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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
Western Division**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

RALPH T. IANNELLI and ESSEX
CAPITAL CORPORATION,

Defendants.

Case No. 2:18-cv-05008-FMO-AFM

**[PROPOSED] ORDER REGARDING
PRELIMINARY INJUNCTION AND
APPOINTMENT OF A PERMANENT
RECEIVER**

1 The Court, having considered the forty-five day report prepared and submitted
2 by the court appointed monitor, Geoff Winkler, on December 5, 2018, any response
3 thereto, and the consent of Plaintiff the Securities and Exchange Commission,
4 Defendant Essex Capital Corporation (“Essex”), and Defendant Ralph T. Iannelli to
5 the entry of this proposed order, hereby finds that:

6 A. This Court has jurisdiction over the parties to, and the subject matter of,
7 this action; and

8 B. Good cause exists to warrant the appointment of Geoff Winkler as a
9 Receiver over Defendant Essex and its subsidiaries and affiliates.

10 **I.**

11 IT IS HEREBY ORDERED that Defendants Essex and Iannelli (collectively,
12 “Defendants”), and their officers, agents, servants, employees, attorneys, subsidiaries
13 and affiliates, and those persons in active concert or participation with any of them,
14 who receive actual notice of this Order, by personal service or otherwise, and each of
15 them, shall remain preliminarily restrained and enjoined from, directly or indirectly,
16 in the offer or sale of any securities, by the use of any means or instruments of
17 transportation or communication in interstate commerce or by the use of the mails:

18 A. employing any device, scheme or artifice to defraud;

19 B. obtaining money or property by means of any untrue statement of a
20 material fact or any omission to state a material fact necessary in order to
21 make the statements made, in light of the circumstances under which
22 they were made, not misleading; or

23 C. engaging in any transaction, practice, or course of business which
24 operates or would operate as a fraud or deceit upon the purchaser;
25 in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

26 **II.**

27 IT IS FURTHER ORDERED that Defendants Essex and Iannelli, and their
28 officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those

1 persons in active concert or participation with any of them, who receive actual notice
2 of this Order, by personal service or otherwise, and each of them, shall remain
3 preliminarily restrained and enjoined from, directly or indirectly, in connection with
4 the purchase or sale of any security, by the use of any means or instrumentality of
5 interstate commerce, or of the mails, or of any facility of any national securities
6 exchange:

- 7 A. employing any device, scheme or artifice to defraud;
- 8 B. making any untrue statement of a material fact or omitting to state a
9 material fact necessary in order to make the statements made, in the light
10 of the circumstances under which they were made, not misleading; or
- 11 C. engaging in any act, practice, or course of business which operates or
12 would operate as a fraud or deceit upon any person;
13 in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b),
14 and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

15 **III.**

16 IT IS FURTHER ORDERED that, except as otherwise ordered by this Court,
17 Defendants Essex and Iannelli, and their officers, agents, servants, employees,
18 attorneys, subsidiaries and affiliate, and those persons in active concert with them,
19 who receive actual notice of this Order, by personal service or otherwise, and each of
20 them, shall remain preliminarily restrained and enjoined from:

- 21 A. directly or indirectly, transferring, assigning, selling, hypothecating,
22 changing, wasting, dissipating, converting, concealing, encumbering, or
23 otherwise disposing of, in any manner, any funds, assets, securities,
24 claims or other real or personal property, including any notes or deeds of
25 trust or other interest in real property, wherever located, of any one of
26 the Defendants or their subsidiaries or affiliates, owned by, controlled
27 by, managed by or in the possession or custody of any of them; or
28

1 B. from transferring, encumbering dissipating, incurring charges or cash
2 advances on any debit or credit card of the credit arrangement of
3 Defendant Essex, or their subsidiaries and affiliates.

4 **IV.**

5 IT IS FURTHER ORDERED that Paragraphs III and 0 shall not apply to the
6 following transactions:

- 7 A. any compensation or funds received by Defendant Iannelli after
8 November 30, 2018, so long as it is in no way related to Essex Capital
9 and its affiliates, or Defendant Iannelli's association or prior control of
10 Essex Capital and its affiliates;
- 11 B. social security payments to Defendant Iannelli; and
- 12 C. subject to the Receiver's approval to lift the freeze on such deposits, any
13 deposits, withdrawals, or payments from the following accounts at
14 Montecito Bank & Trust ("MBT") and Merrill Lynch ("ML"):
- 15 i. Ralph T. Iannelli and Melissa R. Iannelli, MBT Acct. No.
16 xxxxx3331;
 - 17 ii. Ralph Iannelli Jr. Family Irrevocable Trust, MBT Acct. No.
18 xxxxx8912;
 - 19 iii. Ralph Iannelli Family Irrevocable Trust, MBT Acct. No.
20 xxxxx8920;
 - 21 iv. Iannelli Family Irrevocable Trust, MBT Acct. No. xxxxx8939;
 - 22 v. Melissa R. Iannelli, ML Acct. No. xxxxx4225;
 - 23 or
 - 24 vi. Melissa R. Iannelli, ML Acct. No. xxxxx8702.

25 **V.**

26 IT IS FURTHER ORDERED that, except as provided in Paragraph **Error!**
27 **Reference source not found.** of this Order or otherwise ordered by this Court, an
28 immediate freeze shall be placed on all monies and assets in all accounts at any bank,

1 financial institution or brokerage firm, or third-payment payment processor, all
 2 certificates of deposit, and other funds or assets, held in the name of, for the benefit
 3 of, or over which account authority is held by Defendants Essex and Iannelli,
 4 including but not limited to the accounts listed below:

BANK NAME	ACCOUNT NAME	ACCOUNT NO.
E Trade	Ralph T. Iannelli & Melissa R. Iannelli	xxxxx9733
E Trade	Ralph Thomas Iannelli	xxxxx4415
First Republic Bank	White Bay Essex Leasing	xxxxx1137
First Republic Bank	Cornerstone Essex Leasing Co. LLC	xxxxx1270
First Republic Bank	Essex-Granger LLC	xxxxx1348
First Republic Bank	1486 East Valley Rd LLC	xxxxx2611
First Republic Bank	Ralph T. Iannelli & Melissa R. Iannelli	xxxxx3593
First Republic Bank	Essex-Granger II LLC	xxxxx7009
First Republic Bank	Cornerstone Essex Leasing Co. II LLC	xxxxx8565
First Republic Bank	Essex Capital Corporation	xxxxx8847
First Republic Bank	Ralph T. Iannelli	xxxxx9049
First Republic Bank	SIU Capital LLC	xxxxx9339
First Republic Securities Company, LLC	Essex Capital Corporation	xxxxx3863
First Republic Securities Company, LLC	Ram Capital Corporation	xxxxx6689
Interactive Brokers	Ralph T. Iannelli & Melissa R. Iannelli	xxxxx8388
Jefferies LLC	Essex Capital Corporation	xxxxx2718
Jefferies LLC	Essex Capital Corporation	xxxxx4748
Merrill Lynch	Essex Capital Corporation	xxxxx2764
Merrill Lynch	BYSE LLC c/o Ralph Iannelli	xxxxx3521
Merrill Lynch	SIU Capital LLC	xxxxx3593
Merrill Lynch	KP Investment Partners	xxxxx3594
Merrill Lynch	KF Leasing Partners LP	xxxxx3665
Merrill Lynch	Ralph T. Iannelli	xxxxx4222
Merrill Lynch	Ralph T. Iannelli & Melissa R. Iannelli	xxxxx4223
Merrill Lynch	Ralph T. Iannelli	xxxxx4224

BANK NAME	ACCOUNT NAME	ACCOUNT NO.
Merrill Lynch	Melissa R. Iannelli	xxxxx4225
Merrill Lynch	Ralph T. Iannelli and Melissa R. Iannelli	xxxxx4228
Merrill Lynch	Melissa R. Iannelli	xxxxx8702
Montecito Bank & Trust	KF Investment Partners LP	xxxxx1816
Montecito Bank & Trust	Essex Capital Corporation	xxxxx3839
Montecito Bank & Trust	Western Animal Supply LLC	xxxxx3959
Montecito Bank & Trust	Essex Ocean LLC	xxxxx6982
Montecito Bank & Trust	Essex Ocean LLC	xxxxx6990
Montecito Bank & Trust	Essex-Granger LLC	xxxxx7276
Montecito Bank & Trust	Essex-Granger II LLC	xxxxx7283
Montecito Bank & Trust	Essex Capital Corporation	xxxxx7311
Montecito Bank & Trust	915 Elm Avenue CVL LLC	xxxxx8411
Montecito Bank & Trust	Ralph Iannelli Jr. Family Irrevocable Trust	xxxxx8912
Montecito Bank & Trust	Ralph Iannelli Family Irrevocable Trust	xxxxx8920
Montecito Bank & Trust	Iannelli Family Irrevocable Trust	xxxxx8939
UBS	Essex Capital Corporation	xxxxx70JM
Montecito Bank & Trust	KF Leasing Partners LP	xxxxx8947

Any bank, financial institution or brokerage firm, or third-party payment processor holding such monies and assets described above shall hold and retain within their control and prohibit the withdrawal, removal, transfer or other disposal of any such funds or other assets except as otherwise ordered by this Court.

VI.

IT IS FURTHER ORDERED that, except as otherwise ordered by this Court, an immediate freeze shall be placed on the title of the following properties, which shall not be mortgaged, transferred, or otherwise hypothecated:

LISTED OWNER	ADDRESS
Ralph T. Iannelli	266 Penny Lane, Santa Barbara, CA 93108
Ralph T. Iannelli	257 Central Park West, Apt. 4C, New York, NY 10024
Ralph T. Iannelli	915 Elm Avenue, Carpinteria, CA 93013

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2 **VII.**

3 IT IS FURTHER ORDERED that, within ten days from the date of this Order,
4 Defendants, any bank, financial institution or brokerage firm, and each of them, shall
5 transfer to the Receiver assets, funds and other property held in foreign locations in
6 the name of any Defendant, or for the benefit or under the direct or indirect control of
7 any of them, or over which any of them exercises control or signatory authority.

8 **VIII.**

9 IT IS FURTHER ORDERED that Defendants, within five days of the issuance
10 of this Order, shall, to the extent it has not previously been provided, prepare and
11 deliver to the SEC a detailed and complete schedule of all of their personal assets,
12 including all real and personal property exceeding \$10,000 in value, and all bank,
13 securities, and other accounts identified by institution, branch address and account
14 number. The accounting shall include a description of the sources of all such assets.
15 Such accounting shall be delivered to the SEC to the attention of Gary Leung and
16 Doug Miller, counsel for the SEC. After completion of the accounting, each of the
17 Defendants shall produce to the SEC at a time agreeable to the SEC, all books,
18 records and other documents supporting or underlying their accounting.

19 **IX.**

20 IT IS FURTHER ORDERED that any person who receives actual notice of this
21 Order by personal service or otherwise, and who holds, possesses or controls assets
22 exceeding \$5,000 for the account or benefit of any one of the Defendants, shall within
23 5 days of receiving actual notice of this Order provide counsel for the SEC with a
24 written statement identifying all such assets, the value of such assets, or best
25 approximation thereof, and any account numbers or account names in which the
26 assets are held.

27 **X.**

28 IT IS FURTHER ORDERED that, except as otherwise ordered by this Court,

1 each of the Defendants Essex and Iannelli, and their officers, agents, servants,
2 employees, attorneys, subsidiaries and affiliates, and those persons in active concert
3 or participation with any of them, who receive actual notice of this Order, by personal
4 service or otherwise, and each of them, shall remain preliminarily restrained and
5 enjoined from, directly or indirectly: destroying, mutilating, concealing, transferring,
6 altering, or otherwise disposing of, in any manner, any documents, which includes all
7 books, records, computer programs, computer files, computer printouts, contracts,
8 emails, correspondence, memoranda, brochures, or any other documents of any kind
9 in their possession, custody or control, however created, produced, or stored
10 (manually, mechanically, electronically, or otherwise), pertaining in any manner to
11 Defendant Essex.

12 **XI.**

13 IT IS FURTHER ORDERED that Geoff Winkler is appointed as Receiver of
14 Defendant Essex and its subsidiaries and affiliates, with full powers of an equity
15 receiver, including, but not limited to, full power over all funds, assets, collateral,
16 premises (whether owned, leased, occupied, or otherwise controlled), choses in
17 action, books, records, papers and other property belonging to, being managed by or
18 in the possession of or control of Defendant Essex and its subsidiaries and affiliates,
19 and that such Receiver is immediately authorized, empowered and directed:

- 20 A. to have access to and to collect and take custody, control, possession,
21 and charge of all funds, assets, collateral, premises (whether owned,
22 leased, pledged as collateral, occupied, or otherwise controlled), choses
23 in action, books, records, papers and other real or personal property,
24 wherever located, of or managed by Defendant Essex and its subsidiaries
25 and affiliates (collectively, the “Assets”), with full power to sue,
26 foreclose, marshal, collect, receive, and take into possession all such
27 Assets (including access to and taking custody, control, and possession
28 of all such Assets);

- 1 B. to assume full control of Defendant Essex by removing, as the Receiver
2 deems necessary or advisable, any director, officer, attorney,
3 independent contractor, employee, or agent of any of Defendant Essex
4 and its subsidiaries and affiliates, including any named Defendant, from
5 control of, management of, or participation in, the affairs of Defendant
6 Essex;
- 7 C. to have control of, and to be added as the sole authorized signatory for,
8 all accounts of the entities in receivership, including all accounts at any
9 bank, title company, escrow agent, financial institution or brokerage firm
10 (including any futures commission merchant) which has possession,
11 custody or control of any Assets, or which maintains accounts over
12 which Defendant Essex, and its subsidiaries and affiliates, and/or any of
13 its employees or agents have signatory authority;
- 14 D. to conduct such investigation and discovery as may be necessary to
15 locate and account for all of the assets of or managed by Defendant
16 Essex and its subsidiaries and affiliates, and to engage and employ
17 attorneys, accountants and other persons to assist in such investigation
18 and discovery;
- 19 E. to take such action as is necessary and appropriate to preserve and take
20 control of and to prevent the dissipation, concealment, or disposition of
21 any Assets;
- 22 F. to choose, engage, and employ attorneys, accountants, appraisers, and
23 other independent contractors and technical specialists, as the Receiver
24 deems advisable or necessary in the performance of duties and
25 responsibilities under the authority granted by this Order;
- 26 G. to make an accounting, as soon as practicable, to this Court and the SEC
27 of the assets and financial condition of Defendant Essex and to file the
28 accounting with the Court and deliver copies thereof to all parties;

- 1 H. to make such payments and disbursements from the Assets taken into
2 custody, control, and possession or thereafter received by him or her,
3 and to incur, or authorize the making of, such agreements as may be
4 necessary and advisable in discharging his or her duties as Receiver;
- 5 I. to investigate and, where appropriate, to institute, pursue, and prosecute
6 all claims and causes of action of whatever kind and nature that may
7 now or hereafter exist as a result of the activities of present or past
8 employees or agents of Defendant Essex, and its subsidiaries and
9 affiliates;
- 10 J. to institute, compromise, adjust, appear in, intervene in, or become party
11 to such actions or proceedings in state, federal, or foreign courts, which
12 (i) the Receiver deems necessary and advisable to preserve or recover
13 any Assets, or (ii) the Receiver deems necessary and advisable to carry
14 out the Receiver's mandate under this Order; and
- 15 K. to have access to and monitor all mail, electronic mail, and video phone
16 of the entities in receivership in order to review such mail, electronic
17 mail, and video phone which he or she deems relates to their business
18 and the discharging of his or her duties as Receiver. The Receiver shall
19 be authorized to review any communications between Defendant Essex
20 and its counsel in this action. Should a dispute arise over the Receiver's
21 authority to review or disclose any of Defendants' communications with
22 counsel, the Receiver or the parties may petition the Court after making
23 good faith efforts to resolve the dispute.

24 **XII.**

25 IT IS FURTHER ORDERED that Defendant Essex and its subsidiaries and
26 affiliates, including all of the other entities in receivership, and their officers, agents,
27 servants, employees and attorneys, and any other persons who are in custody,
28 possession or control of any assets, collateral, books, records, papers or other

1 property of or managed by any of the entities in receivership, shall forthwith give
2 access to and control of such property to the Receiver.

3 **XIII.**

4 IT IS FURTHER ORDERED that no officer, agent, servant, employee or
5 attorney of Defendant Essex shall take any action or purport to take any action, in the
6 name of or on behalf of Defendant Essex without the written consent of the Receiver
7 or order of this Court.

8 **XIV.**

9 IT IS FURTHER ORDERED that, except by leave of this Court, during the
10 pendency of this receivership, all clients, investors, trust beneficiaries, note holders,
11 creditors, claimants, lessors and all other persons or entities seeking relief of any
12 kind, in law or in equity, from Defendant Iannelli, Defendant Essex, or its
13 subsidiaries or affiliates, and all persons acting on behalf of any such investor, trust
14 beneficiary, note holder, creditor, claimant, lessor, consultant group or other person,
15 including sheriffs, marshals, servants, agents, employees and attorneys, are hereby
16 restrained and enjoined from, directly or indirectly, with respect to these persons and
17 entities:

- 18 A. commencing, prosecuting, continuing or enforcing any suit or
19 proceeding (other than the present action by the SEC or any other action
20 by the government) against any of them;
- 21 B. using self-help or executing or issuing or causing the execution or
22 issuance of any court attachment, subpoena, replevin, execution or other
23 process for the purpose of impounding or taking possession of or
24 interfering with or creating or enforcing a lien upon any property or
25 property interests owned by or in the possession of Defendant Iannelli or
26 Defendant Essex; and
- 27 C. doing any act or thing whatsoever to interfere with taking control,
28 possession or management by the Receiver appointed hereunder of the

1 property and assets owned, controlled or managed by or in the
2 possession of Defendant Iannelli or Defendant Essex, or in any way to
3 interfere with or harass the Receiver or his or her attorneys, accountants,
4 employees, or agents or to interfere in any manner with the discharge of
5 the Receiver's duties and responsibilities hereunder.

6 **XV.**

7 IT IS FURTHER ORDERED that Defendant Essex, and its subsidiaries,
8 affiliates, officers, agents, servants, employees and attorneys, shall cooperate with
9 and assist the Receiver and shall take no action, directly or indirectly, to hinder,
10 obstruct, or otherwise interfere with the Receiver or his or her attorneys, accountants,
11 employees or agents, in the conduct of the Receiver's duties or to interfere in any
12 manner, directly or indirectly, with the custody, possession, management, or control
13 by the Receiver of the funds, assets, collateral, premises, and choses in action
14 described above.

15 **XVI.**

16 IT IS FURTHER ORDERED that Defendant Essex, and its subsidiaries and
17 affiliates, shall pay the costs, fees and expenses of the Receiver incurred in
18 connection with the performance of his or her duties described in this Order,
19 including the costs and expenses of those persons who may be engaged or employed
20 by the Receiver to assist him or her in carrying out his or her duties and obligations.
21 All applications for costs, fees, and expenses for services rendered in connection with
22 the receivership other than routine and necessary business expenses in conducting the
23 receivership, such as salaries, rent, and any and all other reasonable operating
24 expenses, shall be made by application setting forth in reasonable detail the nature of
25 the services and shall be heard by the Court.

26 **XVII.**

27 IT IS FURTHER ORDERED that no bond shall be required in connection with
28 the appointment of the Receiver. Except for an act of gross negligence, the Receiver

1 shall not be liable for any loss or damage incurred by any of the defendants, their
2 officers, agents, servants, employees and attorneys or any other person, by reason of
3 any act performed or omitted to be performed by the Receiver in connection with the
4 discharge of his or her duties and responsibilities.

5 **XVIII.**

6 IT IS FURTHER ORDERED that representatives of the SEC is authorized to
7 have continuing access to inspect or copy any or all of the corporate books and
8 records and other documents of Defendant Essex, and the other entities in
9 receivership, and continuing access to inspect their funds, property, assets and
10 collateral, wherever located.

11 **XIX.**

12 IT IS FURTHER ORDERED that this Court shall retain jurisdiction over this
13 action for the purpose of implementing and carrying out the terms of all orders and
14 decrees which may be entered herein and to entertain any suitable application or
15 motion for additional relief within the jurisdiction of this Court.

16
17 IT IS SO ORDERED.

18
19 Dated: _____, 2018

20 UNITED STATES DISTRICT JUDGE