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6 Attorneys for Intervenor  
915 ELM AVENUE CVL, LLC  
7

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

10  
11 **SECURITIES AND EXCHANGE**  
12 **COMMISSION,**

13 **Plaintiff,**

14 **vs.**

15 **RALPH IANNELLI and ESSEX**  
16 **CAPITAL CORPORATION,**

17 **Defendants.**

Case No.: 2:18-cv-05008

**DECLARATION OF WILLIAM**  
**S. REYNER, JR. IN SUPPORT**  
**OF MOTION TO INTERVENE**

Hearing Date: October 24, 2019  
Time: 10:00 a.m.  
Crtrm: 6D  
Judge: Hon. Fernando M. Olguin

Complaint Filed: June 5, 2018  
Trial Date: None

1 I, William Reyner, say and declare as follows:

2 1. I am over 18 years of age and have personal knowledge of the facts set  
3 forth herein, and if called upon to testify as to these matters I could and would  
4 competently testify thereto.

5 2. I am the sole Manager and Executive Vice-President of 915 Elm Avenue  
6 CVL, LLC ("CVL"). I am also the sole General Partner of Reyner Family Partners,  
7 L.P. and the sole trustee of the Willaim S. Reyner Jr. Trust.

8 3. CVL owns a small hardware and building supplies store in Carpinteria,  
9 California.

10 4. The members of CVL, and their membership interests, are as follows:  
11 Ralph T. Iannelli, Jr. ("Iannelli") (39.04% membership interest), Ralph T. Iannelli, III  
12 (0.68% membership interest), The William S. Reyner, Jr. Trust (29.64% membership  
13 interest), Reyner Family Partners, L.P. (29.64% membership interest), and William S.  
14 Reyner III (one-percent membership interest). Essex Capital Corporation ("Essex") is  
15 not a member of CVL.

16 5. CVL is a limited liability company duly organized in California. The  
17 members of CVL have no rights to manage CVL, and they have no power or authority  
18 to bind or act on the Company's behalf, pledge its credit, or render it liable for any  
19 purpose.

20 6. Complete control of management decisions is vested in the manager, who  
21 has the power, amongst others, to take all acts customary or incident to the  
22 management of the Company's business. I am the sole manager.

23 7. Neither Iannelli, Essex, nor any member of Iannelli's family have any  
24 involvement whatsoever with CVL's operations or access to its property, bank  
25 accounts, or other assets. CVL employees have been instructed not to communicate  
26 with Iannelli, or anyone in his family, about CVL's affairs.

27 8. In 2015, Iannelli approached me about purchasing a small hardware and  
28

1 building materials business in Carpinteria, California (“Business”). The Business is  
2 located at 915 Elm Avenue, in Carpinteria California (“Property”), and the purchase  
3 included both the Business and the Property. A true and correct copy of the recorded  
4 deed is attached as Exhibit 1.

5 9. I had previously invested with Iannelli and have now become one of his  
6 creditors. At the time, I did not know of any of Iannelli’s or Essex’s illicit activities.

7 10. I considered this to be a worthwhile investment, so Iannelli and I agreed  
8 to form CVL as a limited liability company to purchase the Business and Property.

9 11. On January 1, 2016, Essex and I entered a note for \$510,000 that I had  
10 loaned to Essex. A few days later the members of CVL made their respective  
11 contributions to CVL necessary for the purchase of the Business.

12 12. Iannelli was in charge of negotiating the purchase and of working with  
13 the bank, with whom he had a long-standing relationship, to get a loan for the  
14 purchase. Disagreements arose between Iannelli and myself about an appropriate  
15 purchase price, and the bank refused to loan CVL as much as Iannelli had represented  
16 it would.

17 13. Iannelli was, however, determined to have CVL complete the purchase.  
18 He enticed me to allow CVL to do so by committing to cover any costs above what I  
19 believed CVL should incur. We could, Iannelli stated, figure out how to address  
20 whatever amount he covered, if at all, “down the road,” after a sale or refinancing.

21 14. Iannelli convinced the seller to accept a note from Essex, guaranteed  
22 personally by Iannelli, for \$1.5 million as part of the purchase price, and then two  
23 additional notes with Essex or Iannelli, again guaranteed by Iannelli, that totaled  
24 \$250,000 for a portion of the inventory of the Business.

25 15. After the purchase, in approximately March 2016, I as CVL’s manager,  
26 together with CVL’s bookkeeper, met with Damitz, Brooks, Nightingale, Turner &  
27 Morriset (“Damitz”) to set up books and records for the Business and CVL. Damitz  
28

1 was at the time also Iannelli's and Essex's accountants.

2 16. During that meeting, Damitz recommended that CVL enter a mirror note  
3 with Essex for the \$1.5 million note Essex had entered with the seller. Following the  
4 accountants' recommendation, I agreed to have CVL sign the note. CVL  
5 subsequently entered two additional notes for \$125,000 each—one with Essex and the  
6 other with Iannelli—related to the other \$250,000 in notes the seller had taken. CVL  
7 specifically understood that these notes were based on the agreement between Iannelli  
8 and myself that the notes would be addressed at the time of a sale or refinancing.

9 17. Early in CVL's negotiations for the purchase of the Business, Iannelli  
10 persuaded me to have CVL take over Iannelli's son's animal supply business, and to  
11 pay the son a \$70,000/year salary. The animal-supply business was originally going  
12 to be a tenant of CVL who would pay rent, thereby providing an additional, consistent  
13 source of income. Iannelli represented, however, that having CVL take over the  
14 business would increase CVL's profits. That business was never profitable and did  
15 not even cover the son's salary. Iannelli also had CVL purchase all of the animal  
16 supply business's inventory, much of which had spoiled, and had CVL purchase and  
17 modify his son's truck at a price he established.

18 18. Iannelli and I were originally joint managers of CVL. However, between  
19 approximately April 2017 and April 2018, I removed myself from management due to  
20 disagreements with Iannelli and because Iannelli committed to buy-out my  
21 membership interests in CVL. He repeatedly reneged on those commitments.

22 19. During the period when I had removed myself from management,  
23 Iannelli took, without my knowledge, approximately \$227,000 from CVL.

24 20. By spring 2018, I realized Iannelli would never purchase my membership  
25 interests, and I had growing concerns about Iannelli's management of CVL, so I  
26 became more actively involved.

1           21. In June 2018, after the SEC filed its complaint against Iannelli and Essex,  
2 at my request, Iannelli stepped down as Manager and President, and I took over sole  
3 control of CVL's management and operations.

4           22. On December 6, 2018, I received a copy of a Proposed Order Regarding  
5 Preliminary Injunction. The proposed order sought, in part, to freeze the Property and  
6 a former CVL bank account. Although CVL did not use that account, I was  
7 concerned that including the account without further explanation could give the  
8 impression that all CVL's accounts fall within the scope of the freeze, which would  
9 interfere significantly and improperly with CVL's ability to conduct its business.

10           23. I contacted the Receiver on December 9, 2018 to discuss the freeze of the  
11 Property and of the former CVL bank account, and we had a number of subsequent  
12 communications. As part of these communications, I gave the Receiver a recorded  
13 deed to the Property to prove that it did not belong to Iannelli. I also told the Receiver  
14 that neither Iannelli nor his family had any rights to CVL beyond a minority  
15 membership interest and had no access or involvement with CVL regarding  
16 managerial duties, or any power over the LLC or its bank accounts. I further informed  
17 the Receiver that CVL employees had been instructed not to communicate with  
18 Iannelli regarding CVL's affairs, and I committed to providing the Receiver with  
19 financials and other relevant information.

20           24. The Receiver recognized that the Property did not belong to Iannelli or  
21 Essex, but explained that the SEC preferred not to alter the proposed order. He  
22 indicated, however, that he would be open to an informal resolution. I made a  
23 proposal for informal resolution to the Receiver on December 16, 2018, but he did not  
24 respond. The Receiver asked to meet with me to discuss this further prior to a  
25 meeting he had scheduled with creditors in Santa Barbara on January 19, 2019, but he  
26 cancelled our meeting.

27           25. After the Receiver engaged counsel, communications continued between  
28

1           26. Based on representations made to me by the Receiver and to counsel for  
2 CVL by the Receiver's counsel, CVL decided to forego intervening in the proceedings  
3 and to focus on running the business and resolving any questions that the Receiver  
4 may have about CVL or the notes.

5           27. As previously represented, CVL has no intention of making any  
6 distributions to, or of conveying any property to, Iannelli, his family, or Essex.

7           28. CVL is willing to enter an agreement that (1) precludes it from  
8 transferring anything of value to Iannelli, his family, or Essex and (2) requires it to  
9 provide the Receiver with reasonable documentation demonstrating that it is not  
10 conveying anything of value to Iannelli, his family, or Essex.

11           29. CVL has provided financial statements monthly to the Receiver since  
12 February of this year.

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

14  
15 Executed on September 24, 2019 at Santa Barbara, California.

16   
17 \_\_\_\_\_  
18 William S. Reyner, Jr.

# Exhibit 1



2016-0001938

RECORDING REQUESTED BY *SPL*  
*Pop* Fidelity National Title

Escrow No.: 00010720-021-RW  
Title Order No. *00009455*

When Recorded Mail Document and  
Tax Statement To:

915 ELM AVENUE CVL, LLC, A  
CALIFORNIA LIMITED LIABILITY  
COMPANY  
RALPH T. IANNELLI  
ESSEX CAPITAL CORP  
1486 EAST VALLEY RD  
SANTA BARBARA, CA 93108

Recorded	REC FEE	21.00
Official Records	TAX	1699.50
County of	SURVEY MONUME	10.00
Santa Barbara		
Joseph E. Holland		
County Clerk Recorder		
	JKM	
08:00AM 15-Jan-2016	Page 1 of 3	

Parcel No. 003-253-004-00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**GRANT DEED**

THE UNDERSIGNED GRANTOR(s) DECLARE(s)  
Documentary transfer tax is \$1,699.50 City Tax \$ 0.00

X computed on full value of property conveyed, or  
computed on full value less value of liens or encumbrances remaining at time of sale,  
Unincorporated Area X City of Carpinteria

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

J&G CLAY PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

hereby GRANT(s) to

915 ELM AVENUE CVL, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

the following real property in the County of *Ventura*, State of California:

*SANTA BARBARA*

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Dated: 1/6/2016

J&G CLAY PROPERTIES, LLC, A CALIFORNIA  
LIMITED LIABILITY COMPANY

*James M. Gally*  
BY: JAMES M. GALLY, MANAGER

MAIL TAX STATEMENTS AS DIRECTED ABOVE



*For* RECORDING REQUESTED BY *SPL*  
Fidelity National Title  
Escrow No.: 00010720-021-RW  
Title Order No. *00009455*  
When Recorded Mail Document and  
Tax Statement To:  
915 ELM AVENUE CVL, LLC, A  
CALIFORNIA LIMITED LIABILITY  
COMPANY  
RALPH T. IANNELLI  
ESSEX CAPITAL CORP  
1486 EAST VALLEY RD  
SANTA BARBARA, CA 93108

Parcel No. 003-253-004-00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**GRANT DEED**

THE UNDERSIGNED GRANTOR(s) DECLARE(s)  
Documentary transfer tax is \$1,699.50 City Tax \$ 0.00  
 computed on full value of property conveyed, or  
computed on full value less value of liens or encumbrances remaining at time of sale.  
Unincorporated Area  City of Carpinteria

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
J&G CLAY PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY  
hereby GRANT(s) to  
915 ELM AVENUE CVL, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

the following real property in the County of *Ventura*, State of California:  
*SANTA BARBARA*

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Dated: 1/6/2016

J&G CLAY PROPERTIES, LLC, A CALIFORNIA  
LIMITED LIABILITY COMPANY

*James M. Gally*  
BY: JAMES M. GALLY, MANAGER

MAIL TAX STATEMENTS AS DIRECTED ABOVE

Escrow No. 00010720-021-RW

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA  
COUNTY OF VENTURA } ss:

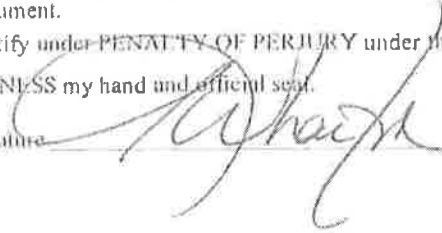
On 1/13/15 before me,  
RHONDA WHARTON

a Notary Public, personally appeared \* JAMES M. GAUGH \*  
who proved to me on the basis of satisfactory evidence to be the person whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature



Escrow No.: 00010720-021-RW  
Title Order No.: 00010720  
Parcel No. 003-253-004-00

**EXHIBIT "A"**  
**Legal Description**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CARPINTERIA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 10, 11, 12, 13 AND 14 IN BLOCK 36 OF THE TOWN OF CARPINTERIA, IN THE CITY OF CARPINTERIA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF RECORDED IN RACK 2, AS MAP 4, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 003-253-004-00

DOE-502-A (PI) REV. 12 (05-13)

PRELIMINARY CHANGE OF OWNERSHIP REPORT

To be completed by transferor (buyer) prior to a transfer of subject property in accordance with Section 4803 of the Revenue and Taxation Code. A Preliminary Change of Ownership Report must be filed with each conveyance in the County Recorder's office for the county where the property is located.

NAME AND MAILING ADDRESS OF BUYER/TRANSFEREE  
(Make necessary corrections to the printed name and mailing address)

915 ELM AVENUE CVL, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY  
Essex Capital Corp. 1486 East Valley Rd  
Santa Barbara, CA 93108

ASSESSOR'S PARCEL NUMBER  
003-253-004-00

SELLER/TRANSFEROR  
J&G CLAY PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

BUYER'S DAYTIME TELEPHONE NUMBER  
805-684-2183

BUYER'S EMAIL ADDRESS

wspeyner@cox.net

Escrow No. 00010720-021-RW

Title No.: 00010720

Legal Description:

STREET ADDRESS OR PHYSICAL LOCATION OF REAL PROPERTY

915 Elm Street, Carpinteria, CA 93013

MAIL PROPERTY TAX INFORMATION TO (NAME)

915 ELM AVENUE CVL, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

ADDRESS

YES  NO This property is intended as my principal residence. If YES, please indicate the date of occupancy or intended occupancy. NO DAY YEAR

PART I: TRANSFER INFORMATION

Please complete all statements

This section contains possible exclusions from reassessment for certain types of transfers

- YES  NO A. This transfer is solely between spouses (addition or removal of a spouse, death of a spouse, divorce settlement, etc.)
- YES  NO B. This transfer is solely between domestic partners currently registered with the California Secretary of State (addition or removal of a partner, death of a partner, termination settlement, etc.)
- YES  NO C. This is a transfer:  between parent(s) and child(ren)  from grandparent(s) to grandchild(ren).
- YES  NO D. This transfer is the result of a cotenant's death. Date of death \_\_\_\_\_
- YES  NO E. This transaction is to replace a principal residence by a person 55 years of age or older. Within the same county?  YES  NO
- YES  NO F. This transaction is to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5. Within the same county?  YES  NO
- YES  NO G. This transaction is only a correction of the name(s) of the person(s) holding title to the property (e.g., a name change upon marriage). If YES, please explain \_\_\_\_\_
- YES  NO H. The recorded document creates, terminates, or reconveys a lender's interest in the property.
- YES  NO I. This transaction is recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (e.g., assigner). If YES, please explain \_\_\_\_\_
- YES  NO J. The recorded document substitutes a trustee of a trust, mortgage, or other similar document.
- YES  NO K. This is a transfer of property:
  - YES  NO 1. to/from a revocable trust that may be revoked by the transferor and is for the benefit of  the transferor, and/or  the transferor's spouse  registered domestic partner
  - YES  NO 2. to/from a trust that may be revoked by the creator/grantor/trustor who is also a joint tenant, and which names the other joint tenant(s) as beneficiaries when the creator/grantor/trustor dies.
  - YES  NO 3. to/from an irrevocable trust for the benefit of the  creator/grantor/trustor and/or  grantor's/trustor's spouse  grantor's/trustor's registered domestic partner
- YES  NO L. This property is subject to a lease with a remaining lease term of 35 years or more including written options.
- YES  NO M. This is a transfer between parties in which proportional interests of the transferor(s) and transferee(s) in each and every parcel being transferred remain exactly the same after the transfer.
- YES  NO N. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions.
- YES  NO O. This transfer is to the first purchaser of a new building containing an active solar energy system.

\* Please refer to the instructions for Part I.

Please provide any other information that will help the Assessor understand the nature of the transfer.

THIS DOCUMENT IS NOT SUBJECT TO PUBLIC INSPECTION

FD-502-A (02) REV. 12 (05-11)

**PART 2. OTHER TRANSFER INFORMATION**

*Check and complete as applicable.*

- A Date of transfer, if other than recording date \_\_\_\_\_
- B Type of transfer
- Purchase  Foreclosure  Gift  Trade or exchange  Merger, stock, or partnership acquisition (Form BOF-100-14)
  - Contract of sale Date of contract: \_\_\_\_\_  Inheritance Date of death: \_\_\_\_\_
  - Sale/leaseback  Creation of a lease  Assignment of a lease  Termination of a lease Date lease began: \_\_\_\_\_  
Original term in years (including written options): \_\_\_\_\_ Remaining term in years (including written options): \_\_\_\_\_
  - Other Please explain: \_\_\_\_\_
- C Only a partial interest in the property was transferred.  YES  NO If YES, indicate the percentage transferred: \_\_\_\_\_ %

**PART 3. PURCHASE PRICE AND TERMS OF SALE**

*Check and complete as applicable.*

- A Total purchase price \$1,345,000
- B Cash down payment or value of trade or exchange excluding closing costs Amount \$ 386,250
- C First deed of trust @ \_\_\_\_\_ % interest for \_\_\_\_\_ years Monthly payment \$ \_\_\_\_\_ Amount \$ 1,158,750
- FHA (\_\_\_\_ Discount Points)  Cal-Vet  VA (\_\_\_\_ Discount Points)  Fixed rate  Variable rate
  - Bank/Savings & Loan/Credit Union  Loan carried by seller
  - Balloon payment \$ \_\_\_\_\_ Due date: \_\_\_\_\_
- D Second deed of trust @ \_\_\_\_\_ % interest for \_\_\_\_\_ years Monthly payment \$ \_\_\_\_\_ Amount \$ \_\_\_\_\_
- Fixed rate  Variable rate  Bank/Savings & Loan/Credit Union  Loan carried by seller
  - Balloon payment \$ \_\_\_\_\_ Due date: \_\_\_\_\_
- E Was an Improvement Bond or other public financing assumed by the buyer?  YES  NO Outstanding Balance \$ \_\_\_\_\_
- F Amount, if any, of real estate commission fees paid by the buyer which are not included in the purchase price \$ \_\_\_\_\_
- G The property was purchased  Through real estate broker. Broker name: Andy Miller Phone number: (804) 676-2121
- Direct from seller  From a family member-Relationship \_\_\_\_\_
  - Other Please explain: \_\_\_\_\_
- H Please explain any special terms, seller concessions, broker/agent fees waived, financing, and any other information (e.g., buyer assumed the existing loan balance) that would assist the Assessor in the valuation of your property \_\_\_\_\_

**PART 4. PROPERTY INFORMATION**

*Check and complete as applicable.*

- A Type of property transferred
- Single-family residence  Co-op/Own-your-own  Manufactured home
  - Multiple-family residence Number of units: \_\_\_\_\_  Condominium  Unimproved lot
  - Other. Description: (i.e., timber, mineral, water rights, etc.) \_\_\_\_\_  Timeshare  Commercial/Industrial
- B  YES  NO Personal/business property, or incentives, provided by seller to buyer are included in the purchase price. Examples of personal property are furniture, farm equipment, machinery, etc. Examples of incentives are club memberships, etc. Attach list if available.  
If YES, enter the value of the personal/business property: \$ \_\_\_\_\_
- C  YES  NO A manufactured home is included in the purchase price.  
If YES, enter the value attributed to the manufactured home: \$ \_\_\_\_\_
- YES  NO The manufactured home is subject to local property tax. If NO, enter decal number \_\_\_\_\_
- D  YES  NO The property produces rental or other income  
If YES, the income is from  Lease/rent  Contract  Mineral rights  Other: \_\_\_\_\_
- E The condition of the property at the time of sale was  Good  Average  Fair  Poor

**CERTIFICATION**

I certify (or declare) that the foregoing and all information herein, including any accompanying statements or documents, is true and correct to the best of my knowledge and belief.

SIGNATURE OF BUYER/TRANSFEREE OR CORPORATE OFFICER  NAME OF BUYER/TRANSFEREE/LEGAL REPRESENTATIVE/CORPORATE OFFICER (PLEASE PRINT) William S. Reigner Jr.	DATE 11/14/2019 TITLE Manager	TELEPHONE (804) 450-7315 EMAIL ADDRESS w.s.reigner@PLX.com
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The Assessor's office may contact you for additional information regarding this transaction.