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SUPERIOR COURT OF THE STATE OF CALIFORNIA

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FOR THE COUNTY OF SAN DIEGO

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

Case No.: GIC 785226

13

Plaintiff,

**ORDER ISSUING PRELIMINARY
INJUNCTION; FREEZING ASSETS;
APPOINTING A RECEIVER;**

14

vs.

15

C. PALMIERI ENTERPRISES, INC., a
Corporation; CARMEN J. PALMIERI,
16 individually and doing business as
NATIONAL MEDICAL FUNDING, and
17 TRUST MANAGEMENT SERVICES;
SIERRA FUNDING GROUP, INC., a
18 Corporation; INNOVATIVE FINANCIAL
SERVICES, INC., an Arizona corporation;
19 ROBERT SHEARBURN; CC&K TRUST, by
and through CARMEN J. PALMIERI,
20 Trustee; LAWRENCE C. REED; and DOES
21 1 through 100,

(Corporations Code §§ 25110, 25210,
25401, 25541; Financial Code §§ 17000,
17200, *et seq.*)

22

Defendants.

DATE: April 19, 2002
TIME: 2:00 p.m.
DEPT: 69
TRIAL DATE: None set

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The Order to Show Cause hearing re: Application for preliminary injunction, asset
25 freeze and appointment of a receiver came on regularly at the above date and time and in
26 the Department indicated, before the Honorable Judge Ronald S. Prager presiding. James
27 K. Openshaw, Corporations Counsel, appeared for Plaintiff, the People of the State of
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1 California by and through the California Corporations Commissioner No appearances were
2 made on behalf of any defendant and no argument was submitted by any defendant
3 explaining why a preliminary injunction should not be issued, or an asset freeze ordered, or
4 a receiver appointed.

5 After consideration of Plaintiff's Ex Parte Application, Complaint, Memorandum of
6 Points and Authorities in support thereof, Declarations in support thereof; and other
7 supporting declarations and exhibits filed by Plaintiff in this action, and FOR GOOD CAUSE
8 APPEARING

9 IT IS HEREBY ORDERED THAT:

10 A preliminary injunction, as more fully set forth below, is hereby issued. The asset
11 freeze and appointment of a receiver are hereby continued on the same terms and
12 conditions as ordered on March 27, 2002, based upon the Application of Plaintiff, as more
13 fully set forth below.

14 IT IS FURTHER ORDERED THAT:

15 1. A continuing freeze be placed on all funds, negotiable instruments and/or
16 assets held in any bank savings or checking or other accounts, certificates of deposit, safe
17 deposit box, or otherwise, without limitation, in the name of or for the benefit of defendants
18 Carmen J. Palmieri, C. Palmieri Enterprises, Inc., National Medical Funding, Trust
19 Management Services, CC&K Trust, Sierra Funding Group and Sierra Funding Group, Inc.,
20 directly or indirectly, and each of them, including, but not limited to:

21 A. Rancho Santa Fe National Bank
22 6110 El Tordo (intersection of El Tordo and La Granada)
23 Rancho Santa Fe, CA.
24 858-756-3023
25 #01037285 – C. Palmieri Enterprises, Inc.

26 B. California Bank and Trust
27 44 3rd Avenue
28 Chula Vista, CA.
619-409-4000

C. Wells Fargo Bank
7800 Telegraph Road
Ventura, CA. 93004
805-647-1773
Trust Account # 0465329126 – Trust Management Services

1 IT IS FURTHER ORDERED THAT:

2 1. A Preliminary Injunction issue restraining and enjoining all Defendants, their
3 officers, directors, successors in interest, agents, employees, attorneys in fact, and all
4 persons acting in concert or participating with them, or any of them, except the Receiver in
5 the lawful exercise of his duties under the receivership, from directly or indirectly:

6 a. Selling or purchasing or offering to sell or purchase any security as defined by
7 California law, without first registering that security as required by law.

8 b. Violating Corporations Code Section 25110 of the Corporate Securities Law of
9 1968 ("CSL") by offering or selling unqualified non-exempt investment contracts or any other
10 securities.

11 c. Violating Corporations Code Section 25401 by offering or selling or buying or
12 offering to buy investment contracts or any other securities by means of any written or oral
13 communication which includes an untrue statement of a material fact or omits to state a
14 material fact necessary in order to make the statements made, in light of the circumstances
15 under which they were made, not misleading.

16 d. Violating Corporations Code Section 25541 by willfully employing, directly or
17 indirectly, any device, scheme, or artifice to defraud in connection with the offer, purchase,
18 or sale of any investment contracts or any other securities or willfully engaging, directly or
19 indirectly, in any act, practice, or course of business which operates or would operate as a
20 fraud or deceit upon any person in connection with the offer, purchase, or sale of any
21 security.

22 e. Violating Financial Code Sections 17000 *et seq.* (the "Escrow Law") by
23 performing escrow agent services in any manner without first obtaining the appropriate
24 license from the Corporations Commissioner.

25 f. Removing, destroying, mutilating, concealing, altering, transferring, or
26 otherwise disposing of, in any manner, any books, records, documents, correspondence,
27 brochures, manuals, or other documentation of any kind in the possession, custody or
28 control of any of the Defendants that relate in any way to the offer and sale of securities,

1 specifically, but not including, viatical investments.

2 g. Transferring, changing, disbursing, selling, dissipating, converting, pledging,
3 assigning, foreclosing or otherwise disposing of any real or personal property or other
4 assets, in their possession or under their control, or in the possession of, or under the
5 control of, any of them, which property or other assets are or were to be held for the benefit
6 of defendants' investors and/or creditors, or by any person for the benefit of any investors
7 and/or creditors of defendants, and each of them, whether in trust or otherwise.

8 h. Withdrawing from any bank account, transferring, changing, disbursing,
9 selling, dissipating, converting, pledging, assigning, foreclosing, or otherwise disposing of
10 any real property or personal property in their possession or under their control, or in the
11 possession of, or under the control of, any of the Defendants, which property or other assets
12 were derived or emanated from directly, or indirectly, the sale or purchase or offer to sell or
13 purchase, viatical settlement, investment contracts or other securities, or the performance of
14 any escrow agent services requiring licensure under the California Escrow Law.

15 THE COURT FURTHER FINDS THAT

16 1. Good cause continues to exist for the appointment of a receiver and that
17 Charles G. La Bella is qualified to act as such receiver.

18 IT IS THEREFORE ORDERED THAT:

19 1. Charles G. La Bella be continued and be authorized and directed to take
20 possession of all real and personal property and assets of defendants Carmen J. Palmieri,
21 C. Palmieri Enterprises, Inc., National Medical Funding, Trust Management Services, CC&K
22 Trust, Sierra Funding Group, and Sierra Funding Group, Inc. whether directly or indirectly
23 owned, beneficially or otherwise by, or in the possession, custody or control of defendants,
24 and each of them, and such Does as may be subsequently named (hereinafter "receivership
25 defendants"), and their respective subsidiaries and affiliates, and their successors and
26 assigns wherever situated, or to which receivership defendants have any right of
27 possession, custody or control, beneficially or otherwise, irrespective of whosoever holds
28 such assets, including all such assets which receivership defendants carry or maintain, or

1 which may be received during the pendency of this receivership, in order to obtain an
2 adequate accounting of receivership defendants' assets and liabilities and to secure a
3 marshalling of said assets; and

4 2. For good cause appearing, the Receiver's bond is hereby waived.

5 3. Upon his oath of office and entering upon his duties, the receiver is authorized,
6 empowered and directed: to marshal, collect, review, observe, discover and take charge of
7 all the real and personal property, premises and other assets of, or in the possession of or
8 under the control of receivership defendants, beneficially or otherwise, or wherever else
9 situated, including, but not limited to the following premises:

10 C. Palmieri Enterprises, Inc.

11 3517 Camino del Rio South, No. 201

12 San Diego, CA 92108

13 National Medical Funding

14 3517 Camino del Rio South, No. 201

15 San Diego, CA 92108

16 Trust Management Services

17 3517 Camino del Rio South, No. 201

18 San Diego, CA 92108

19 Sierra Funding Group and/or Sierra Funding Group, Inc.

20 3517 Camino del Rio South, No. 400

21 San Diego, CA 92108

22 CC&K Trust

23 3517 Camino del Rio South, No. 201

24 San Diego, CA 92108

25 and all accounts or safe deposit boxes of receivership defendants in financial depository or
26 other institutions, including, but not limited to the following:

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- 1 A. Rancho Santa Fe National Bank
2 6110 El Tordo (intersection of El Tordo and La Granada)
3 Rancho Santa Fe, CA.
 858-756-3023
 #01037285 – C. Palmieri Enterprises, Inc.

- 4 B. California Bank and Trust
5 44 3rd Avenue
 Chula Vista, CA.
 619-409-4000

- 6 C. Wells Fargo Bank
7 7800 Telegraph Road
8 Ventura, CA. 93004
 805-647-1773
 Trust Account # 0465329126

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10 and of any other property in which receivership defendants have an interest, regardless by
11 whom it may be held, beneficially or otherwise, on an ongoing and continual basis pursuant
12 to this court's order. No other signatory, including spouses or relatives of receivership
13 defendants, on any bank account, investment account or safe deposit box may withdraw or
14 cause to be withdrawn any amount from the accounts frozen by this or any related order,
15 except by Order from the Court. Periodically, as set forth in subparagraphs (6) and (7),
16 below, the receiver shall report to this Court the results of the review, observation, discovery
17 and abstracts resulting from the activities of the receiver as ordered by this Court, and
18 specifically on any commingling of funds, unauthorized loans or other disposition of property
19 of whatever description between any and each of the receivership defendants herein and/or
20 any person, corporation, entity, sole proprietorship, affiliate, association of whatever type or
21 structure, whether or not said entities are or are not defendants in this action;

22 4. To employ attorneys upon further order of this Court to assist the receiver in
23 the performance of his duties and responsibilities, such employment to be approved by the
24 Court upon *ex parte* application of the receiver;

25 5. To employ other such persons, including accountants, investigators, clerical
26 and professional personnel, and the receiver's in-house staff and counsel, to perform such
27 tasks as may be necessary to aid the receiver in the performance of his duties and
28 responsibilities, without further order of the court;

1 6. To file, within thirty (30) days of his qualification and appointment hereunder,
2 an initial inventory of all property which he shall then have reviewed, observed and/or
3 discovered pursuant to this Court's order. Additionally, the receiver is to file one or more
4 supplemental inventories when and if he shall subsequently come into knowledge of
5 additional items appropriate to the inventory;

6 7. To undertake an independent review into the affairs and transactions of
7 receivership defendants and to file with this Court, within 120 days, and every six months
8 thereafter, a report detailing the receiver's findings of his review of the condition of
9 receivership defendants, other affairs and transactions of receivership defendants, reflecting
10 the existence of any liabilities, both those claimed by others to exist and those to which the
11 receiver believes to be the legal obligations of each of said receivership defendants,
12 including a review of any possible conflicts of interest and any further information the
13 receiver believes may assist in an equitable disposition of this matter, and to include in the
14 report the receiver's opinion regarding the ability of said receivership defendants to meet
15 their obligations as they come due, and the receiver's recommendation regarding the
16 necessity for, and the best method of handling, preserving, or disposing of said assets;

17 8. To invest funds of the receivership estate in any interest-bearing obligations of
18 the United States or in any interest-bearing accounts in financial institutions approved by the
19 United States Trustee as an authorized depository for funds of bankruptcy estate, without
20 further order of the Court; and to be the signatory on all bank accounts of receivership
21 defendants, and each of them, including, but not limited to:

- 22 A. Rancho Santa Fe National Bank
23 6110 El Tordo (intersection of El Tordo and La Granada)
24 Rancho Santa Fe, CA.
25 858-756-3023
26 #01037285 – C. Palmieri Enterprises, Inc.

- 27 B. California Bank and Trust
28 44 3rd Avenue
 Chula Vista, CA.
 619-409-4000

1 C. Wells Fargo Bank
2 7800 Telegraph Road
3 Ventura, CA. 93004
4 805-647-1773
5 Trust Account # 0465329126

6 9. To bring such proceedings as are necessary to enforce the provisions hereof,
7 including issuance of subpoenas to compel testimony or production of documents as to the
8 existence or location of assets or any other information pertinent to the business, financial
9 affairs, and other transactions of receivership defendants;

10 10. To bring such proceedings as are necessary to modify the provisions hereof,
11 as the receiver deems appropriate;

12 11. To make such payments and disbursements from the funds so taken into
13 custody, control and possession of the receiver or otherwise received by him, as may be
14 necessary and advisable in discharging his duties as receiver, without further order of the
15 court, including, without limitation, the payment of interim compensation to the receiver and
16 persons or entities under (4) and (5) above, subject to the provisions of paragraph 12;

17 12. To carry on any lawful business activity of the entities and persons or entities
18 in receivership, to preserve investors' assets and to foreclose and/or actively seek and
19 negotiate with potential buyers, assignees or other parties who may be interested in
20 acquiring, purchasing, leasing, subleasing or renting real or personal property of defendants
21 and to sell, lease, sublease or rent such real or personal property of defendants, subject to
22 Court approval;

23 13. To institute, prosecute, defend, compromise, intervene in and become a party,
24 either in his own name or in the name of defendants, to such suits, actions or proceedings
25 as may be necessary for the protection, maintenance, recoupment or preservation of the
26 assets or property of receivership defendants, or in his custody, in his discretion, without
27 further order of the Court; and

28 14. To divert, take possession of and secure all mail of receivership defendants, in
order to screen such mail, retaining so much as relates to the business of receivership

1 defendants, and forwarding to the individual or other appropriate addresses so much as is
2 not, in the receiver's opinion, appropriate for retention by him, and to effect a change in the
3 rights to use any and all post office boxes and other mail collection facilities used by
4 receivership defendants.

5 15. Upon the receiver's appointment, the receiver shall undertake an immediate
6 review of all readily available assets of the receivership defendants in order to determine the
7 economic viability of a receivership. Upon such review, if the receiver determines that
8 sufficient assets are readily available to fund the receivership, then the receiver shall file
9 such finding with the Court, and the receivership shall continue until further order of the
10 Court. If upon initial review the receiver determines that readily available assets are
11 insufficient to maintain the receivership, then the receiver shall so notify the Court, and may
12 request that the Court dissolve the receivership, or modify the duties and responsibilities of
13 the receiver, and Plaintiff will not oppose such request, it being understood that the receiver
14 and professionals employed by the receiver shall not be expected to perform services
15 unless readily available assets exist to pay the expenses of the receivership.

16 16. The receiver shall cooperate fully with the California Department of
17 Corporations, and any other state and federal law enforcement and regulatory agencies
18 having jurisdiction over matters relating to the conduct or business of defendants so as not
19 to impair the ability of said state and federal law enforcement regulatory agencies to perform
20 their duly authorized investigative and enforcement duties.

21 17. Any state or federal law enforcement or regulatory agency having jurisdiction
22 over matters relating to defendants' business shall be permitted to review, without
23 exception, all reports of the receiver and all books, records, and files of defendants at any
24 time during normal business hours, with reasonable notice, and to make any abstracts or
25 copies of said documents as it desires, provided that nothing herein shall waive or abrogate
26 any applicable attorney-client or other legally recognized privilege.

27 18. The receiver's powers shall be in addition to, and not by way of limitation of,
28 the powers described in Corporations Code Section 29540 and 25530(a), Financial Code

1 Section 17607, and Government Code Section 13975.1 and Code of Civil Procedure
2 Sections 564, et seq.

3 19. The receiver shall be vested with, and is authorized, directed and empowered
4 to exercise, all of the power of receivership defendants, their officers, directors,
5 shareholders, general partners or persons who exercise similar powers and perform similar
6 duties; and that receivership defendants, their officers, agents, employees, representatives,
7 directors, successors in interest, attorneys in fact and all persons acting in concert or
8 participating with them, are hereby divested of, restrained and barred from exercising any of
9 the powers vested herein in the receiver.

10 20. Defendants, including, but not limited to the receivership defendants, their
11 officers, directors, shareholders, agents, servants, employees, attorneys, salespersons,
12 successors, assigns, subsidiaries, affiliates, and other persons or entities under their control
13 and all persons or entities in active concert or participation with defendants, and all persons
14 owing a duty of disclosure to defendants, and each of them, shall cooperate with the
15 receiver in his investigation and shall immediately turn over to the receiver records,
16 documentation, charts and/or descriptive material of all funds, assets, property owned
17 beneficially or otherwise, and all other assets of receivership defendants wherever situated,
18 and all books and records of accounts, title documents and other documents in the
19 possession or under their control, which relate, directly or indirectly, to assets of
20 receivership defendants.

21 21. Except by leave of this Court and during the pendency of this receivership, all
22 claimants, creditors, lessors and other persons seeking relief of any kind, in law or in equity,
23 from receivership defendants, and all others acting on behalf of any such persons, including
24 sheriffs, marshals, servants, agents and employees, are restrained and enjoined, directly or
25 indirectly, from:

26 a. Commencing, prosecuting, continuing or enforcing any suit or
27 proceeding, except by motion before this court;

28

1 b. Executing or issuing or causing the execution or issuance of any court
2 attachment, subpoena, replevin, execution or other process for the purpose of impounding
3 or taking possession of or interfering with or creating or enforcing a lien upon any property
4 owned or in the possession of receivership defendants, its subsidiaries or affiliates, or the
5 receiver appointed therein, wherever situated;

6 c. Commencing or continuing judicial or non-judicial foreclosure
7 proceedings or proceedings for the appointment of a receiver for any property owned or
8 claimed by receivership defendants in this action;

9 d. Creating, perfecting, or enforcing any lien or encumbrance against any
10 real or personal property;

11 e. Accelerating the due date of any obligation or claimed obligation;

12 f. Exercising any right of set-off;

13 g. Taking, retaining, retaking or attempting to retake possession of any
14 real or personal property;

15 h. Withholding or diverting any rent or other obligation; and

16 i. Doing any act or thing whatsoever to interfere with the possession of or
17 management by the receiver herein and of the property and assets owned, controlled or in
18 the possession of receivership defendants or to, in any way, interfere with the receiver or to
19 interfere in any manner during the pendency of this proceeding with the exclusive
20 jurisdiction of this Court over defendants.

21 22. Any and all provisions of any agreement entered into by and between any third
22 party and receivership defendants, including, by way of illustration, but not limited to, the
23 following types of agreements (as well as any amendments or modifications thereto),
24 mortgages, partnership agreements, financial guarantee bonds, joint venture agreements,
25 promissory notes, remarketing agreements, loan agreements, security agreements,
26 indemnification agreements, subrogation agreements, subordination agreements, deeds of
27 trust, pledge agreements, assignments of rents and other collateral, financing statements,
28 letters of credit, leases, insurance policies, guarantees, escrow agreements, management

1 agreements, real estate brokerage and rental agreements, servicing agreements, consulting
2 agreements, easement agreements, license agreements, franchise agreements,
3 construction contracts, or employment contracts that provide in any manner that the
4 selection, appointment, or retention of a receiver or trustee by any court, or the entry of an
5 order such as hereby made, shall be deemed to be, or otherwise operate as a breach,
6 violation, event of default, termination, event of dissolution, event of acceleration,
7 insolvency, bankruptcy, or liquidation, shall be stayed, and the assertion of any and all
8 rights, remedies relating thereto shall also be stayed and barred, except as otherwise
9 ordered by this Court, and this Court shall retain jurisdiction over any causes of action that
10 have arisen or may otherwise arise under any such provision.

11 23. The receiver, the receiver's employees and agents, and professionals
12 employed by the receiver, are entitled to monthly payment of interim compensation for
13 services rendered, at their normal hourly rates, and monthly reimbursement for all expenses
14 incurred by them on behalf of the receivership estate, and the receiver is authorized to
15 make such payments without further order of the court. Within 10 days after such monthly
16 payments, the receiver shall serve written notice upon the counsel of record for receivership
17 defendants of the amount paid to each payee, with an itemization of the services rendered
18 or expenses incurred.

19 24. Interim monthly fees paid shall be subject to review and approval by this
20 Court, on a quarterly basis. This Court retains jurisdiction to award a greater or lesser
21 amount as the full, fair and final value of such services. In the event that extraordinary
22 services are performed by the receiver, or any professionals employed by the receiver, the
23 Court may approve extraordinary compensation to such persons.

24 25. Neither Plaintiff, the Commissioner of Corporations, the State of California, the
25 Department of Corporations, nor any officer, employee or agent of the Department, shall
26 have any liability for the payment, at any time, for any such fees or expenses in connection
27 with said receivership.

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1 IT IS FURTHER ORDERED that Defendants C. Palmieri Enterprises, Inc., A
2 Corporation, Carmen J. Palmieri, individually and doing business as National Medical
3 Funding, and Trust Management Services, Sierra Funding Group, Sierra Funding Group,
4 Inc., A Corporation, CC&K Trust and Lawrence C. Reed, their officers, agents, servants,
5 employees and attorneys, and any other persons who are in custody, possession or control
6 of any assets, collateral, books, records, papers or other property of C. Palmieri Enterprises,
7 Inc., A Corporation, Carmen J. Palmieri, individually and doing business as National Medical
8 Funding, and Trust Management Services, Sierra Funding Group, Sierra Funding Group,
9 Inc., A Corporation, CC&K Trust and Lawrence C. Reed shall forthwith give access to and
10 control of such property to the Receiver.

11 IT IS FURTHER ORDERED that no officer, agent, servant, employee, or attorney of
12 C. Palmieri Enterprises, Inc., A Corporation, Carmen J. Palmieri, individually and doing
13 business as National Medical Funding, and Trust Management Services, Sierra Funding
14 Group, Sierra Funding Group, Inc., A Corporation, CC&K Trust or Lawrence C. Reed or
15 their subsidiaries or affiliates, shall take any action or purport to take any action, in the name
16 of or on behalf of any receivership defendant or any of their subsidiaries and affiliates,
17 without the written consent of the Receiver or order of this Court.

18 IT IS FURTHER ORDERED that, except by leave of this Court, during the pendency
19 of this receivership, all clients, investors, trust beneficiaries, note holders, creditors,
20 claimants, lessors, and all other persons or entities seeking relief of any kind, in law or
21 equity, from Defendant and all persons acting on behalf of any such investor, trust
22 beneficiary, note holder, creditor, claimant, lessor, or other person, including sheriffs,
23 marshals, servants, agents, employees, and attorneys, are hereby restrained and enjoined
24 from, directly or indirectly, with respect to receivership defendants:

- 25 A. using self-help or executing or issuing or causing the execution or issuance of
26 any court attachment, subpoena, replevin, execution or other process for the
27 purpose of impounding or taking possession of or interfering with or creating or
28 enforcing a lien upon any property or property interest owned by or in the

1 possession of receivership defendants and any partnerships or joint ventures
2 for which receivership defendants are the Managing General Partner,
3 wherever situated; and

4 B. doing any act or thing whatsoever to interfere with taking control, possession
5 or management by the Receiver appointed hereunder of the property and
6 assets owned, controlled or in the possession of receivership defendants and
7 Carmen J. Palmieri, any partnership or joint venture for which receivership
8 defendants or Carmen J. Palmieri are the Managing General Partner, or in any
9 way to interfere with or harass the temporary receiver or to interfere in any
10 manner with the discharge of his or her duties and responsibilities hereunder.

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

17 IT IS FURTHER ORDERED that defendant Carmen J. Palmieri shall, within twenty
18 (20) days of the entry of this Order, prepare and deliver to the Receiver a detailed and
19 complete schedule of all of his personal assets, including a description of the source of such
20 assets. For purposes of this Order, the term "assets" shall include income/compensation or
21 right of income/compensation from any source, and any financial or controlling interest in
22 any business entity, including, but not limited to, a partnership, trust, corporation, or limited
23 liability company. Such accounting shall be filed with the Court and a copy shall be
24 delivered to the Receiver. After completion of the accounting, defendant Carmen J. Palmieri
25 shall produce to the Receiver at a time agreeable to the Receiver, all books, records and
26 other documents supporting or underlying his accountings.

27 IT IS FURTHER ORDERED that within ten (10) days from the date of this Order,
28 Carmen J. Palmieri and all other receivership defendants shall transfer to a trust account

1 fund of the Receiver all assets, funds, and other property that is presently held in foreign
2 locations in the name of Carmen J. Palmieri and/or any receivership defendant or for the
3 benefit of or under the control of any of them, or over which any of them exercise actual
4 investment or other authority, including signatory authority.

5 IT IS FURTHER ORDERED that the Receiver shall determine upon taking
6 possession of the Property whether in the Receiver's judgment there is sufficient insurance
7 coverage. With respect to any insurance coverage in existence or obtained, the Receiver
8 shall be named as an additional insured on the policies for the period that the Receiver shall
9 be in possession of the Property. If sufficient insurance coverage does not exist, the
10 Receiver shall immediately notify the parties to this lawsuit and shall have thirty (30)
11 calendar days to procure sufficient all-risk and liability insurance on the Property (excluding
12 earthquake and flood insurance) provided, however, that if the Receiver does not have
13 sufficient funds to do so, the Receiver shall seek instructions from the Court with regard to
14 whether insurance shall be obtained and how it is to be paid for. If consistent with existing
15 law, the Receiver shall not be responsible for claims arising from the lack of procurement or
16 inability to obtain insurance.

17 IT IS FURTHER ORDERED that a copy of the Ex Parte Application, the Order
18 Issuing the Temporary Restraining Order, Asset Freeze and Appointing Receiver, the
19 Complaint, the Memorandum of Points and Authorities in support thereof, the Declarations
20 in support thereof, and all other declarations and exhibits in support thereof, together with a
21 copy of the Order to Show Cause shall be served on all defendants no later than April 3,
22 2002 at 5:00 p.m., pursuant to CCP §527(d)(2).

23 IT IS SO ORDERED.

24 DATED: May 15, 2002

25
26 The Honorable Ronald S. Prager

27 JUDGE OF THE SUPERIOR COURT