
9/7/2007	\$50,000.00	1003073790	Initial premium	Surrendered	N/A
9/7/2007	\$55,000.00	1003073811	Initial premium	\$58,982.88	Kenneth A. E. Mirfield Trust
8/11/2008	\$4,000.00		Additional premium		

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Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
9/7/2007	\$5,000.00	1003073846	Initial premium	\$4,997.71	First Regional Bk/Joy Innes-Cannon
9/7/2007	\$6,500.00	1003073854	Initial premium	\$6,497.02	Shaina Forsyth
9/7/2007	\$14,500.00	1003073870	Initial premium	Surrendered	N/A
9/7/2007	\$5,000.00	1003073889	Initial premium	\$4,997.71	Turina Family Trust
9/7/2007	\$5,000.00	1003073897	Initial premium	\$4,997.71	First Regional Bk/Sandra Koolman
9/7/2007	\$300,000.00	1003073900	Initial premium	\$405,369.14	Blairris Ventures LTD
9/4/2008	\$105,000.00		Additional premium		
9/7/2007	\$5,000.00	1003073919	Initial premium	\$4,997.71	Bernice Logan
9/7/2007	\$20,000.00	1003073927	Initial premium	\$19,990.83	Carl Pytinski
9/7/2007	\$10,000.00	1003073838	Initial premium	\$9,995.41	David Weil
9/7/2007	\$5,000.00	1003073935	Initial premium	\$4,997.71	First Regional Bk/Ronald Spak
9/7/2007	\$50,000.00	1003073943	Initial premium	\$49,977.08	Tigris Insurance Co., LTD
9/18/2007	\$11,000.00	1003103494	Initial premium	\$10,983.33	First Regional Bk/Bruce Benson
9/18/2007	\$15,500.00	1003105438	Initial premium	\$15,476.50	Reynaldo Quintana
9/18/2007	\$17,000.00	1003105462	Initial premium	Surrendered	N/A
9/18/2007	\$13,500.00	1003105470	Initial premium	\$13,479.54	George Connett

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Annuitant - Bruce Freidman
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Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
9/18/2007	\$5,200.00	1003105489	Initial premium	\$5,192.12	First Regional Bk/Reynaldo Quintana
9/18/2007	\$6,000.00	1003105551	Initial premium	\$5,990.91	William White
9/18/2007	\$5,000.00	1003105284	Initial premium	\$4,992.42	Irene Ceman
9/18/2007	\$10,000.00	1003105454	Initial premium	Surrendered	N/A
9/19/2007	\$21,000.00	1003107813	Initial premium	\$20,519.02	Victor Paz
9/19/2007	\$7,400.00	1003107880	Initial premium	\$7,230.51	First Regional Bk/Martha Cullen
9/19/2007	\$11,000.00	1003107848	Initial premium	\$10,748.06	Keith Tuber Family Trust
9/19/2007	\$5,000.00	1003107872	Initial premium	Surrendered	N/A
9/27/2007	\$5,000.00	1003131609	Initial premium	\$4,881.28	Linda Lessing
10/1/2007	\$50,000.00	1003140519	Initial premium	\$48,791.84	Horwitz Living Trust
10/2/2007	\$15,000.00	1003144360	Initial premium	Surrendered	N/A
10/5/2007	\$5,000.00	1003155028	Initial premium	Surrendered	N/A
10/8/2007	\$10,000.00	1003159198	Initial premium	\$9,751.03	Tanya Baldwin
10/8/2007	\$28,000.00	1003159228	Initial premium	\$27,302.89	Scott Micale
10/8/2007	\$10,000.00	1003159180	Initial premium	Surrendered	N/A
10/8/2007	\$5,000.00	1003159210	Initial premium	\$4,875.51	Marilyn D. Long Trust

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Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
10/8/2007	\$5,000.00	1003159236	Initial premium	Surrendered	N/A
10/15/2007	\$6,000.00	1003177455	Initial premium	\$5,846.22	Mark Schrauben
10/17/2007	\$6,000.00	1003177307	Initial premium	\$5,972.30	None
10/17/2007	\$8,300.00	1003187892	Initial premium	\$8,261.68	First Regional Bk/Dianna Ophelia
10/17/2007	\$25,000.00	1003187906	Initial premium		
9/4/2008	\$5,000.00		Additional premium	\$29,841.30	Darolyn Ross
10/31/2007	\$50,000.00	1003227940	Initial premium	\$49,689.80	Stephen Cole
11/1/2007	\$7,000.00	1003232227	Initial premium	\$6,955.78	Marvin Spira
11/8/2007	\$5,000.00	1003253755	Initial premium	\$4,964.45	First Regional Bk/Edwin Bergholdt
11/8/2007	\$220,000.00	1003253780	Initial premium	\$219,264.34	Kraig Ivie
11/8/2007	\$12,900.00	1003253801	Initial premium	\$12,808.28	First Regional Bk/Burton Galper
11/8/2007	\$20,000.00	1003253704	Initial premium	\$19,857.79	None
11/8/2007	\$7,400.00	1003253747	Initial premium	\$7,347.38	Arlene Dodson-Franssen
11/8/2007	\$5,000.00	1003253798	Initial premium	Surrendered	N/A
11/16/2007	\$5,000.00	1003277751	Initial premium	\$4,960.94	Arlene Dodson-Franssen
12/5/2007	\$6,000.00	1003325942	Initial premium	\$5,814.27	Gloria Paulsen

Annuitant - Bruce Freidman
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Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
12/14/2007	\$37,500.00	1003352478	Initial premium	\$36,304.06	David Carlson
12/14/2007	\$5,000.00	1003352486	Initial premium	\$4,840.54	First Regional Bank/Virgina Indovina
12/24/2007	\$40,000.00	1003375621	Initial premium	\$39,523.72	The 5255 Trust
12/24/2007	\$20,000.00	1003375648	Initial premium	\$19,761.85	David Engert
1/7/2008	\$60,000.00	1003400782	Initial premium	\$59,191.01	Richard Caldarone
1/7/2008	\$6,700.00	1003400863	Initial premium	\$6,609.66	First Regional Bank/Gloria Coppola
1/16/2008	\$30,000.00	1003430304	Initial premium		
6/16/2008	\$270,000.00		Additional premium	\$300,305.65	Jamie Bejarano
2/28/2008	\$5,200.00	1003593920	Initial premium	\$5,101.60	Maddalena Licata Trust
2/28/2008	\$5,200.00	1003593947	Initial premium	\$5,101.60	Maddalena Licata Trust
2/28/2008	\$5,000.00	1003594030	Initial premium	\$4,905.40	Marilyn D. Long Trust
3/13/2008	\$34,400.00	1003645793	Initial premium	\$34,064.72	Kotal Trust
3/13/2008	\$5,000.00	1003645807	Initial premium	\$4,951.26	First Regional Bk/Ronald Meddings
3/20/2008	\$5,100.00	1003675927	Initial premium	\$5,045.80	Richard Walters
3/20/2008	\$10,000.00	1003676010	Initial premium	\$9,893.72	Gayle Johnson
3/20/2008	\$5,000.00	1003675951	Initial premium	\$4,946.85	Juliet Wong

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Date	Amount received	Policy #	Description	NCV 12/1/08	Assignee
4/10/2008	\$5,000.00	1003766710	Initial premium	\$4,933.67	Karla Ives
4/10/2008	\$10,000.00	1003766884	Initial premium	\$9,867.34	First Regional Bk/Rebecca Tuell
4/17/2008	\$17,500.00	1003811359	Initial premium	\$17,633.74	First Commerce Bk/Sheila Galper
4/29/2008	\$5,000.00	1003871173	Initial premium	\$5,030.13	First Commerce Bk/Phillip Dipaola
4/30/2008	\$20,000.00	1003876450	Initial premium	\$20,117.86	Jules Feir
4/30/2008	\$15,500.00	1003876469	Initial premium	\$15,591.35	Jill Glyman
4/30/2008	\$5,000.00	1003876396	Initial premium	\$5,029.47	Douglas Schoen
5/7/2008	\$30,000.00	1003910314	Initial premium	\$30,148.58	Jerry & Linda Engelhardt Trust
5/27/2008	\$20,000.00	1003995271	Initial premium	\$19,632.97	Jesse Bowles
6/30/2008	\$8,300.00	1004116018	Initial premium	\$8,291.04	Ferris Trust
7/9/2008	\$10,000.00	1004142370	Initial premium	\$9,977.19	Revon Wolf
7/9/2008	\$5,000.00	1004142540	Initial premium	\$4,988.59	Revon Wolf
7/9/2008	\$5,000.00	1004142558	Initial premium	Surrendered	N/A
7/14/2008	\$20,000.00	1004154718	Initial premium	\$19,953.08	Uri Zahavi
7/15/2008	\$5,000.00	1004159558	Initial premium	\$4,987.60	First Commerce Bank/Curtis Worrell
7/24/2008	\$5,000.00	1004197093	Initial premium	\$4,981.60	None

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Date	Amount received	Policy #	Description	NCV 12/1/08 Surrendered	Assignee
7/30/2008	\$5,000.00	1004216187	Initial premium		N/A
8/13/2008	\$5,000.00	1004263398	Initial premium	\$4,971.29	L TJ Properties
			Total	\$7,622,662.55	

CONTRACT	ISSUE DATE	TOTAL PAYMENT	SURRENDER VALUE	ASSIGNEE LAST NAME	ASSIGNEE FIRST NAME	ADDRESS	CITY	STATE	ZIP
14542734	20070219	\$10,000.00	\$10,998.61	Kaplan	Sloane K.	5240 Genesta Avenue	Encino	CA	91316
14545489	20070423	\$5,000.00	\$5,369.91	Cohen	Scott B.	7536 Woodley Avenue	Van Nuys	CA	91486
14545490	20070423	\$8,000.00	\$8,591.85	Kato	Roy A.	428 E. Lacrose Ave	Fowler	CA	93825
14545491	20070423	\$14,500.00	\$15,572.73	Kato	Lilly Y.	428 E. Lacrose Ave	Fowler	CA	93825
14545492	20070423	\$10,000.00	\$10,739.81	Family Trust	Duarte	635 Covington Avenue	Simi Valley	CA	93065
14545493	20070423	\$5,000.00	\$5,369.91	Seng	Vivian Hsin Yin	529 S. Everett Avenue	Monterey Park	CA	91755
14546245	20070504	\$30,000.00	\$31,923.81	Hickman	Robert	20090 Avenue 264	Exeter	CA	93221
14546246	20070504	\$5,000.00	\$5,320.64	Kawamoto	First Regional Bank Cust.FBO	6400 Canoga Avenue	Woodland Hills	CA	91367
14546262	20070511	\$5,000.00	\$5,317.47	Cohen	Anne B.	1505 Skylark Lane	Los Angeles	CA	90069
14546423	20070511	\$6,000.00	\$6,380.97	Living Trust	Samuels	2442 South Kent Street	Visalia	CA	93277
14546424	20070522	\$5,000.00	\$5,312.51	Borden	Robert H. & Charene	13615 Lemay Street	Valley Glen	CA	91401
14546425	20070522	\$17,500.00	\$18,593.79	Kotal	Edward & Edith M.	4250 Meadowlark Drive	Calabasas	CA	91302
14546426	20070522	\$13,000.00	\$13,812.53	Brunetti	First Regional Bank Cust.FBO	6400 Canoga Avenue	Woodland Hills	CA	91367
14546427	20070522	\$6,000.00	\$6,375.01	Stadler	Louis J.	17 Wynnewood Drive	Wynne	AR	72396
14546427	20070522	\$10,000.00	\$10,625.02	Littlejohn	Sharron C.	PO Box 1387	Wynne	AR	72396
14546428	20070522	\$33,000.00	\$35,062.57	Margaret Owen	First Regional Bank Cust.FBO	6400 Canoga Avenue	Woodland Hills	CA	91367
14546599	20070524	\$6,000.00	\$6,373.94	Kramer	John A. & Janet S.	7750 Jackson Road	Galesburg	KS	66740
14546853	20070612	\$10,000.00	\$10,779.92	Vicky Machilis	First Regional Bank Cust.FBO	6400 Canoga Avenue	Woodland Hills	CA	91367
14546854	20070612	\$8,400.00	\$9,055.14	Machilis	Vicky	5190 Brian Lane	Encino	CA	91436
14546862	20070612	\$7,800.00	\$8,408.34	Family Trust	Donna Rothman	3902 Davana Road	Sherman Oaks	CA	91423
14546863	20070612	\$7,000.00	\$7,545.95	Carter	Tami S. & Ron L.	31223 Road 160	Visalia	CA	93292
14546864	20070612	\$5,000.00	\$5,389.97	Haimowitz	Alan & Janet, Tenants by Entirety	10885 NW 7th Street	Coral Springs	FL	33071
14546891	20070612	\$5,200.00	\$5,605.56	Caldwell	Alyce	1206 Languille Street	Wynne	AR	72396
14546902	20070612	\$5,000.00	\$5,389.97	Seng	Shanna Hsin Kuang	529 S. Everett Avenue	Monterey Park	CA	91755
14546903	20070606	\$5,200.00	\$5,597.66	Wimberley	Glady's	1012 East Poplar Avenue	Wynne	AR	72396
14546904	20070612	\$19,200.00	\$20,697.46	Conway Spliers	First Regional Bank Cust.FBO	6400 Canoga Avenue	Woodland Hills	CA	91367
14546941	20070614	\$8,000.00	\$8,622.47	Forrest	Stanley C.	404 Summer Road	Georgetown	TX	78628
14547225	20070709	\$5,000.00	\$5,464.21	Hong	Amy Lo	1365 Bellwood Road	San Marino	CA	91108
14547226	20070709	\$5,000.00	\$5,464.21	Seng	Shanna Hsin Kuang	529 S. Everett Avenue	Monterey Park	CA	91755
14547227	20070709	\$5,000.00	\$5,464.21	Wong	Juliet	3428 Cool Heights Drive	Monterey Park	CA	91755
14547228	20070709	\$5,000.00	\$5,464.21	Hogan	Cochran G.	371 North Court Street	Racho Palos Verdes	CA	90275
14547229	20070709	\$5,000.00	\$5,464.21	Hogan	Dorothe J.	371 North Court Street	Los Osos	CA	93402
14547393	20070713	\$40,000.00	\$43,697.85	Van Sant	Karen L.	1339 N. Columbus Avenue #124	Los Osos	CA	93402
14547394	20070713	\$17,500.00	\$19,117.82	Peischel	Frank H. & April K.	3116 Trent Street	Glendale	CA	91202-1647
14547395	20070713	\$11,400.00	\$12,453.89	Stophel	Philip & Brenda	1816 S. Churchhill Drive	Irving	TX	75061
14547396	20070713	\$27,500.00	\$30,042.29	Lichtner	Janet A.	9403 Short Putt Court	Wilmington	NC	28403
14547424	20070720	\$70,000.00	\$76,422.85	Marr	Wayne & Randy	187 Highway 42	Wilmington	NC	28412
14547425	20070720	\$7,000.00	\$7,642.29	Karolyn Sue Whitt	First Regional Bank Cust.FBO	6400 Canoga Avenue	Hickory Ridge	AR	72347
14547426	20070720	\$11,200.00	\$12,227.66	Jason E. Juberger	First Regional Bank Cust.FBO	6400 Canoga Avenue	Woodland Hills	CA	91367
14547427	20070720	\$10,000.00	\$10,917.55	Zahavi	Uri & Batia	4335 Marina City Drive #540	Woodland Hills	CA	91367
14547428	20070720	\$40,000.00	\$43,670.20	Wamer, Trust	Sheila	1138 20th Street #15	Marina Del Rey	CA	90292
14547495	20070726	\$5,000.00	\$5,455.81	Kraft	Harold R. & Doris J.	958 Printz Road	Santa Monica	CA	90403
14547645	20070807	\$7,400.00	\$7,981.40				Arroyo Grande	CA	93420

TOTAL POLICY COUNT: 44

Collateral Assignment

Jackson National Life Insurance Company
 Home Office: Lansing, Michigan
 www.jnl.com



DCC

USE DARK INK. PRINT OR TYPE

OCT 24 2005

Name of Insured/Annuitant (first, middle initial, last) Bruce Friedman		Date of Birth (mm/dd/yyyy)	SSN/TIN (include dashes)
Policy/Contract Owner's Name, if other than Insured (first, middle initial, last) Diversified Lending Group, Inc.		Date of Birth (mm/dd/yyyy)	SSN/TIN (include dashes)
Joint Policy/Contract Owner's Name, if applicable (first, middle initial, last) N/A		Date of Birth (mm/dd/yyyy) N/A	SSN/TIN (include dashes) N/A
JNL Policy/Contract Ref. No. (if available) 1001721573	(Check one box only.) <input type="checkbox"/> Life <input checked="" type="checkbox"/> Annuity	(Check one box only.) <input type="checkbox"/> New Application <input checked="" type="checkbox"/> Existing Policy/Contract	Owner's Phone (include area code)

Policy/Contract No. 1001721573 on the life of Bruce Friedman, Insured/Annuitant, issued by Jackson National Life Insurance Company* (hereinafter the "Company"), Lansing, Michigan.

Owner(s) Diversified Lending Group, Inc. (Assignor) ("I/We" or "Assignor(s)")

(1) For value received, I/we assign the above policy and any supplementary contracts issued in connection therewith (said policy and contracts being hereafter called the "policy") and all rights, title and interest therein (now held or hereafter acquired) together with all rights, title and interest in and to any and all prepaid premiums now on deposit or that may hereafter be deposited with said Company in connection with the policy to:

Full Name of Assignee
Assignee's SSN/TIN (include dashes)
Address
Address
City, State, ZIP

("Assignee") as its interest may appear, to secure payment to said Assignee of the following liabilities:

Loan No. or Description of Liability Contract Number: 05-1014—Not more than \$800,000.00

(2) By virtue hereof, said Assignee shall, until it relinquishes its rights in writing, have sole and full power: (a) to collect from the Company all proceeds of the policy, to the extent of Assignee's interests, whether payable by death, maturity, cancellation, surrender, or otherwise, including premiums refundable if the policy is cancelled or found void; (b) to surrender the policy for its cash value including the cash value of any prepaid premiums; (c) to procure policy loans for the purpose of keeping the policy in force or for part or full payment of any liability secured hereby; (d) and except as provided by (3) hereof, to elect any other options or privileges under said policy, to receive all other payments accruing thereunder, and to exercise all other rights of absolute ownership in said policy.

(3) This assignment shall not affect any right of the Assignor(s) to change the beneficiary or elect optional methods of settlement, but the rights of the present beneficiary or any hereafter named to any present or future method of settlement shall in all respects be subject to the rights of said Assignee and shall be limited to and affect only such proceeds of said policy as remain after all claims of the Assignee shall have been satisfied.

(4) Without notice to the Company, the Assignee may extend or renew any of said liabilities with or without change in interest rate; release one or more persons primarily or secondarily liable for payment; release any other collateral; and any such action shall in no way affect this assignment.

(5) On default in payment of premiums on the policy, Assignee may, at its option, pay such premiums, and any amount so advanced shall become a part of the liability hereby secured, immediately due and drawing interest at the highest rate of interest set forth in any instrument evidencing said liabilities or any part thereof. While the Company shall endeavor to provide notice to Assignee of said default, Assignee shall hold the Company harmless for any failure to receive said notice.

(6) Assignor(s) agree(s) that the Company may rely upon any representation by Assignee regarding its interest hereunder. The Company shall incur no liability for its good-faith actions in reliance on said representation.

(7) On default in payment of any liability above-mentioned or in the payment of any premium, said Assignee may exercise any election, option or privilege hereby granted to it.

(8) Any proceeds of the policy payable in the event of death, maturity, cancellation or other event, or in consequence of the exercise of any election, option or privilege, shall be applied by said Assignee toward payment of said liabilities. Any proceeds remaining after satisfaction of said liabilities shall be paid by the Company to the beneficiary in accordance with the terms of the above policy.

(9) For non-qualified annuities: any gain in the contract, as of the date of assignment, will be reported to the Assignor(s) as a distribution from the contract, and the cost basis will be adjusted.

(10) For variable life and variable annuities: Assignor(s) retain(s) the right to request fund transfers and schedule rebalancing and dollar cost averaging.

(11) For variable life and variable annuities: Assignee acknowledges that the cash surrender value of this Policy or Contract may increase or decrease on a daily basis.

(12) The Assignor(s) warrant that they are the sole and absolute Owners of said policy, and that the policy has not been assigned to any other Assignee except as follows:

Name of Assignee	Date Assigned (mm/dd/yyyy)
None	

(13) The rights of said Assignee hereunder shall inure to its successors and assigns.

Signature of Owner	Date Signed (mm/dd/yyyy)
<i>[Signature]</i>	10-21-05
Additional Signature and Title (if required)	
<i>[Signature]</i>	
Additional Signature and Title (if required)	
<i>[Signature]</i>	SEC

See reverse side for notary and signature requirements.

Signature of Assignee	Date Signed (mm/dd/yyyy)
<i>[Signature]</i>	10-21-05
Printed Name and Title	
<i>[Signature]</i>	TRUSTEE

A duplicate of the assignment has this day been filed at the Service Center of the Company. The Company assumes no responsibility as to the validity or legal effect of the assignment.

JACKSON NATIONAL LIFE INSURANCE COMPANY
 LANSING, MICHIGAN

By	Date

The information requested on the back of this form (page 2) need not be furnished unless required by the lender/assignee. If the policy is being assigned by a corporation or other business entity, please indicate official capacity.

1 **DECLARATION OF DAVID CALLAGHAN**

2
3 I, David Callaghan, declare as follows:

4 1. I am a principal with LECG, LLC, financial advisor and forensic
5 accountant employed by the duly appointed Permanent Receiver (the "Receiver") for
6 Diversified Lending Group, Inc. ("DLG"), Applied Equities, Inc. ("AEI"), and
7 related affiliates (collectively the "Receivership Defendants"), pursuant to the Order
8 Granting Motion of Receiver for Instructions Re: (1) Notice Procedures, (2)
9 Procedures for the Use, Sale or Other Disposition of Assets; (3) Employment of
10 Legal Counsel, Accountants, Appraisers, Auctioneers and Brokers; and (4) Payment
11 of Priority Wage Claims, signed and entered on May 4, 2009, in Securities and
12 Exchange Commission v. Diversified Lending Group, Inc., et al., Case No. 2:09-cv-
13 1533-R-JTL (the "SEC Action"), pending in the United States District Court,
14 Western District of California. I have been assigned by LECG to this engagement.

15 2. Except for those facts alleged on information and belief, I have personal
16 knowledge of the facts in this declaration and, if called as a witness, I could
17 competently testify to these facts.

18 3. As part of my work on this case, I have reviewed, among other
19 documents, the Receivership Defendants' accounting books, bank accounts, and
20 investment account statements. My review and analysis of those records is not yet
21 complete, and I believe that there may be additional records which I have not yet
22 seen. I have also reviewed and analyzed documentation received from Jackson
23 National Life Insurance Company and American National Insurance Company.
24 Based upon the records available to me, I have prepared summaries of the
25 individuals who hold collateral assignments of annuities at Jackson National and
26 American National, along with the cash value of those annuities, the principal
27 amounts originally invested by those Collateral Assignees, and amounts which the
28

1 Receivership Defendants have previously or otherwise transferred to the Collateral
2 Assignees on account of their investments.

3 4. A true and correct copy of my analysis with respect to the Collateral
4 Assignees identified by Jackson National is attached hereto as Exhibit "4".

5 5. A true and correct copy of my analysis with respect to the Collateral
6 Assignees identified by American National is attached hereto as Exhibit "5".

7 6. My analysis revealed that some of the Collateral Assignees currently
8 hold security in the collaterally assigned annuities with cash values in excess of the
9 principal amount of their investments less amounts previously paid to them or,
10 alternatively, if the cash values were paid to those investors, the amounts received by
11 them would exceed the amount of their principal investment together with amounts
12 previously paid to them. A true and correct copy of the summary of those Collateral
13 Assignees with excess collateral is attached hereto as Exhibit "6".

14 7. I have prepared a summary chart reflecting the maximum amount which
15 could be distributed to the Collateral Assignees from the collaterally assigned
16 annuities such that the amount distributed would not cause those Collateral
17 Assignees to receive more than the principal amount they originally invested less
18 amounts previously paid to them. A true and correct copy of that summary is
19 attached hereto as Exhibit "7".

20
21 I declare under penalty of perjury that the foregoing is true and correct.

22
23 Executed at Los Angeles, California, on July 10, 2009.

24
25 
26 _____
27 DAVID CALLAGHAN
28

**Receivership of Diversified Lending Group, Inc.
 Analysis of Collateral Assignments
 Jackson National Life Insurance**

National Policy Number	Assignee	DLG Account Number	Amount Invested	Amount Previously Disbursed to Investor by DLG	Amount of Unreimbursed		Cash Value of Assigned Annuity
					Principal / Cap on Future Disbursements from Annuities	Amount of Unreimbursed	
1	1001721573	Russon, Venile	05-1014	\$1,591,448.54	\$51,235.67	\$1,040,212.87	\$1,736,406.35
2	1001755222	Tokat, Elliot	07-01153	200,000.00	80,250.82	119,749.18	224,944.10
3	1001755249	Stanley Nisenon	08-01555	500,000.00	0.00	500,000.00	0.00
4	1001755257	Mary & Barry Gledhill Living Trust	06-01097	75,000.00	18,900.00	56,100.00	11,082.02
5	1001755311	Partridge, Laura	07-01181	682,302.51	119,232.54	563,069.97	88,656.09
6	1001755370	Jordan, Lace	07-01662	120,000.00	9,889.07	110,110.93	12,386.39
7	1001755427	Frankenstein, William	07-00075	99,000.00	0.00	99,000.00	16,623.02
8	1001762687	Steiner, Judith	05-1019	60,000.00	19,882.96	40,117.04	11,069.46
9	1001763292	Jerome H. Tepperman, PHD Inc	06-01107	75,000.00	9,536.97	65,463.03	0.00
10	1001782149	Isles, Ronald	06-01015	872,009.48	282,124.55	589,884.93	88,419.00
11	1001794074	Peterson, Beverly	06-01006	125,000.00	59,831.99	65,168.01	16,562.46
12	1001798932	Markowitz, Stanley	06-01007	831,500.00	167,885.36	663,614.64	67,425.47
13	1001821772	Bol, Gerrit	07-01336	100,000.00	21,573.64	78,426.36	11,269.21
14	1001828637	Albaum, Philip	06-01019	169,743.00	38,044.24	131,698.76	11,263.73
15	1001828645	Albaum Trust	06-01020	91,135.26	21,389.98	69,745.28	11,263.73
16	1001858838	Blairris Ventures, LP/Markowitz	06-01016	4,250,000.00	652,838.91	3,597,161.09	275,936.59
17	1001892130	Orkney Holding Corp.	06-01027	400,000.00	266,801.43	133,198.57	43,439.87
18	1001901474	Brandt-Wilson, Julianne	05-1040	43,206.00	7,771.24	35,434.76	5,740.28
19	1001915408	Tentser Family Trust	06-01040	30,000.00	13,482.20	16,517.80	0.00
20	1001984809	Russon, Michael	06-01030	142,463.58	48,152.27	94,311.31	141,729.70
21	1002025562	Tentser Family Trust	06-01040	30,000.00	13,482.20	16,517.80	6,446.01
22	1002044567	Kotal, Michael	06-01056	700,000.00	0.00	700,000.00	32,338.02
23	1002100998	Steven Soltman	06-01071	250,000.00	58,339.05	191,660.95	0.00
24	1002128795	Steven Soltman	08-02001	500,000.00	516,611.11	0.00	0.00
25	1002145050	Steven Soltman	08-01428	600,000.00	0.00	600,000.00	0.00
26	1002145339	Russon, Michael	06-01096	600,000.00	163,627.72	436,372.28	586,019.97
27	1002145347	Hansen, Michael	06-01076	10,500.00	0.00	10,500.00	5,256.57
28	1002145363	Lessing, Linda	06-01065	136,463.00	0.00	136,463.00	14,718.44
29	1002145398	Picciondlli, Gregory	06-01092	299,000.00	59,250.71	239,749.29	31,539.51
30	1002170414	Nancy Huey Meei Leu	06-01089	50,000.00	9,944.55	40,055.45	5,145.22