

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 EDWARD KELLY SHINNICK (CA Bar No. 96209)
Corporations Counsel
4 DOUGLAS GOODING (CA Bar No. 83518)
Corporations Counsel
5 One Sansome Street, Suite 600
San Francisco, CA 94104
6 Tel: 415/972-8544
7 Fax: 415/972-8550

8 Attorneys for the People of the State of California

COPY

FILED

San Francisco County Superior Court

JUN 30 2011

CLERK OF THE COURT

By: Deputy Clerk

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10 SUPERIOR COURT OF CALIFORNIA

11 COUNTY OF SAN FRANCISCO

12 THE PEOPLE OF THE STATE OF
13 CALIFORNIA, by and through the
CALIFORNIA CORPORATIONS
COMMISSIONER,

14 Plaintiff,

15 v.

16 INVESTCO MANAGEMENT &
17 DEVELOPMENT LLC, et al.,

18 Defendants.
19

Case No. CGC-11-507316

Action Filed: January 13, 2011

~~[PROPOSED]~~ ORDER FOR PRELIMINARY
INJUNCTION

Date: June 1, 2011

Time: 9:30 a.m.

Dept.: 302

Judge: Hon. Loretta M. Giorgi

Trial Date: None Set

20 TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

21 The Motion for Preliminary Injunction came on regularly for hearing on June 1, 2011 at
22 or around 9:30 a.m. Plaintiffs and Defendants were each represented by counsel. After
23 consideration of all supporting and opposing papers filed with this court, including Memorandum
24 of Points and Authorities and Declaration, the Court finds that Plaintiff is likely to prevail on the
25 merits. Moreover, Plaintiff has shown that the balance of harm tips in favor of those Plaintiff
26 seeks to protect, Defendants' investors.
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1 IT IS HEREBY ORDERED THAT:

2 Pursuant to Corporations Code Section 25530(a), a preliminary injunction is hereby
3 issued restraining and enjoining Defendants Investco Management & Development LLC
4 (“IMD”); Christopher P. Epsha; Steven G. Thompson; Barry D. LeBendig; Douglas R. Hanson;
5 Investco AV7 LLC; Investco AV8 LLC; Investco AV9 LLC; Investco AV10 LLC; Investco
6 AV11 LLC; Investco AV12 LLC; Investco AV14 LLC; Investco AV15 LLC; Investco AV16
7 LLC; Investco AV17 LLC; Investco AV18 LLC; Investco AV19 LLC; Investco AV20 LLC;
8 Investco AV21 LLC; and Investco AV22 LLC, and their officers, directors, successors in
9 interest, employees and agents, from directly or indirectly:

10 A. Violating Corporations Code Section 25110 by offering to sell, selling,
11 arranging for the sale of, issuing, engaging in the business of selling, or negotiating for the sale of
12 any security of any kind, including but not limited to public venues such as fairs and festivals and
13 websites, unless such security or transaction is qualified or exempt;

14 B. Violating Corporations Code Section 25401 by offering to sell or selling
15 any security of any kind, including but not limited to interests in limited liability companies, by
16 means of any written or oral communication which includes any untrue statement of material fact
17 or omits or fails to state any material fact necessary in order to make the statements made, in
18 light of the circumstances under which they are made, not misleading;

19 C. Violating the Desist & Refrain Order issued by the California Corporations
20 Commissioner on February 18, 2009;

21 D. Removing, destroying, mutilating, concealing, altering, transferring, or
22 otherwise disposing of, in any manner, any books, records, computer programs, computer files,
23 computer printouts, correspondence, brochures, manuals, or other writings or documents of any
24 kind as defined in Evidence Code Section 250, relating to the transactions and course of conduct
25 as alleged in the Complaint in this action, unless authorized by this Court;

26 E. Transferring, changing, disbursing, selling, dissipating, converting,
27 pledging, assigning, foreclosing or otherwise disposing of any real property owned by any of
28 Investco AV7 LLC, Investco AV8 LLC, Investco AV9 LLC, Investco AV10 LLC, Investco

1 AV11 LLC, Investco AV12 LLC, Investco AV14 LLC, Investco AV15 LLC, Investco AV16
2 LLC, Investco AV17 LLC, Investco AV18 LLC, Investco AV19 LLC, Investco AV20 LLC,
3 Investco AV21 LLC, and Investco AV22 LLC (collectively the “Investco LLCs”) unless no later
4 than 30 days prior to closing of sale, transfer or disposition, Defendants have submitted a plan
5 providing for a direct distribution to the investors of their share of the proceeds and obtained
6 Court approval for the sale, transfer or disposition, the proposed plan of distribution and all
7 expenditures previously the subject of reports under Paragraph G below; and

8 F. Transferring, changing, disbursing, selling, dissipating, converting,
9 pledging, assigning, foreclosing or otherwise disposing of any real property acquired with funds
10 obtained from IMD or the Investco LLCs absent leave of Court;

11 G. Withdrawing, transferring, assigning, pledging, encumbering, disbursing,
12 spending or otherwise using any funds in any IMD or Investco LLC bank account except for out-
13 of-pocket expenditures for property management and development (*e.g.*, property taxes) pursuant
14 to the terms of the applicable private placement memorandum, including the management
15 agreement and operating agreement. Defendants will provide Plaintiff with an itemization of all
16 expenditures from the IMD and Investco LLC bank accounts every 30 days from the date of this
17 Order to the conclusion of trial. Defendants shall not take further management fees from any
18 Investco LLC account until or unless the Court approved sale, transfer or disposition of the
19 Investco LLC property for which management fees are sought provides for the full return of the
20 investors’ investment after payment of such management fees.

21 IT IS SO ORDERED.

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23 Dated: June 29, 2011
24 San Francisco, California

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LORETTA M. GIORGI
JUDGE OF THE SUPERIOR COURT