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

12 SECURITIES AND EXCHANGE
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 (SSx)

**RECEIVER'S EX PARTE
APPLICATION TO APPROVE
(1) SALE OF 8102 WILLOUGHBY
AVENUE IN LOS ANGELES,
CALIFORNIA, FREE AND
CLEAR OF LIENS, CLAIMS AND
ENCUMBRANCES, AND
(2) PAYMENT OF COSTS;
DECLARATIONS OF DAVID A.
GILL AND KATHY BAZOIAN
PHELPS**

[No hearing requested]

22 **PLEASE TAKE NOTICE THAT** David A. Gill, the Permanent Receiver
23 (the "Receiver") of Diversified Lending Group, Inc. ("DLG"), and Applied Equities,
24 Inc., and their subsidiaries and affiliates, including but not limited to MMHIM, Inc.,
25 DLG International, a Panamanian company, and SunWest Bottlers, LLC, hereby
26 applies for an order granting *Receiver's Ex Parte Application to Approve (1) Sale of*
27 *8102 Willoughby Avenue in Los Angeles, California, Free and Clear of Liens,*
28 *Claims and Encumbrances and (2) Payment of Costs* (the "Application"). A copy of

1 the proposed order is attached to the declaration of David A. Gill as Exhibit "1." The
2 application is submitted on an ex parte basis and pursuant to Court procedures, a
3 hearing will be held only if the Court deems a hearing is necessary.

4 The Application requests an order:

5 1. approving the sale to Mehrdad O. Koupai (the "Purchaser") of real
6 property located at 8102 Willoughby Avenue in Los Angeles, California (the
7 "Property"), for the purchase price of \$975,000 pursuant to the terms set forth in the
8 Counter Offer, a copy of which is attached to the Declaration of David A. Gill as
9 Exhibit "2;"

10 2. authorizing the Receiver to make reasonable adjustments to the
11 purchase price, through escrow, as agreed to between the Receiver and the
12 Purchaser;

13 3. authorizing the Receiver to convey title to the Property as "David A.
14 Gill, Receiver for the estate of Diversified Lending Group, Inc., in the matter
15 *Securities & Exchange Comm. v. Diversified Lending Group, Inc., et al.*, case no. CV
16 09-01533-R-SS in the U.S. District Court, C.D. Calif.;"

17 4. authorizing the Receiver to pay, out of escrow, sales commissions and
18 his share of the undisputed portions of any real property taxes and all other
19 customary closing costs and charges;

20 5. confirming that the sale of the Property is free and clear of all liens,
21 claims or encumbrances against the Property, apparent or of record;

22 6. confirming that the Purchaser is a good faith purchaser of the Property;

23 7. authorizing the Receiver to execute all documents and otherwise take all
24 actions the Receiver deems necessary and appropriate to close the sale of the
25 Property;

26 8. confirming that the form and manner of the notice of the sale and the
27 Application provided by the Receiver is appropriate.

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1 The Application is made on the grounds that: (1) the Property may be sold free
2 and clear of liens and interests; (2) the purchase price is fair and reasonable and is no
3 less than an independent appraisal of the Property; and (3) the sale is consistent with
4 the best interests of the creditors and the estate.

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

8 The Application is based upon this Notice, the Application, the Memorandum
9 of Points and Authorities, the Declarations of David A. Gill and Kathy Bazoian
10 Phelps, and upon such other evidentiary matters as may be considered by the Court.

11 **PLEASE TAKE FURTHER NOTICE** that pursuant to the prior order of this
12 Court entered May 4, 2009, and this Court's Order Re Notice to Counsel, the
13 proposed notice and application were served upon the approved Limited Service List,
14 as reflected in the Declaration of Kathy Bazoian Phelps. No opposition has been
15 received.

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Dated: May 3, 2010

DANNING, GILL, DIAMOND & KOLLITZ, LLP

By: 
KATHY BAZOIAN PHELPS
Attorneys for David A. Gill, Receiver

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **INTRODUCTION**

4 David A. Gill is the duly appointed Receiver (the "Receiver") of Diversified
5 Lending Group, Inc. ("DLG"), and Applied Equities, Inc., and their subsidiaries and
6 affiliates, including but not limited to MMHIM, Inc., DLG International, a
7 Panamanian company, and SunWest Bottlers, LLC. The Receiver hereby seeks this
8 Court's confirmation of the sale of the real property located at 8102 Willoughby
9 Avenue in Los Angeles, California (the "Property"), and confirmation of payment of
10 sales commissions and closing costs through escrow.

11 **II.**

12 **RELEVANT FACTS**

13 **A. Procedural History**

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

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

24 On March 4, 2009, this Court granted the TRO Application and, among other
25 things, appointed David A. Gill as Temporary Receiver. Mr. Gill, along with his
26 counsel, accountants and field personnel, took possession of the business premises of
27 the Defendants DLG and AEI (the "Receivership Defendants") in Sherman Oaks,
28 California.

1 On March 10, 2009, pursuant to a stipulation by Friedman and no opposition
2 by the other parties, the Court granted the SEC Application and entered the
3 Preliminary Injunction Order which, among other things, appointed David A. Gill as
4 the Permanent Receiver.

5 On May 4, 2009, this Court entered its Order Granting Motion of Receiver for
6 Instructions Re: (1) Notice Procedures; (2) Procedures for the Use, Sale or Other
7 Disposition of Assets; (3) Employment of Legal Counsel, Accountants, Appraisers,
8 Auctioneers and Brokers; and (4) Payment of Priority Wage Claims, inter alia, and
9 establishing procedures for sales and notices.

10 On June 6, 2009, the Receiver filed a complaint against Keller to avoid and
11 recover fraudulent transfers, for unjust enrichment, constructive trust and equitable
12 liens in the matter *Gill vs. Keller* in U.S. District Court, Central District of California,
13 case number CV 09-04630-R (SSx) (the "Keller Action").

14 On March 1, 2010, the parties in the Keller Action settled their dispute as it
15 related to that matter. On March 8, 2010, this Court entered an order approving the
16 settlement between the parties in the Keller Action. As part of that settlement, on or
17 about March 31, 2010, Kevin Keller transferred his ownership interest in the
18 Property to the Receiver by way of a Grant Deed as full settlement between the
19 parties in the Keller Action.¹

20 Pursuant to the Order dated March 10, 2009, the Receiver's duties include,
21 among other things, liquidating property of the receivership and, if appropriate,
22 paying all costs associated with such liquidation. This Application seeks an order
23 approving the sale of one such asset, namely, the Property. A copy of the proposed
24 Order is attached as Exhibit "1" to the Declaration of David A. Gill at paragraph 3.

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27 ¹ Gill Decl. at ¶ 5.
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1 **B. The Property**

2 The Property consists of a single family dwelling commonly described as a
3 three bedroom, three bath, traditional-style home. The Property is comprised of
4 2,117 square feet of living space on a 6,655 square foot lot. In March 2010, an
5 independent, professional appraisal of the Property was conducted.²

6 **C. Terms of Proposed Sale**

7 On or about April 16, 2010, the Receiver and Purchaser entered into the
8 Counter-Offer (the "Sale Agreement") for the purchase of the Property, subject to
9 this Court's confirmation.³ The proposed purchase price of the Property is \$975,000;
10 an amount which is no less than the recently-appraised value. The purchase price is
11 subject to any undisputed adjustments without further order of the Court. The
12 proposed sale of the Property is on an "as is" and "where is" basis, without any
13 warranties or recourse whatsoever, except that title insurance is to be provided to
14 cover normal title conveyances. Specifically, aside from the typical mortgage
15 contingency, the sale will not include any additional contingencies. Per the Sales
16 Agreement, in the event Purchaser is unable to secure financing to close the sale,
17 they will forfeit the \$30,000 deposit currently being held in escrow.⁴

18 **D. Good Faith Purchaser**

19 The Sale Agreement with the Purchaser was reached in response to the listing
20 of the Property with the Multiple Listing Service (MLS) by the Receiver's real estate
21 broker. The Sale Agreement was reached through the brokers for each party and a
22 meeting of the minds was reached via arms-length negotiations between the parties.
23 To the best of the Receiver's knowledge, Purchasers have no relationship to the
24 Receivership Defendants or Friedman. The Purchasers have made an offer to

25 ² Declaration of David A. Gill in support of the Application ("Gill Decl.")
26 at ¶ 6.

27 ³ Gill Decl. at ¶ 7, Exhibit "2."

28 ⁴ Gill Decl. at ¶ 8.

1 purchase the Property for an amount no less than the appraised value.⁵ The Receiver
2 requests a finding that the Purchaser, or his assignee, are good faith purchasers.

3 **E. Notice of Motion**

4 Pursuant to the Order of this Court dated May 4, 2009, the Receiver will serve
5 notice of this Motion to the Limited Service List and by posting the notice and the
6 Application on the Receiver's website at www.diversifiedreceivership.com, on the
7 Receiver's law firm website, and at the office of the Clerk of the Bankruptcy Court
8 for the Central District of California pursuant to Local Rule 6007-1(f) of said
9 Bankruptcy Court made applicable hereto by Local Rule 66-8 of this Court and the
10 Order dated May 4, 2009, at paragraph 20.⁶

11 **III.**

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

13 Pursuant to the instructions of this Court, the Receiver is applying for the
14 approval of sale of the Property on an ex parte basis in order to maximize efficiency
15 for both the Court and the receivership estate. Accordingly, this Application may
16 properly be brought before the Court on an ex parte basis.

17 **IV.**

18 **ARGUMENT**

19 **A. The Sale is in the Best Interests of the Estate and its Creditors and**
20 **Should Be Approved**

21 The Local Rules for the District Court for the Central District of California
22 provide that: "Except as otherwise ordered by the Court, a receiver shall administer
23 the estate as nearly as possible in accordance with the practice in the administration
24 of estates in bankruptcy."⁷ In addition, this Court's order dated May 4, 2009, states

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26 ⁵ Gill Decl. at ¶ 9.

27 ⁶ Declaration of Kathy Bazoian Phelps at ¶ 4.

28 ⁷ See Local Rule 66-8.

1 that "Except as otherwise modified herein, the provisions of the Bankruptcy Code
2 and the Federal Rules of Bankruptcy Procedure governing the use or disposition of
3 property shall apply for these types of matters involving the receivership estate."

4 Under the Bankruptcy Code, courts are authorized to permit a trustee to
5 conduct a sale of estate property outside of the ordinary course of business if such
6 sale is in the best interests of the estate and its creditors.⁸

7 A trustee's duties in liquidating the assets of the estate require that a trustee
8 sell estate property if doing so will benefit the estate and its creditors. The Receiver
9 believes that the proposed conduct of sale of the Property is the best method by
10 which to maximize the value of the estate's interest in the Property. The Property is
11 being sold at a price no less than its appraised value. The Receiver negotiated
12 through his broker and general counsel with the Purchasers and as a result of such
13 arms-length negotiations, the Receiver has agreed, subject to Court approval, to sell
14 the Property to the Purchaser for \$975,000, which the Receiver believes is a
15 reasonable price for the Property.

16 **B. The Sale Should Be Free and Clear of All Liens**

17 The Property does not have any liens against it.⁹ Consequently, the proposed
18 sale of the Property should be confirmed to be free and clear of any liens, claims and
19 encumbrances.

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26 ⁸ See, e.g., *In re The Huntington, Ltd.*, 654 F.2d 578 (9th Cir. 1981); *In re*
27 *Equity Funding Corp.*, 492 F.2d 793 (9th Cir. 1974); *In re The Canyon Partnership*,
28 55 B.R. 520 (Bankr. S.D. Cal. 1985).

⁹ Gill Decl. at ¶ 10.

V.

CONCLUSION

Based on the foregoing, the Receiver respectfully requests that the Court:

1. approve the sale to Mehrdad Koupai of the real property located at 8102 Willoughby Avenue in Los Angeles, California, for the purchase price of \$975,000 pursuant to the terms set forth in the Sale Agreement;

2. authorizing the Receiver to make reasonable adjustments to the purchase price, through escrow, as agreed to between the Receiver and the Purchaser;

3. authorizing the Receiver to convey title to the Property as "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-SS in the U.S. District Court, C.D. Calif.;"

4. authorizing the Receiver to pay all undisputed portions of any real property taxes, sales commissions, and his share of all other customary closing costs and charges;

5. confirming that the sale of the Property is free and clear of all liens, claims or encumbrances against the Property, apparent or of record;

6. confirming that the Purchaser is a good faith purchaser of the Property;

7. authorizing the Receiver to execute all documents and otherwise take all actions the Receiver deems necessary and appropriate to close the sale of the Property;

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8. confirming that the form and manner of the notice of the sale and the Application provided by the Receiver is appropriate.

Dated: May 3, 2010

DANNING, GILL, DIAMOND & KOLLITZ, LLP

By: 
KATHY BAZOIAN PHELPS
Attorneys for David A. Gill, Receiver

DECLARATION OF DAVID A. GILL

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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 Receiver's Ex Parte Application to Approve (1) Sale of 8102 Willoughby Avenue in Los Angeles, California, Free and Clear of Liens, Claims and Encumbrances, and (2) Payment of Costs (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. A copy of the proposed order is attached hereto as Exhibit "1."

5. On or about March 31, 2010, Kevin Keller transferred his ownership interest in the Property to the Receiver by way of a Grant Deed as full settlement between the parties in the Keller Action.

6. In April 2010, an independent, professional appraisal was conducted for the real property located at 8102 Willoughby Avenue in Los Angeles, California (the "Property").

7. On or about April 16, 2010, the Receiver and Purchaser entered into the Counter-Offer (the "Sale Agreement") for the purchase of the Property; a true and correct copy of the Sale Agreement is attached hereto as Exhibit "2." It is, by its terms, subject to approval of this Court.

Exhibit 1

1 GEORGE E. SCHULMAN (State Bar No. 064572)
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 2 KATHY BAZOIAN PHELPS (State Bar No. 155564)
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 3 GILBERT MIKALIAN (State Bar No. 244690)
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7 Attorneys for David A. Gill, Receiver

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

11 SECURITIES AND EXCHANGE
 12 COMMISSION,

13 Plaintiff,

14 vs.

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

17 Defendants,

18 and

19 TINA M. PLACOURAKIS,

20 Relief Defendant.

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

**[PROPOSED] ORDER GRANTING
 APPLICATION OF RECEIVER
 FOR APPROVAL OF:**

- (1) SALE OF 8102
 WILLOUGHBY AVENUE IN
 LOS ANGELES,
 CALIFORNIA, FREE AND
 CLEAR OF LIENS, CLAIMS
 AND ENCUMBRANCES;
 AND**
- (2) PAYMENT OF COSTS
 THROUGH ESCROW**

[No hearing requested]

21
 22 The Court having considered the Application of David A. Gill, the Receiver
 23 (the "Receiver") in the above-captioned case, for Approval of: (1) Sale of 8102
 24 Willoughby Avenue in Los Angeles, California, Free and Clear of Liens, Claims and
 25 Encumbrances; and (2) Payment of Costs through Escrow (the "Application"), and
 26 good cause appearing:

27 IT IS HEREBY ORDERED THAT:

- 28 1. The Receiver's Application is granted.

Exhibit 2

COUNTER-OFFER

This agreement ("Agreement" or "Counter-Offer") is intended to set forth the terms and conditions of the complete contract for the purchase by and sale to Mehrdad O. Koupai (the "Buyer") from David A. Gill, Receiver for the estate of Diversified Lending Group, Inc. (the "Seller" or "Receiver"), 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, C.D. Calif. (the "SEC Action"), of the real property commonly known as 8102 Willoughby Avenue, Los Angeles, California (the "Property"), vested of record in the Receiver. When executed below, this Agreement will constitute conclusive evidence and the exclusive terms and conditions of the contract for such purchase and sale (the "Sale") of the Property and will supersede and replace in its entirety the Buyer's Offer dated April 14, 2010 (the "Offer"), and any oral or written negotiations since then.

PURCHASE PRICE; DEPOSIT; ESCROW. With respect to Term (C)(1) in the Offer, the purchase price for the Property shall be \$975,000.00 ("Purchase Price"). Buyer shall make an initial deposit of \$30,000.00 (the "Initial Deposit") in the form of cashier's check or wire transfer made payable and delivered to A&A Escrow (the "Escrow Holder") within two (2) business days after acceptance of this Counter-Offer by Buyer.

Buyer shall deliver to the Receiver, within three (3) days after mutual agreement upon this Counter-Offer, proof of committed funds available to Buyer sufficient to enable Buyer to consummate the acquisition contemplated herein, which proof shall be in the form of a letter of credit, loan commitment or other form acceptable to the Receiver in the Receiver's sole discretion. In the event that either (i) Buyer fails to timely provide any such proof, or (ii) the Receiver determines, in the Receiver's sole discretion, that any proof of funds provided to the Receiver by Buyer is unacceptable, the Receiver shall have the right, at the Receiver's option, to provide written notice to Buyer that this Counter-Offer is terminated. In the event that the Receiver exercises such termination right, this Counter-Offer shall terminate effective as of the date of Receiver's written notice to Buyer, whereupon the Initial Deposit (if theretofore deposited with the Escrow Holder) shall be returned to Buyer, and Buyer and Receiver shall each be relieved of any further obligation hereunder.

Escrow instructions corresponding to the terms of this Agreement shall be provided by the Escrow Holder and signed by the parties within five (5) business days after the date of Buyer's and Seller's receipt of said escrow instructions. Buyer and Seller shall deposit such documents and instruments with the Escrow Holder as and when reasonably required to complete the sale. Buyer shall be free to assign this Agreement to another person or entity ("Assignee") subject to Seller's prior review and written approval (which approval Seller may grant or withhold in its sole discretion), but Buyer shall remain liable hereunder, together with such Assignee, in the event that such Assignee fails to perform any of Buyer's obligations hereunder.

1. RECEIVERSHIP COURT APPROVAL. The sale is subject to notice to parties in interest and approval by the U.S. District Court for the Central District of California, Western Division, presiding over the SEC Action (the "Receivership Court"). The Receivership Court may consider all higher and better bids received by Seller through and including the hearing to confirm the sale. Payment of any and all real estate brokers' commissions is also subject to notice to parties in interest and approval by the Receivership Court. Buyer acknowledges and agrees that Seller may not seek to obtain the Receivership Court's approval if Seller has determined that it would be in the best interest of the above-named defendants' estate not to do so.

2. BUYER'S DUE DILIGENCE; CANCELLATION RIGHT. Buyer shall have ten (10) calendar days from the date of execution hereof to perform, complete, and satisfy all inspections, investigations, tests and reviews of reports, and to complete all due diligence which the Buyer desires for this Sale of the Property, including, but not limited to, performing and completing any geological, soil, structural, environmental, or other tests, inspections, and investigations desired by Buyer. Buyer may, not later than the end of that period, give Seller written notice of Buyer's election to withdraw from this Agreement because of Buyer's reasonable dissatisfaction with the results of any of those matters ("Notice of Cancellation"), in which event Buyer's and Seller's obligations under this Agreement shall be terminated and Buyer shall receive a full refund of the Initial Deposit. If Buyer fails to give such Notice of Cancellation within such period, all such contingencies shall be deemed automatically removed as set forth in Paragraph 4 and Buyer's obligation to proceed shall be non-contingent subject to Receivership Court approval of this Agreement and the Sale (including as set forth in Paragraph 8).

3. **TITLE; TITLE INSURANCE.** Within three (3) business days after acceptance of this Counter Offer, Lawyer's Title Company (the "Title Company") will be instructed to provide a preliminary report of the condition of title to the Property, including copies of underlying documents referred to in Schedule B thereof, for Buyer's review. Buyer may, not later than the end of the period in Paragraph 2, or until three (3) days after receipt of the preliminary report and underlying documents, whichever occurs later, in which to give Seller written notice ("Notice of Title Disapproval") that Buyer disapproves the condition of title with respect to a material matter(s) that interfere with the use of the Property for the purpose for which it is currently used or intended to be used. Such notice must refer to the specific exception(s) in Schedule B of the preliminary report and the specific underlying document(s) which are the basis for Buyer's disapproval. Within five (5) business days after receipt of such notice, Seller may, in Seller's sole discretion, either (i) cancel this Agreement and the sale, in which event Buyer's and Seller's obligations under this Agreement shall be terminated and Buyer shall receive a full refund of the Initial Deposit, or (ii) elect to correct the item(s) that were disapproved by Buyer, in which event the sale shall proceed. Seller may correct such item by any means that will result in the Title Company either removing the disapproved exception(s) from the preliminary report or providing title insurance coverage by endorsement against such exception(s). At the close of the sale, Seller shall convey and Buyer shall accept title to the Property as shown in Schedule B of the preliminary report, subject to any corrections as in this paragraph above, free and clear of all monetary liens, subject to the terms of the within contract. Seller shall pay the costs of a CLTA Standard Owner's policy of title insurance.

4. **REMOVAL OF CONTINGENCIES; COURT CONFIRMATION; CLOSING; DELIVERY OF POSSESSION.** If Buyer does not give Seller written Notice of Cancellation as and when provided in Paragraph 2, or Notice of Title Disapproval as and when provided in Paragraph 3, Buyer's silence shall be deemed acceptance and Buyer shall be deemed to have satisfied and removed all of Buyer's contingencies and to proceed with the Sale. Upon such removal of contingencies, Buyer shall be unconditionally obligated to proceed with the sale, subject only to Receivership Court confirmation as set forth below. Upon mutual agreement to this Counter-Offer and removal of all contingencies, Seller shall then file an application with the Receivership Court to approve this sale. If the Receivership Court confirms the sale to Buyer, the closing shall take place no later than thirty-five (35) days after entry of the order approving the sale unless a longer period is required on Seller's part in the course of receivership administration. The closing shall occur on the date the deed

transferring the Property to Buyer is recorded with the County Recorder where the Property is located. Occupancy shall be delivered to Buyer upon Escrow Holder's confirmation of recording.

5. **RECEIVERSHIP SALE.** Buyer acknowledges that Seller is a Receiver appointed to administer, among other things, the above referenced Property, and is a party to this Agreement solely in that capacity. Seller and Brokers and agents have not and will not determine the condition or fitness for use of the Property for any particular purpose. The sale shall be "as is," "where is," "with all faults," and with no warranty by or recourse whatsoever to Seller or Brokers or agents herein. Transfer of the Property shall be by Quit Claim Deed. All parties acknowledge that Seller is a party to this Agreement solely in the capacity as Receiver of the above-referenced estate and that in the event of any default in the performance of any of Seller's obligations under the Offer (as modified hereby) or any other agreement, or in the event that any other claim is asserted against the Seller, Receiver or the estate in connection with this transaction, the Receiver shall in no event have any personal liability whatsoever (whether in his individual capacity or otherwise), it being expressly understood and agreed that Buyer's sole recourse, if any, in such event shall be to the assets of such estate, as official liability.

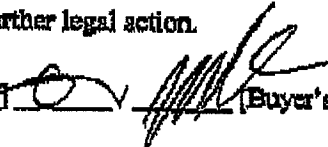
6. **TAXES; PRORATIONS; COSTS OF SALE.** All real property taxes and assessments for the current tax year shown in the current County Tax Bill shall be prorated between Seller and Buyer and charged as of the closing date to the applicable accounts of Seller and Buyer. The sale shall be free and clear of any homeowner's association assessments and all real property taxes (other than those prorated as provided above) enforceable against the Property through the closing date of the sale. Escrow fees shall be split between Buyer and Seller in the manner customary in the County where the Property is located. Seller shall pay any real property transfer tax. Seller shall pay the cost of a Natural Hazard Disclosure Report, from a vendor selected by Seller, to be furnished to Buyer through escrow. Buyer shall pay and have sole responsibility for compliance with any requirements imposed on the Property or this sale by any governmental agency(ies), including compliance with any applicable governmental retrofit requirements. Buyer shall pay the cost of recording the deed. Buyer and Seller shall each pay their own expenses of every other type except as specifically provided in this Agreement.

7. **BROKERS.** Seller is represented by Coldwell Banker. Buyer is represented by Miller & Desatnik Realty Corp. Subject to Receivership Court approval, Seller will pay a real estate broker's commission aggregating 6% of net sales price of the Property to the Brokers as follows: 3% to Coldwell Banker, and 3% to Miller & Desatnik Realty Corp. in connection with the closing of this sale. All such Brokers and agents are collectively referred to herein as the "Brokers." No commission or compensation shall be due or payable to Brokers in connection with this Agreement or sale except from the cash proceeds of an actual Sale of the Property that closes to Buyer. Buyer hereby represents and warrants that, other than the Brokers, Buyer has not dealt with any broker, finder or other person entitled to any fee, commission or other compensation in connection with the Sale and Buyer shall indemnify, defend and protect and hold Seller and the related estate harmless of, from and against any claims, demands, actions, causes of action, losses, liabilities and costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as Seller may suffer or incur in the event that any claims for any such fees, commissions or other compensation of any kind are hereafter asserted.

8. **MATERIAL CHANGE OF CONDITION.** In the event of any material change in the condition of the Property after the date of acceptance of this Counter-Offer, if Buyer demands repair of any resulting actual damage to the Property, Seller may, at Seller's sole option: (a) elect to terminate this Agreement, in which event Buyer's and Seller's obligations to buy or sell shall terminate and the full Initial Deposit shall be refunded to Buyer; or (b) make required repairs at the estate's expense; or (c) assign any insurance proceeds for the damage to the Property to Buyer as of the close of the sale; or (d) credit the cost of such repairs to Buyer through escrow, it being agreed that in the event that Seller elects and complies with subpart 8(b), (c) or (d), Buyer's obligation to proceed with the Sale shall be unaffected by any such material change in the condition of the Property.

9. **REMEDY FOR BUYER'S OR SELLER'S FAILURE TO CLOSE.** Buyer's sole remedy in the event that the sale fails to close as a result of Seller's inability or failure to close for any reason, including but not limited to the reason of failure to obtain approval of the sale by the Receivership Court, shall be the mutual release of Buyer's and Seller's obligations to buy or sell and a full refund of all money deposited by Buyer. In the event Buyer fails to close the sale for any reason other than Seller's default, after Buyer's contingencies have been removed as under Paragraphs 2 and 3, all money

deposited by Buyer, but limited to 3% of the purchase price, shall be paid over to Seller and retained by Seller as liquidated damages without further legal action.

[Seller's Initials]  [Buyer's Initials]

10. RECEIVERSHIP COURT JURISDICTION. The District Court for the Central District of California shall have sole and exclusive jurisdiction to interpret and enforce the terms of this Agreement and Buyer hereby consents and submits to such exclusive jurisdiction. This Agreement shall be interpreted and enforced pursuant to the laws of the United States of America, and where state law is required to be applied, California law shall apply.

11. "AS-IS," "WHERE-IS" CONDITION; NO WARRANTIES. Buyer acknowledges and agrees that, to the maximum extent permitted by law, the sale contemplated by this Agreement is made "as-is," "where-is," and "with all faults," except as specifically provided in this Agreement. Seller and Brokers and agents herein have not made, do not make, and specifically negate and disclaim any representations, warranties, promises, covenants, agreements, or guaranties of any kind or character whatsoever, whether express or implied, oral or written, concerning or respecting (i) value of the Property; (ii) income to be derived from the Property; (iii) suitability of the Property, or lack thereof for any activity or use which Buyer may intend to conduct thereon, including any possibilities or limitations for future development; (iv) habitability, merchantability, marketability, profitability, or fitness for a particular purpose, of the Property, or lack thereof; (v) manner, quality, state of repair, or lack of repair of the Property; (vi) nature, quality, or condition of the Property, or any portion, system, or component thereof, including without limitation, water, soil, and geology; (vii) compliance of the Property or its operation, or lack thereof, with any laws, ordinances, regulations, rules, or orders of any applicable governmental authority or body; (viii) manner or quality of engineering, design, construction or materials, if any, incorporated into the Property; (ix) compliance or lack of compliance with any land use, building and safety, or other laws, ordinances, regulations, rules, orders, or other requirements imposed or enforced by any governmental or non-governmental body, including without limitation the Americans with Disabilities Act of 1990; (x) the presence or absence at, on, under, or adjacent to the Property, of materials described as "hazardous substances, hazardous materials, or toxic substances" or by similar terms under the

Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§1801, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§6901, et seq.), the Toxic Substance Control Act (15 U.S.C. §§2601, et seq.), the Clean Water Act (33 U.S.C. §§1251, et seq.), California Health and Safety Code §25117 or 25316, or other statutes and laws, all as amended and including all regulations issued thereunder; (xi) the content, completeness or accuracy of any Due Diligence materials or Preliminary Report regarding Title to the Property; (xii) the conformity or lack of conformity of the improvements to any plans or specifications for the Property, including any plans and specifications that may have been or may be provided to Buyer; (xiii) the conformity or lack of conformity of the Property to past, current, or future applicable zoning or building requirements; (xiv) any deficiency of any undershoring, drainage, or other aspects, systems, or components of or affecting the Property; (xv) the fact, if applicable, that all or a portion of the Property may be located on or near any natural hazard zone as determined by any governmental agency or body; (xvi) the existence of vested land use, zoning, or building entitlements affecting the Property or any other property; or (xvii) any other matter. Without in any manner limiting the foregoing, Buyer hereby acknowledges and agrees that (i) Seller's Broker, has provided (and will hereafter provide) to Buyer various materials and information relating to the Property, including, without limitation, information and materials relating to the condition of the Property, and (ii) all such materials and information so provided to Buyer by Seller's Broker shall, for all purposes of this Agreement, be deemed to have been disclosed to Buyer by the Seller, as well.

12. **BROKERS.** Brokers and agents herein have not and will not perform any inspections, investigations, or due diligence on behalf of Buyer unless otherwise specified herein. Buyer is informed that Buyer must arrange for any inspections and investigations desired by Buyer utilizing suitable third party professionals selected and compensated by Buyer. In no event shall Seller have any liability or responsibility for any representation, warranty, statement made, or information furnished by Brokers or agents herein, or any other person or entity, concerning the Property, this Agreement, or any other matter, unless expressly set forth in writing and signed personally by Seller.

13. **OPPORTUNITY TO INSPECT; BUYER'S SOLE RELIANCE.** Buyer represents, warrants, acknowledges, and agrees that Buyer has been given the opportunity to inspect and investigate the Property and all other facts and circumstances deemed by Buyer relevant and significant, and to review information and documentation affecting the Property. In deciding to proceed with the sale, Buyer is relying solely on Buyer's own inspections and investigation of the Property (including by any outside professionals whom Buyer has elected to engage for such services) and review of such information and documentation, and not on any information provided or to be provided by Seller. Buyer further acknowledges and agrees that any information made available to Buyer or provided or to be provided by or on behalf of Seller with respect to the Property was obtained from a variety of sources and that neither Seller nor the Brokers and agents herein nor any other person has made or makes any representations as to the accuracy or completeness of such information. Buyer hereby fully and irrevocably releases all such sources and preparers of information and documentation affecting the Property which were retained or engaged by Seller or Brokers or agents from any and all claims that Buyer may now or hereafter have against such sources and preparers of information, for any costs, expenses, losses, liabilities, damages, demands, actions, or causes of action arising from any such information or documentation. **NEITHER SELLER NOR BROKERS HAVE PROVIDED OR WILL PROVIDE ANY LEGAL OR TAX ADVICE TO BUYER.** Buyer is informed that Buyer must obtain any such advice, if desired by Buyer, from independent professionals selected and engaged by Buyer.

14. **PHYSICAL, GEOLOGICAL, PEST CONTROL, AND ENVIRONMENTAL INSPECTIONS AND INVESTIGATIONS.**

A. **BUYER SHALL CONDUCT THOROUGH PHYSICAL, GEOLOGICAL, PEST CONTROL, AND ENVIRONMENTAL INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY AS MAY BE DETERMINED BY BUYER, THROUGH QUALIFIED PROFESSIONALS SELECTED BY BUYER.** Seller and Brokers and agents herein strongly recommend that Buyer fully exercise and not waive such inspections and investigations.

B. Buyer shall select and employ, at Buyer's expense, a licensed engineer(s), architect(s), contractor(s), geologist(s), pest control licensee(s), environmental consultant(s), or other qualified professional(s) to make inspection(s) and investigations of the Property, including, but not limited to, (i) its general structure, plumbing, heating, air conditioning, electrical system, built-in appliances, cesspool/sewer/septic system, well, roof, soils, foundation, mechanical systems, pool, spa, related equipment and filters, sprinklers, and those other matters affecting the desirability of the Property (all if and only to the extent any such structures, systems, and components are presently a part of the Property); (ii) any actual or potential wood destroying pests or other conditions damaging to the Property or any portion thereof; (iii) environmental hazards, substances, products, or conditions, including without limitation, asbestos, formaldehyde, lead, lead-based paint, contaminated soil or water, fuel, chemical storage tanks, hazardous waste, electromagnetic fields, and radon gas, any of which may constitute a health risk; (iv) the presence or absence of any required governmental permits, inspections, applications, approvals, and certificates of occupancy, and compliance or lack of compliance with building codes and laws applicable to the Property; (v) plans and specifications for the Property; (vi) all applicable zoning, municipal, county, state, and federal, including those affecting the past, current, or any future use of the Property; (vii) deed restrictions and other matters of public record which may govern, restrict, condition, or prohibit the use, alteration, or development of the Property; and (viii) generally, without limitation, any and all other items and matters of whatsoever nature, character, or description, which Buyer deems material to Buyer's interests, in, on, or affecting the Property; and to approve or disapprove said inspection within the period and in the manner set forth in Paragraph 2.

C. In the event Buyer is dissatisfied with the results of such inspection(s), Buyer may give written Notice of Cancellation to Seller strictly as and within the time provided in Paragraph 2. Buyer's failure to give such notice as and within the period specified therein shall conclusively be deemed Buyer's satisfaction and removal of such contingency and Buyer's election to proceed with the Sale.

15. COMPLETE AGREEMENT; NO OTHER REPRESENTATIONS OR WARRANTIES. Seller shall not be liable or bound in any manner by any oral or written statements, representations, or information pertaining to the Property or the operation thereof,

furnished by any real estate broker, agent, employee, contractor, or other person. Buyer further acknowledges and agrees Seller has no obligations to make repairs, replacements or improvements except as may otherwise be expressly stated herein. Without limiting any other provision hereof, Buyer represents, warrants and covenants to Seller that, except for Seller's express representations and warranties specified in this Agreement, Buyer is relying solely upon Buyer's own investigation of the Property.

16. **ATTORNEYS' FEES.** In the event that either party hereto brings an action or other proceeding to enforce or interpret the terms and provisions of this Agreement, the prevailing party in that action or proceeding shall be entitled to have and recover from the non-prevailing party all such fees, costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing party may suffer or incur in the pursuit or defense of such action or proceeding.

17. **ITEMS INCLUDED IN SALE.** In addition to the Property, this sale includes the following items: (a) electronic equipment in hall closet, (b) dining room table, (c) window curtains (d) plasma televisions, (e) light fixtures; and (f) appliances subject to the determination that the items belong to the Seller. In the event these items do not belong to the Seller, the purchase price will be adjusted based on an appraiser of both parties' choosing.

[Remainder of page left blank intentionally]

Apr 16 2010 5:35PM HP LASERJET FAX 213-747-1516 p.2

18. EXPIRATION OF COUNTER-OFFER. This Counter-Offer shall expire if not accepted by Buyer by delivering a copy hereof, fully signed and initialed by Buyer, to Seller on or before 5:00 p.m. on April 19, 2010.

AGREED AND ACCEPTED:

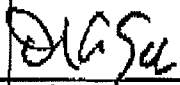
"BUYER"

Dated: April 16 2010 5:45 P.M.

By: 
Mehrdad O. Koupai

"SELLER"

Dated: April 16, 2010

By: 
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-SS in the U.S. District Court, C.D. Calif.

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 May 4, 2010, I served the following document(s):

RECEIVER'S EX PARTE APPLICATION TO APPROVE (1) SALE OF 8102 WILLOUGHBY AVENUE IN LOS ANGELES, CALIFORNIA, FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES, AND (2) PAYMENT OF COSTS; DECLARATIONS OF DAVID A. GILL AND KATHY BAZOIAN PHELPS

on the interested parties addressed as follows:

[SEE ATTACHED SERVICE LIST.]

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

(By Overnight Courier) I am readily familiar with this firm's practice for the collection and processing of correspondence for delivery by overnight courier. Under that practice, then document would be placed in a sealed envelope and held by this firm's receptionist until delivered to the courier's representative. The documents were placed in sealed envelopes and placed for delivery to the courier's representative.

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 May 4, 2010, at Los Angeles, California.

Patricia Morris

(Type or print name)

Patricia Morris
(Signature)

SERVICE LIST

Via Federal Express, Overnight Mail:
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

Via Federal Express, Overnight Mail:
Counsel for Defendants Diversified Lending Group, Inc.,
Applied Equities, Inc., and Bruce Friedman

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Via Federal Express, Overnight Mail:
Counsel for Paul L. Goering and Wilda M. Goering

Kurt A. Goering, Esq.
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