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7 Attorneys for Receiver  
8 GEOFF WINKLER

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA  
11 WESTERN DIVISION

12 SECURITIES AND EXCHANGE  
13 COMMISSION,

14 Plaintiff,

15 v.

16 RALPH T. IANNELLI and ESSEX  
17 CAPITAL CORP.,

18 Defendants.

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

DECLARATION OF GEOFF  
WINKLER, IN SUPPORT MOTION OF  
RECEIVER FOR AUTHORITY TO  
PURSUE LITIGATION AGAINST 915  
ELM AVENUE CVL, LLC

[Notice of Motion and Motion and  
[Proposed] Order submitted concurrently  
herewith]

Date: January 9, 2020  
Time: 10:00 a.m.  
Ctrm: 6D  
Judge Hon. Fernando M. Olguin

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**DECLARATION OF GEOFF WINKLER**

I, Geoff Winkler, declare as follows:

1. I am the Court-appointed permanent receiver (the "Receiver") for Defendant Essex Capital Corporation ("Essex") and its subsidiaries and affiliates (collectively, with Essex, the "Receivership Entities" or "Entities") in the above-entitled matter. I make this Declaration in support of my concurrently Motion to Pursue Litigation Against 915 Elm Avenue CVL, LLC (the "Motion").

2. The facts presented in this Declaration are based on my personal knowledge and conclusions, including as developed from my review of documents relating to the business and financial activities of the Receivership Entities, including those implicating 915 Elm Avenue CVL, LLC ("CVL"), an entity to whom I have traced Receivership Entity funds and obligations. The documents I reviewed include, but are not limited to, loans, notes, bank and other financial statements, and other materials obtained pursuant to my authority as Receiver, from the files of the Receivership Entities and from third parties, including individuals and entities who transacted with the Receivership Entities.

3. CVL's purchase of its business operations and other personal and real property (collectively, the "Lumber Yard") was funded, in large part, by a seller carryback note (the "Gally Note") issued by Essex to James Gally, the Lumber Yard's seller, in the amount of \$1.5 million. Attached hereto as **Exhibit 1** is a true and correct copy of the Gally Note.

4. Roughly concurrently with the Gally Note, CVL executed a companion note (the "CVL Note") in the amount of \$1.5 million, which I understand was intended to repay Essex for its extension of credit and obligation to repay the Gally Note. CVL later issued Essex a second note (the "Second CVL Note") in the amount of \$125,000, along with another note in the amount of \$125,000 payable to Defendant Ralph Iannelli, and which appears to have been funded with money from the Receivership Entities. Attached hereto as **Exhibits 2** and **3** are true and correct

1 copies of the CVL Note and Second CVL Note Attached hereto as **Exhibit 4** is a  
2 true and correct copy of the note payable to Mr. Iannelli, and which appears to have  
3 been funded by the Receivership Entities.

4 5. Based on my review of relevant records, I have determined that Essex  
5 repaid at least \$453,683.56 to Mr. Gally in the pre-receivership period in connection  
6 with its obligation on the Gally Note. However, the Gally Note is now in default.  
7 Likewise, the CVL Note matured on January 14, 2019 and is now in default. The  
8 Second CVL Note is payable on demand, but CVL has rejected my payment  
9 request, previously made through counsel. The Second CVL Note is therefore also  
10 in default.

11 6. In addition to the Gally Note, which funded a substantial portion of the  
12 purchase of the Lumber Yard, significant cash from Essex was transferred to CVL.  
13 Specifically, on January 11, 2016, \$500,000 was transferred from an Essex account  
14 at First Republic Bank to Defendant Ralph Iannelli's personal account at Montecito  
15 Bank and Trust ("MBT"). On January 13, 2016, \$393,460 of this amount was  
16 transferred from Mr. Iannelli's MBT account to CVL. Attached hereto as **Exhibit 5**  
17 is a true and correct excerpt of a First Republic Bank statement reflecting the  
18 transfer of \$500,000 from Essex to Mr. Iannelli. Attached hereto as **Exhibit 6** is a  
19 true and correct, redacted excerpt of an MBT account statement reflecting  
20 Mr. Iannelli's receipt of these funds and subsequent transfer of \$393,460. Attached  
21 hereto as **Exhibit 7** is a true and correct excerpt of an MBT account statement  
22 reflecting CVL's receipt of this \$393,460.

23 7. On July 12, 2016, \$125,000 was transferred from an Essex account at  
24 MBT to Mr. Iannelli's personal account at MBT. That same day, the \$125,000 was  
25 transferred from Mr. Iannelli's MBT account to CVL. Attached hereto as **Exhibit 8**  
26 is a true and correct copy of an MBT account statement reflecting the transfer of  
27 \$125,000 from Essex to Mr. Iannelli. Attached hereto as **Exhibit 9** is a true and  
28 correct, redacted copy of an MBT account statement reflecting Mr. Iannelli's receipt

1 of \$125,000. Attached hereto as **Exhibit 10** is a true and correct excerpt of an MBT  
2 account statement reflecting CVL's receipt of this \$125,000 from Mr. Iannelli.

3 8. On October 13, 2016, \$125,000 was transferred from an Essex account  
4 at MBT to Mr. Iannelli's personal account at MBT. That same day, the \$125,000  
5 was transferred from Mr. Iannelli's MBT account to CVL. Attached hereto as  
6 **Exhibit 11** is a true and correct copy of an MBT account statement reflecting the  
7 transfer of \$125,000 from Essex to Mr. Iannelli. Attached hereto as **Exhibit 12** is a  
8 true and correct, redacted copy of an MBT account statement reflecting  
9 Mr. Iannelli's receipt of \$125,000. Attached hereto as **Exhibit 13** is a true and  
10 correct excerpt of an MBT account statement reflecting CVL's receipt of this  
11 \$125,000 from Mr. Iannelli.

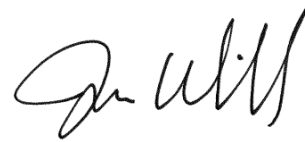
12 9. I have consulted with my counsel of record, Allen Matkins Leck  
13 Gamble Mallory & Natsis LLP ("Allen Matkins") in connection with my  
14 prospective litigation against CVL, as proposed in the Motion, and believe that the  
15 legal fees and expenses for the contemplated action could be as low as \$25,000, in  
16 the event of a prompt settlement, and as much as \$250,000, in the event that I am  
17 forced to litigate my proposed claims through trial. Based on the information  
18 presently available, I believe a full trial is unlikely and expect that my claims will  
19 likely be resolved via settlement, or at summary judgment, with legal fees and  
20 expenses under \$150,000. As with all matters in this receivership, both I and Allen  
21 Matkins will make every effort to minimize administrative expenses associated with  
22 the litigation proposed in my Motion. Likewise, and should the Court grant my  
23 Motion, throughout any litigation, both I and Allen Matkins will continue to monitor  
24 the costs and likely net benefit to the receivership estate. In my discretion, I may  
25 conduct asset investigations to aid in assessing collectability of a judgment.

26 10. After reviewing the available evidence, weighing the merits of the  
27 proposed claims against CVL, and assessing the anticipated costs of litigation and  
28 likelihood of success and collectability, I have concluded, in my reasonable business

1 judgment, that it is in the best interest of the receivership estate to pursue such  
2 claims, and respectfully request that the Court issue an order authorizing me to do  
3 so.

4 I declare under penalty of perjury under the laws of the State of California  
5 that the foregoing is true and correct.

6 Executed this 4th day of December, 2019, at Salem, Oregon.

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11 GEOFF WINKLER  
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PROMISSORY NOTE

\$1,500,000.00

January 14, 2016

Santa Barbara, California

For value received, Essex Capital Corporation, a California corporation ("Borrower"), hereby promises to pay to James Gally ("Registered Owner"), the principal sum of One Million Five Hundred Thousand Dollars (\$1,500,000). Interest shall accrue from the date of this Note on the unpaid principal amount of this Note at a rate equal to the lesser of six percent (6%) per annum and the maximum legal rate, compounded annually, and shall be paid quarterly. This Note is subject to the following terms and conditions.

**1. Maturity.** The principal balance of this Note shall be paid as follows: \$250,000.00 shall be paid one year from the date hereof and the remaining principal balance of \$1,250,000.00 shall be paid on the third anniversary of the date hereof. All accrued interest, and all other amounts payable by Borrower under this Note, shall be immediately due and payable, upon the occurrence of an Event of Default (as defined in Section 7 below) and without the need for Registered Owner to make any demand or provide any notice under this Note (the "Maturity Date").

**2. Payment; Prepayment.** All payments under this Note shall be made in lawful money of the United States of America at Registered Owner's address set forth in Section 10, below, or such other place as Registered Owner may designate in writing from time to time. All payments under this Note shall be credited first to the accrued interest and other charges, costs and expenses then due and payable and the remainder applied to principal.

**3. Guaranty.** The obligations of Borrower under this Note are guaranteed by Ralph Iannelli, an officer, director and principal shareholder of Borrower ("Guarantor"), pursuant to the Guaranty set forth below.

**4. Representations.** Borrower hereby represents and warrants to Registered Owner that all of the following are true, correct and complete.

(a) **Organization.** Borrower is duly incorporated, validly existing and in good standing under the laws of the State of California.

(b) **Authority.** Borrower has the power and authority to execute and deliver this Note, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Borrower of this Note and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action by the Board of Directors of Borrower. This Note has been duly and validly executed and delivered by Borrower and,

assuming the due authorization, execution and delivery by the other parties hereto, constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general principles of equity. Borrower has taken all action required by law and its charter documents to duly authorize the execution and delivery by Borrower of this Note and the performance of its obligations hereunder.

(c) **No Conflicts.** The execution and delivery by Borrower of this Note, the performance of its obligations under this Note and the consummation of the transactions contemplated hereby do not and will not: (i) conflict with or result in a violation or breach of any of the terms, conditions or, provisions of the charter documents of Borrower; or (ii) conflict with or result in a violation or breach of, constitute (with or without notice or lapse of time or both) a default under, or require Borrower to obtain any consent, approval or action of, make any filing with or give any notice to any person or entity, the terms of, any law or order applicable to Borrower or any material contract, license or agreement to which Borrower is a party or by which any of its assets are bound which have not been obtained or made.

**7. Default.** (a) **Events of Default.** Upon the happening of any of the following events (an "Event of Default"), Registered Owner may, at his option, declare immediately due and payable the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums payable at the time of such declaration pursuant to this Note. Such events are the following:

(i) The failure of Borrower to pay in full when due any installment of principal or interest or both or Late Payment charges or Additional Payments, unless such failure is cured within five (5) days;

(ii) The default of Borrower in the performance of any of its obligations under this Note, whether or not requiring the payment of money, but excluding the payment of any installment of principal, interest or both, unless such default is cured to Registered Owner's reasonable satisfaction within thirty (30) days after Registered Owner's delivery to Borrower of written notice of such default;

(iii) The default of Guarantor in the performance of any of his obligations under the Guaranty Agreement, whether or not requiring the payment of money, unless such default is cured to Registered Owner's reasonable satisfaction within (A) if the failure of performance is the non-payment of money, five (5) days after the date on which Registered Owner fails to perform, and (B) if the failure is a failure of performance of any of Guarantor's obligations under the Guaranty Agreement, but excluding the payment of any monetary amount, thirty (30) days after Registered Owner's delivery to Guarantor of written notice of such default;

(iv) The occurrence of any event of bankruptcy of Borrower or Guarantor, including, but not limited to, the filing by or against Borrower or Guarantor of a voluntary or involuntary petition under any provision of the Federal Bankruptcy Code, Borrower's or Guarantor's consent to a general assignment for the benefit of creditors, or Borrower's or Guarantor's admission in writing of his inability to pay his



debts generally as they come due; or

(v) The liquidation or dissolution of Borrower or the approval by the Board of Directors or shareholders of Borrower of the liquidation or dissolution of Borrower.

(b) Notice of Default. Upon the occurrence of an Event of Default described in any of clauses (ii) or (iii) of Section 7(a), above, Registered Owner may deliver to Borrower written notice of the occurrence of such Event of Default and, unless such Event of Default is cured prior to the end of the applicable cure period, the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums then payable under this Note, automatically shall be immediately due and payable and Registered Owner shall have no obligation to deliver to Borrower any further notice of default or acceleration of this Note. Upon the occurrence of an Event of Default described in any of clauses (i), (iv), (v) or (vi) of Section 7(a), above, the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums then payable under this Note, automatically shall be immediately due and payable upon the occurrence of such Event of Default and Registered Owner shall have no obligation to deliver to Borrower any further notice of default or acceleration of this Note.

(c) Delay. The delay or failure of Registered Owner to declare a default or to deliver written notice of default upon the occurrence of any Event of Default shall not constitute a waiver of Registered Owner's right to declare a default or to deliver notice of default at any subsequent time in respect of the same event or any other event. No exercise of the rights and powers granted in or held pursuant to this Note by Registered Owner, and no delays or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time.

(d) Remedies Cumulative. Registered Owner's rights and remedies under this Note upon the occurrence of an Event of Default are cumulative and Registered Owner's exercise of any such remedies shall not limit or restrict in any way his right to exercise the same or any other remedy in respect of the same or any other Event of Default.

**8. Payment to Registered Owner.** Borrower is obligated to pay the principal amount and any stated interest thereon only to the Registered Owner of this Note and only the Registered Owner of the Note shall be entitled to payment of the principal amount and interest on the principal amount.

**9. Transfer; Successors and Assigns.** Borrower may not assign, pledge, or otherwise transfer this Note or any of its rights or obligations thereunder without the prior written consent of Registered Owner, which consent may be withheld for any reason or no reason.

**10. Notices.**

Any notice required or permitted by this Note shall be in writing and shall be deemed delivered (a) if delivered personally, upon receipt, or (b) if sent by recognized over-night courier service, one (1) business day after delivery to the courier or delivery service, or (c)



if sent by facsimile or other form of electronic transmission that provides for confirmation of delivery or notice of non-delivery, one (1) business day after transmission, or (d) if sent by U.S. first class, certified or registered mail with postage prepaid and return receipt requested, five (5) days after deposit with the U.S. Postal Service addressed to the party to be notified at such party's address or facsimile number set forth below or as subsequently modified by written notice.

Company: Essex Capital Corporation  
1486 East Valley Road  
Santa Barbara, California 93108  
Attention: Ralph T. Iannelli,  
President  
Fax No.: 805-565-0993  
Email: [Ralph@essexcapitalcorp.com](mailto:Ralph@essexcapitalcorp.com)

Registered Owner:  
James Gally  
777 Chalk Hill Road  
Solvang, CA93463

11. **Payment Limitations.** The indebtedness reflected in this Note relates to the sale of assets by James Gally and certain entities owned by him to 915 Elm Avenue CVL, LLC ("Buyer") pursuant to an Asset Purchase Agreement entered into among those entities as of December 7, 2015 and subsequently amended on December 21, 2015, January 4, 2016 and January 13, 2016 (the "Agreement"). Any payments due to Owner hereunder may be off set by Borrower against claims made pursuant to the Agreement by the Buyer, but only to the extent provided for in the Agreement.

**12. Miscellaneous Provisions.**

(a) **Officers and Directors Not Liable.** Except for any liability that any officer or director may have by reason of being the Guarantor under the Guaranty Agreement, in no event shall any officer or director of Borrower be liable for any amounts due or payable pursuant to this Note.

(b) **Loss of Note.** Upon receipt by Borrower of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Note or any Note exchanged for it, and indemnity satisfactory to Borrower (in case of loss, theft or destruction) or surrender and cancellation of such Note (in the case of mutilation), Borrower shall make and deliver in lieu of such Note a new Note of like tenor.

(c) **Waiver of Notice of Protest, etc.** Borrower hereby waives presentment, protest, notice of protest, notice of nonpayment, notice of dishonor and any and all other notices or demands relative to this Note, except as specifically provided herein.

(d) **Amendments and Waivers.** Any term of this Note may be amended only with the written consent of Borrower and Registered Owner. Any amendment or waiver affected in accordance with this Section 11(d) shall be binding upon Borrower,

Registered Owner and each transferee of any Note.

(e) Severability. The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other persons or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

(f) Counterparts. This Note may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single agreement.

(g) Interpretation. Borrower and Registered Owner have each had the opportunity to review and discuss with independent legal counsel this Note and the transactions contemplated herein. Therefore, the normal rule of construction that an agreement shall be interpreted against the drafting party shall not apply.

(h) Arbitration. Unless the relief sought requires the exercise of the equity powers of a court of competent jurisdiction, any dispute arising in connection with the interpretation or enforcement of the provisions of this Agreement, or the application or validity thereof, shall be submitted to arbitration. Such arbitration proceedings shall be conducted with JAMS/Endispute ([www.JAMSADR.com](http://www.JAMSADR.com)) ("JAMS") in Santa Barbara County, California, in accordance with the Commercial Arbitration Rules then obtaining of JAMS. The arbitration shall be conducted before a single arbitrator. The parties shall use their reasonable efforts to select a mutually acceptable arbitrator. If the parties have not selected a mutually acceptable arbitrator within thirty (30) days after the commencement of the arbitration, the arbitrator shall be selected in accordance with the rules of the JAMS. The arbitrator shall establish discovery procedures reasonable in light of the amount in controversy and the nature of the dispute and discovery shall not be limited to the discovery procedures set forth in the JAMS Rules. This agreement to arbitrate shall be specifically enforceable. Any award rendered in any such arbitration proceedings shall be final and binding on each of the parties hereto, and judgment may be entered thereon in any court of competent jurisdiction. Any arbitration shall be conducted in private and neither party shall make any public announcement or disclosure about the conduct, status or result of any arbitration without the prior written consent of the other party; provided that, on not less than fifteen (15) days prior written notice thereof to the other party, which notice shall include a copy of the proposed announcement or disclosure, a party may make such public announcement or disclosure regarding the arbitration as may be required by law or court order.

(i) WAIVER OF JURY TRIAL. IN THE EVENT THE ARBITRATION PROVISION SET FORTH IN SECTION 11(h), ABOVE IS DETERMINED TO BE UNENFORCEABLE AND/OR REGISTERED OWNER IS NAMED IN ANY ACTION AT LAW WHICH WOULD OTHERWISE REQUIRE THE RESOLUTION OF ANY DISPUTE BETWEEN REGISTERED OWNER AND BORROWER TO BE HEARD IN A COURT OF LAW, THEN TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, BORROWER WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM,

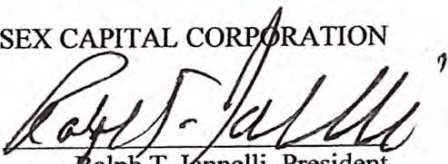


DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS NOTE, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT OR TORT OR OTHERWISE. BORROWER ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY REGISTERED OWNER THAT THE PROVISIONS OF THIS SECTION CONSTITUTE A MATERIAL INDUCEMENT UPON WHICH REGISTERED OWNER HAS RELIED, IS RELYING AND WILL RELY IN ENTERING INTO THIS NOTE AND MAKING THE LOAN THEREUNDER. ANY PERSON MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 11(i) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER TO THE WAIVER OF HIS RIGHTS TO TRIAL BY JURY.

(j) Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of California applicable to contracts made and to be fully performed in the State of California and without regard to any conflicts of laws.

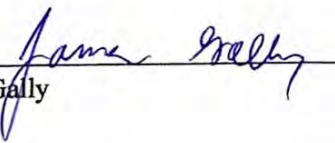
ESSEX CAPITAL CORPORATION

By:

  
Ralph T. Iannelli, President

AGREED TO AND ACCEPTED:

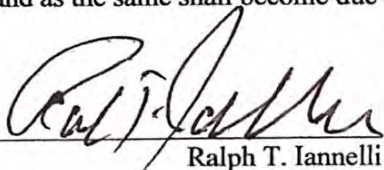
By:

  
James Gally

**Guaranty**

Ralph T. Iannelli, as President and the sole shareholder of Borrower, hereby personally, irrevocably and unconditionally guarantees to James Gally, as and for his own debt, until final and indefeasible payment thereof has been made, the full, prompt, and punctual payment of all amounts due under this Note when and as the same shall become due and payable.

By:

  
Ralph T. Iannelli



*Original*

**PROMISSORY NOTE**

**\$1,500, 000.00**

January 14, 2016

Santa Barbara, California

For value received, **915 Elm Avenue CVL, LLC**, a California limited liability company ("**Borrower**"), hereby promises to pay to **Essex Capital Corporation** ("**Registered Owner**"), the principal sum of One Million Five Hundred Thousand Dollars (\$1,500,000). Interest shall accrue from the date of this Note on the unpaid principal amount of this Note at a rate equal to the lesser of six percent (6%) per annum and the maximum legal rate, compounded annually, and shall be paid at maturity. This Note is subject to the following terms and conditions.

**1. Maturity.** The principal balance of this Note shall be paid on the third anniversary of the date hereof. All accrued interest, and all other amounts payable by Borrower under this Note, shall be immediately due and payable, upon the occurrence of an Event of Default (as defined in Section 7 below) and without the need for Registered Owner to make any demand or provide any notice under this Note (the "Maturity Date").

**2. Payment; Prepayment.** All payments under this Note shall be made in lawful money of the United States of America at Registered Owner's address set forth in Section 7, below, or such other place as Registered Owner may designate in writing from time to time. All payments under this Note shall be credited first to the accrued interest and other charges, costs and expenses then due and payable and the remainder applied to principal.

**3. Representations.** Borrower hereby represents and warrants to Registered Owner that all of the following are true, correct and complete.

(a) Organization. Borrower is duly formed, validly existing and in good standing under the laws of the State of California.

(b) Authority. Borrower has the power and authority to execute and deliver this Note, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Borrower of this Note and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action by the Board of Managers of Borrower. This Note has been duly and validly executed and delivered by Borrower and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general principles of equity. Borrower has taken all action required by law and its charter documents to duly authorize the execution and delivery by Borrower of this Note and the performance of its obligations hereunder.



(c) No Conflicts. The execution and delivery by Borrower of this Note, the performance of its obligations under this Note and the consummation of the transactions contemplated hereby do not and will not: (i) conflict with or result in a violation or breach of any of the terms, conditions or, provisions of the formation documents of Borrower; or (ii) conflict with or result in a violation or breach of, constitute (with or without notice or lapse of time or both) a default under, or require Borrower to obtain any consent, approval or action of, make any filing with or give any notice to any person or entity, the terms of, any law or order applicable to Borrower or any material contract, license or agreement to which Borrower is a party or by which any of its assets are bound which have not been obtained or made.

**4. Default.** (a) Events of Default. Upon the happening of any of the following events (an "Event of Default"), Registered Owner may, at his option, declare immediately due and payable the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums payable at the time of such declaration pursuant to this Note. Such events are the following:

(i) The failure of Borrower to pay in full when due any installment of principal or interest or both or Late Payment charges or Additional Payments, unless such failure is cured within five (5) days;

(ii) The default of Borrower in the performance of any of its obligations under this Note, whether or not requiring the payment of money, but excluding the payment of any installment of principal, interest or both, unless such default is cured to Registered Owner's reasonable satisfaction within thirty (30) days after Registered Owner's delivery to Borrower of written notice of such default;

(iii) The occurrence of any event of bankruptcy of Borrower or Guarantor, including, but not limited to, the filing by or against Borrower or Guarantor of a voluntary or involuntary petition under any provision of the Federal Bankruptcy Code, Borrower's or Guarantor's consent to a general assignment for the benefit of creditors, or Borrower's or Guarantor's admission in writing of his inability to pay his debts generally as they come due; or

(iv) The liquidation or dissolution of Borrower or the approval by the Board of Managers or members of Borrower of the liquidation or dissolution of Borrower.

(b) Notice of Default. Upon the occurrence of an Event of Default described in any of clauses (ii) or (iii) of Section 4(a), above, Registered Owner may deliver to Borrower written notice of the occurrence of such Event of Default and, unless such Event of Default is cured prior to the end of the applicable cure period, the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums then payable under this Note, automatically shall be immediately due and payable and Registered Owner shall have no obligation to deliver to Borrower any further notice of default or acceleration of this Note. Upon the occurrence of an Event of Default described in any of clauses (i) or (iv) of Section 4(a), above, the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums then payable under this Note, automatically shall be immediately due and payable upon the occurrence of such Event of Default and Registered Owner shall have no obligation to deliver to Borrower any further notice of default or acceleration of this



Note.

(c) Delay. The delay or failure of Registered Owner to declare a default or to deliver written notice of default upon the occurrence of any Event of Default shall not constitute a waiver of Registered Owner's right to declare a default or to deliver notice of default at any subsequent time in respect of the same event or any other event. No exercise of the rights and powers granted in or held pursuant to this Note by Registered Owner, and no delays or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time.

(d) Remedies Cumulative. Registered Owner's rights and remedies under this Note upon the occurrence of an Event of Default are cumulative and Registered Owner's exercise of any such remedies shall not limit or restrict in any way his right to exercise the same or any other remedy in respect of the same or any other Event of Default.

**5. Payment to Registered Owner.** Borrower is obligated to pay the principal amount and any stated interest thereon only to the Registered Owner of this Note, and only the Registered Owner of the Note shall be entitled to payment of the principal amount and interest on the principal amount.

**6. Transfer, Successors and Assigns.** Borrower may not assign, pledge, or otherwise transfer this Note or any of its rights or obligations thereunder without the prior written consent of Registered Owner, which consent may be withheld for any reason or no reason.

**7. Notices.** Any notice required or permitted by this Note shall be in writing and shall be deemed delivered (a) if delivered personally, upon receipt, or (b) if sent by recognized over-night courier service, one (1) business day after delivery to the courier or delivery service, or (c) if sent by facsimile or other form of electronic transmission that provides for confirmation of delivery or notice of non-delivery, one (1) business day after transmission, or (d) if sent by U.S. first class, certified or registered mail with postage prepaid and return receipt requested, five (5) days after deposit with the U.S. Postal Service addressed to the party to be notified at such party's address or facsimile number set forth below or as subsequently modified by written notice.

Registered Owner:

Essex Capital Corporation  
1486 East Valley Road  
Santa Barbara, California 93108  
Attention: Ralph T. Iannelli,  
President  
Fax No.: 805-565-0993  
[Email: Ralph@essexcapitalcorp.com](mailto:Ralph@essexcapitalcorp.com)

Borrower:

915 Elm Avenue, CVL LLC  
915 Elm Ave.  
Carpinteria, CA 93113



**8. Miscellaneous Provisions.**

(a) Officers and Directors Not Liable. In no event shall any officer or Manager of Borrower be liable for any amounts due or payable pursuant to this Note.

(b) Loss of Note. Upon receipt by Borrower of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Note or any Note exchanged for it, and indemnity satisfactory to Borrower (in case of loss, theft or destruction) or surrender and cancellation of such Note (in the case of mutilation), Borrower shall make and deliver in lieu of such Note a new Note of like tenor.

(c) Waiver of Notice of Protest, etc. Borrower hereby waives presentment, protest, notice of protest, notice of nonpayment, notice of dishonor and any and all other notices or demands relative to this Note, except as specifically provided herein.

(d) Amendments and Waivers. Any term of this Note may be amended only with the written consent of Borrower and Registered Owner. Any amendment or waiver affected in accordance with this Section 11(d) shall be binding upon Borrower, Registered Owner and each transferee of any Note.

(e) Severability. The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other persons or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

(f) Counterparts. This Note may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single agreement.

(g) Interpretation. Borrower and Registered Owner have each had the opportunity to review and discuss with independent legal counsel this Note and the transactions contemplated herein. Therefore, the normal rule of construction that an agreement shall be interpreted against the drafting party shall not apply.

(h) Arbitration. Unless the relief sought requires the exercise of the equity powers of a court of competent jurisdiction, any dispute arising in connection with the interpretation or enforcement of the provisions of this Agreement, or the application or validity thereof, shall be submitted to arbitration. Such arbitration proceedings shall be conducted with JAMS/Endispute ([www.JAMSADR.com](http://www.JAMSADR.com)) ("JAMS") in Santa Barbara County, California, in accordance with the Commercial Arbitration Rules then obtaining of JAMS. The arbitration shall be conducted before a single arbitrator. The parties shall use their reasonable efforts to select a mutually acceptable arbitrator. If the parties have not selected a mutually acceptable arbitrator within thirty (30) days after the commencement of the arbitration, the arbitrator shall be selected in accordance with the rules of the JAMS. The arbitrator shall establish discovery procedures reasonable in light of the amount in controversy and the nature of the dispute and discovery shall not be limited to the discovery procedures set forth in the JAMS Rules. This agreement to arbitrate shall be specifically enforceable. Any award rendered in any such arbitration proceedings shall be final and binding on each of

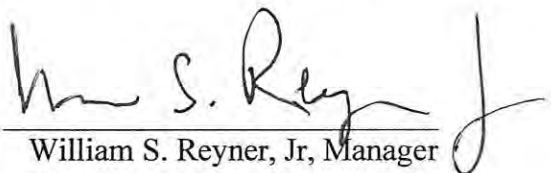


the parties hereto, and judgment may be entered thereon in any court of competent jurisdiction. Any arbitration shall be conducted in private and neither party shall make any public announcement or disclosure about the conduct, status or result of any arbitration without the prior written consent of the other party; provided that, on not less than fifteen (15) days prior written notice thereof to the other party, which notice shall include a copy of the proposed announcement or disclosure, a party may make such public announcement or disclosure regarding the arbitration as may be required by law or court order.

(i) WAIVER OF JURY TRIAL. IN THE EVENT THE ARBITRATION PROVISION SET FORTH IN SECTION 11(h), ABOVE IS DETERMINED TO BE UNENFORCEABLE AND/OR REGISTERED OWNER IS NAMED IN ANY ACTION AT LAW WHICH WOULD OTHERWISE REQUIRE THE RESOLUTION OF ANY DISPUTE BETWEEN REGISTERED OWNER AND BORROWER TO BE HEARD IN A COURT OF LAW, THEN TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, BORROWER WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS NOTE, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT OR TORT OR OTHERWISE. BORROWER ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY REGISTERED OWNER THAT THE PROVISIONS OF THIS SECTION CONSTITUTE A MATERIAL INDUCEMENT UPON WHICH REGISTERED OWNER HAS RELIED, IS RELYING AND WILL RELY IN ENTERING INTO THIS NOTE AND MAKING THE LOAN THEREUNDER. ANY PERSON MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 11(i) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER TO THE WAIVER OF HIS RIGHTS TO TRIAL BY JURY.

(j) Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of California applicable to contracts made and to be fully performed in the State of California and without regard to any conflict of law provisions thereof.

915 ELM AVENUE CVL, LLC

By:   
William S. Reyner, Jr, Manager

## PROMISSORY NOTE

**\$125,000.00**

October 14, 2016

Santa Barbara, California

For value received, **915 Elm Avenue CVL, LLC**, a California limited liability company ("Borrower"), hereby promises to pay to **Essex Capital Corporation** ("Registered Owner"), the principal sum of One Hundred Twenty-Five Thousand Dollars (\$125,000.00). Interest shall accrue from the date of this Note on the unpaid principal amount of this Note at a rate equal to the lesser of six percent (6%) per annum and the maximum legal rate, compounded annually, and shall be paid at maturity. This Note is subject to the following terms and conditions.

**1. Maturity.** The principal balance of this Note shall be paid on demand. All accrued interest, and all other amounts payable by Borrower under this Note, shall be immediately due and payable, upon the occurrence of an Event of Default (as defined in Section 7 below) and without the need for Registered Owner to make any demand or provide any notice under this Note (the "Maturity Date").

**2. Payment; Prepayment.** All payments under this Note shall be made in lawful money of the United States of America at Registered Owner's address set forth in Section 7, below, or such other place as Registered Owner may designate in writing from time to time. All payments under this Note shall be credited first to the accrued interest and other charges, costs and expenses then due and payable and the remainder applied to principal.

**3. Representations.** Borrower hereby represents and warrants to Registered Owner that all of the following are true, correct and complete.

(a) Organization. Borrower is duly formed, validly existing and in good standing under the laws of the State of California.

(b) Authority. Borrower has the power and authority to execute and deliver this Note, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Borrower of this Note and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action by the Board of Managers of Borrower. This Note has been duly and validly executed and delivered by Borrower and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general principles of equity. Borrower has taken all action required by law and its charter documents to duly authorize the execution and delivery by Borrower of this Note and the performance of its obligations hereunder.



(c) No Conflicts. The execution and delivery by Borrower of this Note, the performance of its obligations under this Note and the consummation of the transactions contemplated hereby do not and will not: (i) conflict with or result in a violation or breach of any of the terms, conditions or, provisions of the formation documents of Borrower; or (ii) conflict with or result in a violation or breach of, constitute (with or without notice or lapse of time or both) a default under, or require Borrower to obtain any consent, approval or action of, make any filing with or give any notice to any person or entity, the terms of, any law or order applicable to Borrower or any material contract, license or agreement to which Borrower is a party or by which any of its assets are bound which have not been obtained or made.

**4. Default.** (a) Events of Default. Upon the happening of any of the following events (an "Event of Default"), Registered Owner may, at his option, declare immediately due and payable the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums payable at the time of such declaration pursuant to this Note. Such events are the following:

(i) The failure of Borrower to pay in full when due any installment of principal or interest or both or Late Payment charges or Additional Payments, unless such failure is cured within five (5) days;

(ii) The default of Borrower in the performance of any of its obligations under this Note, whether or not requiring the payment of money, but excluding the payment of any installment of principal, interest or both, unless such default is cured to Registered Owner's reasonable satisfaction within thirty (30) days after Registered Owner's delivery to Borrower of written notice of such default;

(iii) The occurrence of any event of bankruptcy of Borrower or Guarantor, including, but not limited to, the filing by or against Borrower or Guarantor of a voluntary or involuntary petition under any provision of the Federal Bankruptcy Code, Borrower's or Guarantor's consent to a general assignment for the benefit of creditors, or Borrower's or Guarantor's admission in writing of his inability to pay his debts generally as they come due; or

(iv) The liquidation or dissolution of Borrower or the approval by the Board of Managers or members of Borrower of the liquidation or dissolution of Borrower.

(b) Notice of Default. Upon the occurrence of an Event of Default described in any of clauses (ii) or (iii) of Section 4(a), above, Registered Owner may deliver to Borrower written notice of the occurrence of such Event of Default and, unless such Event of Default is cured prior to the end of the applicable cure period, the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums then payable under this Note, automatically shall be immediately due and payable and Registered Owner shall have no obligation to deliver to Borrower any further notice of default or acceleration of this Note. Upon the occurrence of an Event of Default described in any of clauses (i) or (iv) of Section 4(a), above, the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums then payable under this Note, automatically shall be immediately due and payable upon the occurrence of such Event of Default and Registered Owner shall have no obligation to deliver to Borrower any further notice of default or acceleration of this



Note.

(c) Delay. The delay or failure of Registered Owner to declare a default or to deliver written notice of default upon the occurrence of any Event of Default shall not constitute a waiver of Registered Owner's right to declare a default or to deliver notice of default at any subsequent time in respect of the same event or any other event. No exercise of the rights and powers granted in or held pursuant to this Note by Registered Owner, and no delays or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time.

(d) Remedies Cumulative. Registered Owner's rights and remedies under this Note upon the occurrence of an Event of Default are cumulative and Registered Owner's exercise of any such remedies shall not limit or restrict in any way his right to exercise the same or any other remedy in respect of the same or any other Event of Default.

**5. Payment to Registered Owner.** Borrower is obligated to pay the principal amount and any stated interest thereon only to the Registered Owner of this Note, and only the Registered Owner of the Note shall be entitled to payment of the principal amount and interest on the principal amount.

**6. Transfer, Successors and Assigns.** Borrower may not assign, pledge, or otherwise transfer this Note or any of its rights or obligations thereunder without the prior written consent of Registered Owner, which consent may be withheld for any reason or no reason.

**7. Notices.** Any notice required or permitted by this Note shall be in writing and shall be deemed delivered (a) if delivered personally, upon receipt, or (b) if sent by recognized over-night courier service, one (1) business day after delivery to the courier or delivery service, or (c) if sent by facsimile or other form of electronic transmission that provides for confirmation of delivery or notice of non-delivery, one (1) business day after transmission, or (d) if sent by U.S. first class, certified or registered mail with postage prepaid and return receipt requested, five (5) days after deposit with the U.S. Postal Service addressed to the party to be notified at such party's address or facsimile number set forth below or as subsequently modified by written notice.

Registered Owner:

Essex Capital Corporation  
1486 East Valley Road  
Santa Barbara, California 93108  
Attention: Ralph T. Iannelli,  
President  
Fax No.: 805-565-0993  
[Email: Ralph@essexcapitalcorp.com](mailto:Ralph@essexcapitalcorp.com)

Borrower:

915 Elm Avenue, CVL LLC  
915 Elm Ave.  
Carpinteria, CA 93113



**8. Miscellaneous Provisions.**

(a) Officers and Managers Not Liable. In no event shall any officer or Manager of Borrower be liable for any amounts due or payable pursuant to this Note.

(b) Loss of Note. Upon receipt by Borrower of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Note or any Note exchanged for it, and indemnity satisfactory to Borrower (in case of loss, theft or destruction) or surrender and cancellation of such Note (in the case of mutilation), Borrower shall make and deliver in lieu of such Note a new Note of like tenor.

(c) Waiver of Notice of Protest, etc. Borrower hereby waives presentment, protest, notice of protest, notice of nonpayment, notice of dishonor and any and all other notices or demands relative to this Note, except as specifically provided herein.

(d) Amendments and Waivers. Any term of this Note may be amended only with the written consent of Borrower and Registered Owner. Any amendment or waiver affected in accordance with this Section 11(d) shall be binding upon Borrower, Registered Owner and each transferee of any Note.

(e) Severability. The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other persons or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

(f) Counterparts. This Note may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single agreement.

(g) Interpretation. Borrower and Registered Owner have each had the opportunity to review and discuss with independent legal counsel this Note and the transactions contemplated herein. Therefore, the normal rule of construction that an agreement shall be interpreted against the drafting party shall not apply.

(h) Arbitration. Unless the relief sought requires the exercise of the equity powers of a court of competent jurisdiction, any dispute arising in connection with the interpretation or enforcement of the provisions of this Agreement, or the application or validity thereof, shall be submitted to arbitration. Such arbitration proceedings shall be conducted with JAMS/Endispute ([www.JAMSADR.com](http://www.JAMSADR.com)) ("JAMS") in Santa Barbara County, California, in accordance with the Commercial Arbitration Rules then obtaining of JAMS. The arbitration shall be conducted before a single arbitrator. The parties shall use their reasonable efforts to select a mutually acceptable arbitrator. If the parties have not selected a mutually acceptable arbitrator within thirty (30) days after the commencement of the arbitration, the arbitrator shall be selected in accordance with the rules of the JAMS. The arbitrator shall establish discovery procedures reasonable in light of the amount in controversy and the nature of the dispute and discovery shall not be limited to the discovery procedures set forth in the JAMS Rules. This agreement to arbitrate shall be specifically enforceable. Any award rendered in any such arbitration proceedings shall be final and binding on each of



the parties hereto, and judgment may be entered thereon in any court of competent jurisdiction. Any arbitration shall be conducted in private and neither party shall make any public announcement or disclosure about the conduct, status or result of any arbitration without the prior written consent of the other party; provided that, on not less than fifteen (15) days prior written notice thereof to the other party, which notice shall include a copy of the proposed announcement or disclosure, a party may make such public announcement or disclosure regarding the arbitration as may be required by law or court order.

(i) WAIVER OF JURY TRIAL. IN THE EVENT THE ARBITRATION PROVISION SET FORTH IN SECTION 11(h), ABOVE IS DETERMINED TO BE UNENFORCEABLE AND/OR REGISTERED OWNER IS NAMED IN ANY ACTION AT LAW WHICH WOULD OTHERWISE REQUIRE THE RESOLUTION OF ANY DISPUTE BETWEEN REGISTERED OWNER AND BORROWER TO BE HEARD IN A COURT OF LAW, THEN TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, BORROWER WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS NOTE, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT OR TORT OR OTHERWISE. BORROWER ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY REGISTERED OWNER THAT THE PROVISIONS OF THIS SECTION CONSTITUTE A MATERIAL INDUCEMENT UPON WHICH REGISTERED OWNER HAS RELIED, IS RELYING AND WILL RELY IN ENTERING INTO THIS NOTE AND MAKING THE LOAN THEREUNDER. ANY PERSON MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 11(i) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER TO THE WAIVER OF HIS RIGHTS TO TRIAL BY JURY.

(j) Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of California applicable to contracts made and to be fully performed in the State of California and without regard to any conflict of law provisions thereof.

915 ELM AVENUE CVL, LLC

By:   
William S. Reyner, Jr, Manager



PROMISSORY NOTE

\$125,000.00

July 11, 2016

Santa Barbara, California

For value received, **915 Elm Avenue CVL, LLC**, a California limited liability company ("Borrower"), hereby promises to pay to **Ralph T. Iannelli** ("Registered Owner"), the principal sum of One Hundred Twenty Five Thousand Dollars and Zero Cents (\$125,000.00). Interest shall accrue from the date of this Note on the unpaid principal amount of this Note at a rate equal to the lesser of six percent (6%) per annum and the maximum legal rate, compounded annually, and shall be paid at maturity. This Note is subject to the following terms and conditions.

- 1. Maturity.** The principal balance of this Note shall be paid on the second anniversary of the date hereof. All accrued interest, and all other amounts payable by Borrower under this Note, shall be immediately due and payable, upon the occurrence of an Event of Default (as defined in Section 7 below) and without the need for Registered Owner to make any demand or provide any notice under this Note (the "Maturity Date").
- 2. Payment; Prepayment.** All payments under this Note shall be made in lawful money of the United States of America at Registered Owner's address set forth in Section 7, below, or such other place as Registered Owner may designate in writing from time to time. All payments under this Note shall be credited first to the accrued interest and other charges, costs and expenses then due and payable and the remainder applied to principal.
- 3. Representations.** Borrower hereby represents and warrants to Registered Owner that all of the following are true, correct and complete.

  - a. **Organization.** Borrower is duly formed, validly existing and in good standing under the laws of the State of California.
  - b. **Authority.** Borrower has the power and authority to execute and deliver this Note, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Borrower of this Note and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action by the Board of Managers of Borrower. This Note has been duly and validly executed and delivered by Borrower and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general principles of equity. Borrower has taken all action required by law and its charter documents to duly authorize the execution and delivery by Borrower of this Note and the performance of its obligations hereunder.

- c. No Conflicts. The execution and delivery by Borrower of this Note, the performance of its obligations under this Note and the consummation of the transactions contemplated hereby do not and will not: (i) conflict with or result in a violation or breach of any of the terms, conditions or, provisions of the formation documents of Borrower; or (ii) conflict with or result in a violation or breach of, constitute (with or without notice or lapse of time or both) a default under, or require Borrower to obtain any consent, approval or action of, make any filing with or give any notice to any person or entity, the terms of, any law or order applicable to Borrower or any material contract, license or agreement to which Borrower is a party or by which any of its assets are bound which have not been obtained or made.

4. Default. (a) Events of Default. Upon the happening of any of the following events (an "Event of Default"), Registered Owner may, at his option, declare immediately due and payable the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums payable at the time of such declaration pursuant to this Note. Such events are the following:

- i. The failure of Borrower to pay in full when due any installment of principal or interest or both or Late Payment charges or Additional Payments, unless such failure is cured within five (5) days;
  - ii. The default of Borrower in the performance of any of its obligations under this Note, whether or not requiring the payment of money, but excluding the payment of any installment of principal, interest or both, unless such default is cured to Registered Owner's reasonable satisfaction within thirty (30) days after Registered Owner's delivery to Borrower of written notice of such default;
  - iii. The occurrence of any event of bankruptcy of Borrower or Guarantor, including, but not limited to, the filing by or against Borrower or Guarantor of a voluntary or involuntary petition under any provision of the Federal Bankruptcy Code, Borrower's or Guarantor's consent to a general assignment for the benefit of creditors, or Borrower's or Guarantor's admission in writing of his inability to pay his debts generally as they come due; or
  - iv. The liquidation or dissolution of Borrower or the approval by the Board of Managers or members of Borrower of the liquidation or dissolution of Borrower.
- b. Notice of Default. Upon the occurrence of an Event of Default described in any of clauses (ii) or (iii) of Section 4(a), above, Registered Owner may deliver to Borrower written notice of the occurrence of such Event of Default and, unless such Event of Default is cured prior to the end of the applicable cure period, the entire unpaid principal balance of this Note together with all interest and late charges



thereon, plus any other sums then payable under this Note, automatically shall be immediately due and payable and Registered Owner shall have no obligation to deliver to Borrower any further notice of default or acceleration of this Note. Upon the occurrence of an Event of Default described in any of clauses (i) or (iv) of Section 4(a), above, the entire unpaid principal balance of this Note together with all interest and late charges thereon, plus any other sums then payable under this Note, automatically shall be immediately due and payable upon the occurrence of such Event of Default and Registered Owner shall have no obligation to deliver to Borrower any further notice of default or acceleration of this Note.

- c. Delay. The delay or failure of Registered Owner to declare a default or to deliver written notice of default upon the occurrence of any Event of Default shall not constitute a waiver of Registered Owner's right to declare a default or to deliver notice of default at any subsequent time in respect of the same event or any other event. No exercise of the rights and powers granted in or held pursuant to this Note by Registered Owner, and no delays or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time.
  - d. Remedies Cumulative. Registered Owner's rights and remedies under this Note upon the occurrence of an Event of Default are cumulative and Registered Owner's exercise of any such remedies shall not limit or restrict in any way his right to exercise the same or any other remedy in respect of the same or any other Event of Default.
- 5. Payment to Registered Owner.** Borrower is obligated to pay the principal amount and any stated interest thereon only to the Registered Owner of this Note, and only the Registered Owner of the Note shall be entitled to payment of the principal amount and interest on the principal amount.
- 6. Transfer, Successors and Assigns.** Borrower may not assign, pledge, or otherwise transfer this Note or any of its rights or obligations thereunder without the prior written consent of Registered Owner, which consent may be withheld for any reason or no reason.
- 7. Notices.** Any notice required or permitted by this Note shall be in writing and shall be deemed delivered (a) if delivered personally, upon receipt, or (b) if sent by recognized over-night courier service, one (1) business day after delivery to the courier or delivery service, or (c) if sent by facsimile or other form of electronic transmission that provides for confirmation of delivery or notice of non-delivery, one (1) business day after transmission, or (d) if sent by U.S. first class, certified or registered mail with postage prepaid and return receipt requested, five (5) days after deposit with the U.S. Postal Service addressed to the party to be notified at such party's address or facsimile number set forth below or as subsequently modified by written notice.

Registered Owner:

Ralph T. Iannelli  
1486 East Valley Road  
Santa Barbara, CA 93108  
Fax No. 805-565-0993  
Email: [ralph@essexcapitalcorp.com](mailto:ralph@essexcapitalcorp.com)

Borrower:

915 Elm Avenue, CVL LLC  
915 Elm Ave.  
Carpinteria, CA 93113

**8. Miscellaneous Provisions.**

- a. Officers and Directors Not Liable. In no event shall any officer or Manager of Borrower be liable for any amounts due or payable pursuant to this Note.
- b. Loss of Note. Upon receipt by Borrower of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Note or any Note exchanged for it, and indemnity satisfactory to Borrower (in case of loss, theft, destruction) or surrender and cancellation of such Note (in the case of mutilation), Borrower shall make and deliver in lieu of such Note a new Note of like tenor.
- c. Waiver of Notice of Protest, etc. Borrower hereby waives presentment, protest, notice of protest, notice of nonpayment, notice of dishonor and any and all other notices or demands relative to this Note, except as specifically provided herein.
- d. Amendments and Waivers. Any term of this Note may be amended only with the written consent of Borrower and Registered Owner. Any amendment or waiver affected in accordance with this Section 11(d) shall be binding upon Borrower, Registered Owner and each transferee of any Note.
- e. Severability. The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other persons or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.
- f. Counterparts. This Note may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single agreement.
- g. Interpretation. Borrower and Registered Owner have each had the opportunity to review and discuss with independent legal counsel this Note



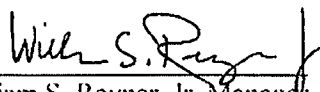
and the transactions contemplated herein. Therefore, the normal rule of construction that an agreement shall be interpreted against the drafting party shall not apply.

- h. Arbitration. Unless the relief sought requires the exercise of the equity powers of a court of competent jurisdiction, any dispute arising in connection with the interpretation or enforcement of the provisions of this Agreement, or the application or validity thereof, shall be submitted to arbitration. Such arbitration proceedings shall be conducted with JAMS/Endispute ([www.JAMSADR.com](http://www.JAMSADR.com)) ("JAMS") in Santa Barbara County, California, in accordance with the Commercial Arbitration Rules then obtaining of JAMS. The arbitration shall be conducted before a single arbitrator. The parties shall use their reasonable efforts to select a mutually acceptable arbitrator. If the parties have not selected a mutually acceptable arbitrator within thirty (30) days after the commencement of the arbitration, the arbitrator shall be selected in accordance with the rules of the JAMS. The arbitrator shall establish discovery procedures reasonable in light of the amount in controversy and the nature of the dispute and discovery shall not be limited to the discovery procedures set forth in the JAMS Rules. This agreement to arbitrate shall be specifically enforceable. Any award rendered in any such arbitration proceedings shall be final and binding on each of the parties hereto, and judgment may be entered thereon in any court of competent jurisdiction. Any arbitration shall be conducted in private and neither party shall make any public announcement or disclosure about the conduct, status or result of any arbitration without the prior written consent of the other party ; provided that, on not less than fifteen (15) days prior written notice thereof to the other party, which notice shall include a copy of the proposed announcement or disclosure, a party may make such public announcement or disclosure regarding the arbitration as may be required by law or court order.
- i. WAIVER OF JURY TRIAL. IN THE EVENT THE ARBITRATION PROVISION SET FORTH IN SECTION 11(h), ABOVE IS DETERMINED TO BE UNENFORCEABLE AND/OR REGISTERED OWNER IS NAMED IN ANY ACTION AT LAW WHICH WOULD OTHERWISE REQUIRE THE RESOLUTION OF ANY DISPUTE BETWEEN REGISTERED OWNER AND BORROWER TO BE HEARD IN A COURT OF LAW, THEN TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, BORROWER WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS NOTE, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT OR TORT OR OTHERWISE. BORROWER ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY REGISTERED OWNER THAT THE PROVISIONS OF THIS SECTION CONSTITUTE A MATERIAL INDUCEMENT UPON

WHICH REGISTERED OWNER HAS RELIED, IS RELYING AND WILL RELY IN ENTERING INTO THIS NOTE AND MAKING THE LOAN THEREUNDER. ANY PERSON MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 11(j) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BORROWER TO THE WAIVER OF HIS RIGHTS TO TRIAL BY JURY.

- j. Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of California applicable to contracts made and to be fully performed in the State of California and without regard to any conflict of law provisions thereof.

915 ELM AVENUE CVL, LLC

By:   
William S. Reyner, Jr. Manager





**BUSINESS ANALYZED CHECKING**

Statement Period:  
January 01, 2016 -  
January 31, 2016

Account Number:  
XXX-XXX4-8847

ESSEX CAPITAL CORPORATION

**ACCOUNT ACTIVITY**

DATE	DESCRIPTION	AMOUNT
	<b>Withdrawals and Debits</b>	
01/04	INTERNET TRANSFER TO DDA#96200003593 ON 01/04 AT 13.14	\$200,000.00-
01/04	LOAN PAYMENT FIRST REPUBLIC B/LOAN TRANS ID#0210100579	\$25,806.28-
01/06	DOMESTIC WIRE FUNDS-DEBIT TD AMERITRADE CLEARING INC	\$1,905,355.14-
01/06	DOMESTIC WIRE FUNDS-DEBIT ESCROW SERVICES RICHMOND	\$450,000.00-
01/11	DOMESTIC WIRE FUNDS-DEBIT RIKER DANZIG SCHERER HYLAND	\$25,000.00-
01/11	INTERNET TRANSFER TO DDA#96200003593 ON 01/11 AT 12.21	\$500,000.00-
01/11	DOMESTIC WIRE FUNDS-DEBIT TWINLAB CORPORATION	\$318,510.47-
01/12	INTERNET TRANSFER TO DDA#96200003593 ON 01/12 AT 18.13	\$500,000.00-
01/19	DOMESTIC WIRE FUNDS-DEBIT GOLDMAN SACHS	\$2,033,000.00-
01/26	DOMESTIC WIRE FUNDS-DEBIT KINESTRAL TECHNOLOGIES INC	\$403,032.30-
	<b>Total Withdrawals and Debits</b>	<b>\$6,360,704.19-</b>



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003815-8-03815-002

**Access Checking - 191463331**

Account Summary			Interest Summary	
Date	Description	Amount	Description	Amount
01/09/2016	Beginning Balance	\$22,391.68	Annual Percentage Yield Earned	0.08%
	7 Credit(s) This Period	\$1,045,014.18	Interest Days	31
	39 Debit(s) This Period	\$953,282.10	Interest Earned	\$21.91
02/08/2016	Ending Balance	\$114,123.96	Interest Paid This Period	\$21.91
			Interest Paid Year-to-Date	\$23.11
			Interest Withheld Year-to-Date	\$0.00

**Electronic Credits**

Date	Description	Amount
01/13/2016	Wire Transfer 18140198 RALPH T IANNELLI 321081869 FIRST REPUBLIC BK	\$500,000.00
01/15/2016		
01/15/2016		
01/27/2016		

**Other Credits**

Date	Description	Amount
01/15/2016		
02/02/2016		
02/08/2016		

**Electronic Debits**

Date	Description	Amount
01/11/2016		
01/13/2016		
01/13/2016	TRANSFER	\$393,460.00
01/15/2016		
01/15/2016		
01/20/2016		
01/20/2016		
01/20/2016		
01/25/2016		
01/25/2016		
01/26/2016		
01/27/2016		
01/28/2016		
02/01/2016		
02/01/2016		
02/01/2016		
02/02/2016		
02/03/2016		
02/04/2016		
02/05/2016		
02/05/2016		
02/08/2016		
02/08/2016		
02/08/2016		

**Other Debits**

Date	Description	Amount
01/15/2016		
01/15/2016		
01/26/2016		
01/26/2016		
01/29/2016		
02/03/2016		



915 Elm Avenue CVL LLC

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Basic Business Checking ACCOUNT 191078411

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- - - - - OTHER CREDITS - - - - -

DESCRIPTION	DATE	AMOUNT
Wire Transfer 18135029 REYNER FAMILY PARTNERS LP SWF OF 16/01/13 021000021 JPMOR	01/13	222,835.00
ACCOUNT TRANSFER	01/13	393,460.00
MERCHANT BANKCD DEPOSIT 191202329881	01/14	5,312.72
INTUIT PAYROLL S QUICKBOOKS XXXX1913	01/15	.29
INTUIT PAYROLL S QUICKBOOKS XXXX1913	01/15	.99
MERCHANT BANKCD DEPOSIT 191202329881	01/15	2,835.07
MERCHANT BANKCD DEPOSIT 191202329881	01/19	1,236.00
MERCHANT BANKCD DEPOSIT 191202329881	01/19	3,657.43
MERCHANT BANKCD DEPOSIT 191202329881	01/19	3,963.72
MERCHANT BANKCD DEPOSIT 191202329881	01/19	6,604.44
MERCHANT BANKCD DEPOSIT 191202329881	01/20	2,206.82
MERCHANT BANKCD DEPOSIT 191202329881	01/21	1,913.55
MERCHANT BANKCD DEPOSIT 191202329881	01/22	3,036.23
MERCHANT BANKCD DEPOSIT 191202329881	01/25	2,206.24
MERCHANT BANKCD DEPOSIT 191202329881	01/25	2,333.44
MERCHANT BANKCD DEPOSIT 191202329881	01/25	2,906.85
MERCHANT BANKCD DEPOSIT 191202329881	01/26	1,405.25
MERCHANT BANKCD DEPOSIT 191202329881	01/27	2,440.11
MERCHANT BANKCD DEPOSIT 191202329881	01/28	3,229.18
MERCHANT BANKCD DEPOSIT 191202329881	01/29	2,959.96

- - - - - CHECKS - - - - -

CHECK #.....TRACE #.DATE.....AMOUNT	CHECK #.....TRACE #.DATE.....AMOUNT
5*000910009442 01/21 206.86	1030 000910026889 01/26 144.90
1001 000910110388 01/13 47.00	1031 000910010550 01/29 1,207.84
1002 000910110802 01/13 160.03	1032 000910004429 01/28 2,242.35
1003*000910024253 01/19 3,909.00	1033*000910002841 01/27 4,372.12
1007*000910007782 01/21 654.28	1035 000910024983 01/26 246.69
1011 000910010129 01/21 1,062.42	1036 000910024631 01/26 1,257.57
1012 000910009179 01/21 511.90	1037 000910026752 01/26 483.00
1013 000195029510 01/19 685.64	1038 000910026370 01/26 10,269.24
1014 000910002716 01/20 1,799.40	1039 000910027688 01/26 3,721.72
1015 000910107046 01/20 818.21	1040 000910025122 01/26 10.70
1016 000910115507 01/22 1,020.69	1041*000910027841 01/26 1,169.60
1017*000910010126 01/21 744.55	1043 000910002290 01/27 172.82
1023 000910005319 01/28 1,384.94	1044 000910025307 01/26 68.80
1024*000910129737 01/26 1,289.18	1045 000910000675 01/27 15,874.17
1026 000910000102 01/27 8,948.92	1046 000910128120 01/26 804.80
1027*000910024918 01/26 1,867.95	1047 000910128239 01/26 169.90
1029 000910002840 01/27 7,690.28	

(\*) INDICATES A GAP IN CHECK NUMBER SEQUENCE

\* \* \* C O N T I N U E D \* \* \*

**Basic Business Checking - 191043839 (continued)**

**Electronic Debits (continued)**

Date	Description	Amount
07/15/2016	Wire Transfer 64927 Cornerstone Essex Holdings LLC 102000021 US Bank	\$22,668.00
07/15/2016	Wire Transfer 64915 Carnegie GM Partners LLC 21000021 National Financial	\$64,175.34
07/15/2016	Wire Transfer 64926 Elena Patterson 21000021 JP Morgan Chase Ba	\$64,299.88
07/15/2016	Wire Transfer 64914 Carnegie GM Partners LLC 21000021 National Financial	\$362,559.77
07/15/2016	Wire Transfer 64910 BioQ Pharma Incorporated 121140399 Silicon Valley Ban	\$683,885.59
07/15/2016	PAYCHEX EIB INVOICE X67052300016179	\$103.11
07/15/2016	PAYCHEX TPS TAXES 67041000016444X	\$1,723.69
07/15/2016	Essex Capital Co Perry leas XXXXX4783	\$5,375.00
07/15/2016	Essex Capital Co Brad Wheat XXXXX4783	\$8,333.33
07/15/2016	Essex Capital Co James Dadd XXXXX4783	\$31,567.54
07/18/2016	Wire Transfer 64940 Jefferies LLC 21000018 Bank Of New York	\$100,000.00
07/18/2016	COX COMM SAB BANK DRAFT 342022974603001	\$308.39
07/18/2016	Essex Capital Co Kum Su Kim XXXXX4783	\$7,891.88
07/18/2016	Essex Capital Co Perry leas XXXXX4783	\$31,567.54
07/20/2016	Wire Transfer 65015 Zwick 1994 CRUT KB 71000152 Northern Chicago B	\$21,250.00
07/20/2016	Essex Capital Co Rebecca El XXXXX4783	\$2,025.00
07/21/2016	Essex Capital Co Wallace K. XXXXX4783	\$31,567.54
07/21/2016	Essex Capital Co Perry leas XXXXX4783	\$33,083.39
07/22/2016	Wire Transfer 65064 Clare Wheatley 322271627 JP Morgan Chase Ba	\$8,020.27
07/22/2016	Wire Transfer 65065 Jefferies LLC 21000018 Bank Of New York	\$150,000.00
07/22/2016	Essex Capital Co Brad Wheat XXXXX4783	\$800.00
07/22/2016	Essex Capital Co William S XXXXX4783	\$5,452.49
07/22/2016	Essex Capital Co Reyner Fam XXXXX4783	\$5,452.49
07/22/2016	Essex Capital Co James Glas XXXXX4783	\$7,834.09
07/22/2016	Essex Capital Co James Glas XXXXX4783	\$9,400.91
07/22/2016	Essex Capital Co James Glas XXXXX4783	\$12,580.73
07/22/2016	Essex Capital Co James Dadd XXXXX4783	\$23,675.65
07/22/2016	Essex Capital Co Payments Terrapin Passai	\$34,970.66
07/25/2016	Wire Transfer 65102 UBS Financial Services Christine Ga 26007993 UBS AG Financi	\$2,062.50
07/25/2016	Wire Transfer 65101 Morgan Stanley Smith Barney LLC 21000089 Citibank NYC	\$10,625.00
07/25/2016	Wire Transfer 65090 Jefferies LLC 21000018 Bank Of New York	\$50,000.00
07/25/2016	Essex Capital Co James DAdd XXXXX4783	\$34,724.29
07/27/2016	Wire Transfer 65144 ChowNow Inc 122016066 City National Bank	\$99,998.83
07/28/2016	PAYCHEX PAYROLL 67228600003290X	\$3,433.26
07/28/2016	770441219 Glasheen, Jul 28 XXXXX4783 Glasheen note dated 9-30-15	\$12,534.55
07/28/2016	770441219 R Hill Not Jul 28 XXXXX4783 R Hill Note 11/6/15, Principal Paym	\$15,000.00
07/29/2016	Wire Transfer 65212 William Brad Wheatley 121100782 Bank of the West	\$8,333.33
07/29/2016	PAYCHEX EIB INVOICE X67245700001080	\$85.11
07/29/2016	PAYCHEX TPS TAXES 67232500016454X	\$1,723.67
07/29/2016	ESSEX WOODLANDS BILLPAYER	\$2,000.00

**Other Debits**

Date	Description	Amount
07/01/2016	Payoff Commercial Loan * 7513	\$61,975.47
07/01/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227268	\$59,311.37
07/01/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227394	\$30,363.67
07/01/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227698	\$66,411.15
07/01/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227761	\$2,328.78
07/01/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1228230	\$19,843.05
07/01/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1228234	\$56,508.23
07/01/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1228247	\$38,766.26
07/01/2016	Wire Transfer Fee 20078519	\$15.00
07/05/2016	Wire Transfer Fee 20083821	\$15.00
07/06/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227868	\$223,049.21
07/06/2016	Wire Transfer Fee 20112065	\$15.00
07/06/2016	Wire Transfer Fee 20115037	\$15.00
07/11/2016	MISCELLANEOUS DEBIT	\$10,000.00
07/11/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227854	\$19,400.93
07/11/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227858	\$65,925.04
07/11/2016	Wire Transfer Fee 20162210	\$15.00
07/12/2016	MISCELLANEOUS DEBIT	\$125,000.00
07/12/2016	Wire Transfer Fee 20173514	\$15.00
07/15/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227404	\$13,897.85
07/15/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227656	\$7,485.36
07/15/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227711	\$15,108.41





**Statement Ending 08/08/2016**

MB&T Service Center  
6950 Hollister Ave Suite 102  
Goleta, CA 93117

Ralph T Iannelli

Page 1 of 4

Account Number: XXXXXXXX3331

RETURN SERVICE REQUESTED

>000194 2005669 0001 092512 10Z

RALPH T IANNELLI  
MELISSA R IANNELLI  
1486 E VALLEY RD  
SANTA BARBARA CA 93108-1241

**How can we help you?**

- Phone (800) 345-0146
- Mail P.O. Box 2460  
Santa Barbara, CA  
93120-2460
- Online <https://montecito.bank>



**Summary of Accounts**



Are you still getting paper statements in the mail? We have a solution that's faster, safer and better for the environment! Enroll your accounts in eStatements today and simplify your banking experience.

Through our partnership with the Arbor Day Foundation, we'll plant a tree in a California forest for each account you enroll in eStatements!

Visit [montecito.bank/tree](http://montecito.bank/tree) for more information.

Account Type	Account Number	Ending Balance
Access Checking	191463331	\$87,767.60

**Access Checking - 191463331**

**Account Summary**

Date	Description	Amount
07/09/2016	Beginning Balance	\$48,150.25
	8 Credit(s) This Period	\$286,978.33
	44 Debit(s) This Period	\$247,360.98
08/08/2016	Ending Balance	\$87,767.60

**Interest Summary**

Description	Amount
Annual Percentage Yield Earned	0.06%
Interest Days	31
Interest Earned	\$4.37
Interest Paid This Period	\$4.37
Interest Paid Year-to-Date	\$34.73
Interest Withheld Year-to-Date	\$0.00

**Deposits**

Date	Description	Amount
07/14/2016	[REDACTED]	[REDACTED]
07/29/2016	[REDACTED]	[REDACTED]

**Electronic Credits**

Date	Description	Amount
07/15/2016	[REDACTED]	[REDACTED]
07/15/2016	[REDACTED]	[REDACTED]
07/27/2016	[REDACTED]	[REDACTED]

**Other Credits**

Date	Description	Amount
07/12/2016	ACCOUNT TRANSFER	\$125,000.00





**Statement Ending 08/08/2016**

Ralph T Iannelli

Page 3 of 4

Account Number: XXXXXXXX3331

**Access Checking - 191463331 (continued)**

**Other Credits (continued)**

Date	Description	Amount
07/29/2016		
08/08/2016		

**Electronic Debits**

Date	Description	Amount
07/11/2016		
07/15/2016		
07/15/2016		
07/19/2016		
07/20/2016		
07/20/2016		
07/21/2016		
07/22/2016		
07/25/2016		
07/25/2016		
07/26/2016		
07/28/2016		
07/28/2016		
07/28/2016		
08/01/2016		
08/02/2016		
08/02/2016		
08/03/2016		
08/03/2016		
08/05/2016		
08/05/2016		
08/08/2016		
08/08/2016		

**Other Debits**

Date	Description	Amount
07/12/2016	MISCELLANEOUS DEBIT	\$125,000.00 ✓
07/15/2016		
07/15/2016		
07/15/2016		
07/18/2016		
07/20/2016		
07/29/2016		
08/01/2016		
08/02/2016		

**Checks Cleared**

Check Nbr	Date	Amount	Check Nbr	Date	Amount	Check Nbr	Date	Amount
821	07/11/2016	\$12,000.00 ✓	2719*	07/22/2016	\$85.00 ✓	2724*	08/01/2016	\$349.71 ✓
1854*	07/18/2016	\$8,451.66 ✓	2720	07/25/2016	\$442.09 ✓	2725	08/02/2016	\$850.00 ✓
2715*	07/13/2016	\$185.20 ✓	2721	07/19/2016	\$675.00 ✓	2726	08/05/2016	\$76.21 ✓
2716	07/20/2016	\$180.00 ✓	2722	07/22/2016	\$17,200.00 ✓	2727	08/08/2016	\$97.20 ✓

\* Indicates skipped check number

**Daily Balances**

Date	Amount	Date	Amount	Date	Amount
07/11/2016	\$35,750.25	07/20/2016	\$95,924.49	07/29/2016	\$112,494.04
07/12/2016	\$35,750.25	07/21/2016	\$96,844.51	08/01/2016	\$108,176.79
07/13/2016	\$35,565.05	07/22/2016	\$79,159.51	08/02/2016	\$103,103.10
07/14/2016	\$145,444.51	07/25/2016	\$77,437.50	08/03/2016	\$91,919.94
07/15/2016	\$112,104.58	07/26/2016	\$77,282.98	08/05/2016	\$88,447.03
07/18/2016	\$99,652.92	07/27/2016	\$79,657.08	08/08/2016	\$87,767.60
07/19/2016	\$98,577.92	07/28/2016	\$77,774.04		

Exhibit 9  
Page 33

2000/2000 405000 552000 6495000 8451000



915 Elm Avenue CVL LLC

Basic Business Checking ACCOUNT 191078411

OTHER CREDITS

DESCRIPTION	DATE	AMOUNT
MERCHANT BANKCD DEPOSIT 191202329881	07/12	2,614.76
ACCOUNT TRANSFER	07/12	125,000.00
MERCHANT BANKCD DEPOSIT 191202329881	07/13	9,916.54
MERCHANT BANKCD DEPOSIT 191202329881	07/14	4,668.74
MERCHANT BANKCD DEPOSIT 191202329881	07/15	5,829.74
MERCHANT BANKCD DEPOSIT 191202329881	07/18	3,289.07
MERCHANT BANKCD DEPOSIT 191202329881	07/18	4,281.45
MERCHANT BANKCD DEPOSIT 191202329881	07/18	4,370.43
MERCHANT BANKCD DEPOSIT 191202329881	07/19	1,183.12
MERCHANT BANKCD DEPOSIT 191202329881	07/20	3,008.36
MERCHANT BANKCD DEPOSIT 191202329881	07/21	3,292.79
MERCHANT BANKCD DEPOSIT 191202329881	07/22	21,920.20
MERCHANT BANKCD DEPOSIT 191202329881	07/25	3,386.25
MERCHANT BANKCD DEPOSIT 191202329881	07/25	3,481.37
MERCHANT BANKCD DEPOSIT 191202329881	07/25	4,448.06
MERCHANT BANKCD DEPOSIT 191202329881	07/26	1,091.13
MERCHANT BANKCD DEPOSIT 191202329881	07/27	3,202.33
MERCHANT BANKCD DEPOSIT 191202329881	07/28	3,372.04
MERCHANT BANKCD DEPOSIT 191202329881	07/29	3,076.23

CHECKS

CHECK #.....TRACE #.DATE.....AMOUNT	CHECK #.....TRACE #.DATE.....AMOUNT
1569 000910016032 07/06 1,021.60	1593 000910003197 07/11 349.67
1570 000910111606 07/05 1,100.00	1594 000910011101 07/12 6,477.80
1571 000910015145 07/06 4,000.00	1595 000910112750 07/12 2,911.34
1572 000910103447 07/01 447.12	1596 000910010544 07/12 2,682.34
1573 000910124344 07/07 810.00	1597 000910111730 07/12 18,930.12
1574 000910111646 07/12 908.60	1598 000910113616 07/12 15,379.55
1575 000910128319 07/08 5,791.28	1599 000910010773 07/12 1,326.20
1576 000910011098 07/12 2,376.29	1600 000910010133 07/12 11,112.63
1577*000910002813 07/11 642.14	1601 000910014162 07/13 30.00
1579 000910014549 07/13 385.50	1602 000910003567 07/11 227.00
1580 000910008246 07/12 17,758.44	1603 000910111448 07/12 1,588.49
1581 000910003339 07/11 491.34	1604 000910011093 07/12 730.81
1582*000910117578 07/20 930.80	1605 000910119336 07/28 605.44
1584 000910022585 07/29 530.00	1606 000910009620 07/12 1,845.40
1585 000910010654 07/12 488.76	1607 000910113621 07/12 29,784.05
1586*000910009577 07/12 864.00	1608 000910001624 07/11 554.27
1588 000910111792 07/12 889.25	1609*000910011113 07/12 467.74
1589 000910009434 07/12 306.00	1611 000910324514 07/07 1,728.19
1590 000910002287 07/18 601.30	1612 000910313751 07/19 17,554.39
1591 000910001765 07/11 2,004.00	1613 000910007699 07/19 23,175.07
1592 000910213768 07/12 230.36	1614 000910010605 07/19 129.45

\* \* \* C O N T I N U E D \* \* \*

**Basic Business Checking - 191043839 (continued)**

**Other Debits (continued)**

Date	Description	Amount
10/12/2016	Wire Transfer Fee 21283232	\$15.00
10/12/2016	Wire Transfer Fee 21295159	\$15.00
10/13/2016	MISCELLANEOUS DEBIT	\$125,000.00
10/13/2016	Wire Transfer Fee 21299019	\$15.00
10/13/2016	Wire Transfer Fee 21307939	\$15.00
10/14/2016	Loan Documentation *** 8439	\$500.00
10/17/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227711	\$15,108.41
10/17/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227759	\$6,797.63
10/17/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227763	\$5,742.76
10/17/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1228184	\$10,315.40
10/18/2016	Wire Transfer Fee 21358698	\$15.00
10/19/2016	Wire Transfer Fee 21384803	\$15.00
10/20/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227518	\$16,813.03
10/21/2016	Wire Transfer Fee 21413636	\$15.00
10/24/2016	MISCELLANEOUS DEBIT	\$25,000.00
10/24/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227426	\$13,787.14
10/24/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1228351	\$18,562.41
10/25/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227805	\$4,558.94
10/25/2016	Wire Transfer Fee 21452040	\$15.00
10/26/2016	Wire Transfer Fee 21463500	\$15.00
10/27/2016	Corium Residual - MB&T Share	\$56,645.75
10/27/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227458	\$68,725.38
10/28/2016	MISCELLANEOUS DEBIT	\$180,180.85
10/28/2016	Wire Transfer Fee 21509364	\$15.00
10/31/2016	Business Banker Fees	\$587.00
10/31/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1227501	\$10,514.98
10/31/2016	PAYMENT TO COMMERCIAL UNSECURED LOAN 1228054	\$33,995.59

**Checks Cleared**

Check Nbr	Date	Amount	Check Nbr	Date	Amount	Check Nbr	Date	Amount
8214	10/04/2016	\$3,506.25	8226	10/07/2016	\$5,312.50	8234	10/21/2016	\$13,173.75
8215	10/04/2016	\$8,250.00	8227	10/12/2016	\$42,500.00	8235	10/24/2016	\$140.00
8220*	10/07/2016	\$2,125.00	8228	10/06/2016	\$5,000.00	8236	10/24/2016	\$316,498.08
8221	10/12/2016	\$3,500.00	8229	10/11/2016	\$19,200.00	8237	10/28/2016	\$150.00
8222	10/17/2016	\$3,156.75	8230	10/17/2016	\$13,173.75	8238	10/31/2016	\$25.32
8223	10/17/2016	\$7,891.88	8231	10/19/2016	\$2,426.68	8239	10/31/2016	\$1,324.40
8224	10/25/2016	\$1,345.83	8232	10/18/2016	\$19,972.60	8240	10/31/2016	\$8,109.80
8225	10/07/2016	\$8,500.00	8233	10/21/2016	\$2,369.79			

\* Indicates skipped check number

**Daily Balances**

Date	Amount	Date	Amount	Date	Amount
10/03/2016	\$629,241.91	10/13/2016	\$1,754,975.45	10/24/2016	\$641,633.13
10/04/2016	\$566,822.36	10/14/2016	\$1,996,440.70	10/25/2016	\$1,150,989.07
10/05/2016	\$1,495,418.36	10/17/2016	\$1,148,731.22	10/26/2016	\$1,043,872.98
10/06/2016	\$1,524,343.15	10/18/2016	\$1,112,509.11	10/27/2016	\$961,057.52
10/07/2016	\$1,001,962.51	10/19/2016	\$1,251,081.91	10/28/2016	\$836,249.31
10/11/2016	\$2,302,376.56	10/20/2016	\$1,213,018.88	10/31/2016	\$606,576.81
10/12/2016	\$1,821,498.44	10/21/2016	\$1,086,954.57		

**Overdraft and Returned Item Fees**

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00



# Statement Ending 11/08/2016

MB&T Service Center  
6950 Hollister Ave Suite 102  
Goleta, CA 93117

RETURN SERVICE REQUESTED

>000187 2018196 0001 092512 10Z

RALPH T IANNELLI  
MELISSA R IANNELLI  
1486 E VALLEY RD  
SANTA BARBARA CA 93108-1241

Ralph T Iannelli

Page 1 of 4

Account Number: XXXXXXXX3331

## How can we help you?

- Phone (800) 348-0148
- Mail P.O. Box 2460  
Santa Barbara, CA  
93120-2460
- Online <https://montecito.bank>



## Summary of Accounts



Are you still getting paper statements in the mail? We have a solution that's faster, safer and better for the environment! Enroll your accounts in eStatements today and simplify your banking experience.

Through our partnership with the Arbor Day Foundation, we'll plant a tree in a California forest for each account you enroll in eStatements!

Visit [montecito.bank/tree](https://montecito.bank/tree) for more information.

Account Type	Account Number	Ending Balance
Access Checking	191463331	\$71,767.75

## Access Checking - 191463331

### Account Summary

Date	Description	Amount
10/08/2016	Beginning Balance	\$10,738.25
	11 Credit(s) This Period	\$434,618.81
	35 Debit(s) This Period	\$373,589.31
11/08/2016	Ending Balance	\$71,767.75

### Interest Summary

Description	Amount
Annual Percentage Yield Earned	0.04%
Interest Days	32
Interest Earned	\$1.36
Interest Paid This Period	\$1.36
Interest Paid Year-to-Date	\$39.61
Interest Withheld Year-to-Date	\$0.00

### Electronic Credits

Date	Description	Amount
10/14/2016	[REDACTED]	[REDACTED]
10/14/2016	[REDACTED]	[REDACTED]
10/25/2016	[REDACTED]	[REDACTED]
10/26/2016	[REDACTED]	[REDACTED]
11/02/2016	[REDACTED]	[REDACTED]

### Other Credits

Date	Description	Amount
10/11/2016	[REDACTED]	[REDACTED]
10/13/2016	ACCOUNT TRANSFER	\$125,000.00
10/24/2016	[REDACTED]	[REDACTED]
10/28/2016	[REDACTED]	[REDACTED]



**Access Checking - 191463331 (continued)**

**Other Credits (continued)**

Date	Description	Amount
10/31/2016		
11/08/2016		

**Electronic Debits**

Date	Description	Amount
10/13/2016		
10/17/2016		
10/20/2016		
10/20/2016		
10/20/2016		
10/21/2016		
10/24/2016		
10/24/2016		
10/24/2016		
10/25/2016		
10/27/2016		
10/28/2016		
11/01/2016		
11/01/2016		
11/01/2016		
11/01/2016		
11/03/2016		
11/07/2016		
11/07/2016		
11/07/2016		
11/07/2016		
11/08/2016		
11/08/2016		

**Other Debits**

Date	Description	Amount
10/13/2016	MISCELLANEOUS DEBIT	\$125,000.00
10/17/2016		
10/28/2016		
11/01/2016		
11/04/2016		

**Checks Cleared**

Check Nbr	Date	Amount	Check Nbr	Date	Amount	Check Nbr	Date	Amount
741	10/25/2016	\$5,532.68	2746	10/19/2016	\$675.00	2749	11/07/2016	\$4.10
2742*	10/13/2016	\$1,000.00	2747	10/31/2016	\$117.82	3226*	10/24/2016	\$9,952.24
2745*	10/17/2016	\$181.75	2748	11/01/2016	\$1,159.83			

\* Indicates skipped check number

**Daily Balances**

Date	Amount	Date	Amount	Date	Amount
10/11/2016	\$35,738.25	10/24/2016	\$27,911.02	11/02/2016	\$79,469.60
10/13/2016	\$34,338.25	10/25/2016	\$29,597.67	11/03/2016	\$78,926.60
10/14/2016	\$37,750.75	10/26/2016	\$31,971.77	11/04/2016	\$75,926.60
10/17/2016	\$16,606.87	10/27/2016	\$31,816.74	11/07/2016	\$72,211.59
10/19/2016	\$15,931.87	10/28/2016	\$30,587.07	11/08/2016	\$71,767.75
10/20/2016	\$14,009.42	10/31/2016	\$70,669.25		
10/21/2016	\$13,929.44	11/01/2016	\$54,019.60		



915 Elm Avenue CVL LLC

Basic Business Checking ACCOUNT 191078411

OTHER CREDITS

DESCRIPTION	DATE	AMOUNT
MERCHANT BANKCD DEPOSIT 191202329881	10/11	4,030.06
MERCHANT BANKCD DEPOSIT 191202329881	10/11	4,316.51
MERCHANT BANKCD DEPOSIT 191202329881	10/12	17,918.85
MERCHANT BANKCD DEPOSIT 191202329881	10/13	4,367.76
ACCOUNT TRANSFER	10/13	125,000.00
MERCHANT BANKCD DEPOSIT 191202329881	10/14	3,759.82
MERCHANT BANKCD DEPOSIT 191202329881	10/17	3,606.72
MERCHANT BANKCD DEPOSIT 191202329881	10/17	4,593.72
MERCHANT BANKCD DEPOSIT 191202329881	10/17	5,371.73
MERCHANT BANKCD DEPOSIT 191202329881	10/18	1,999.49
MERCHANT BANKCD DEPOSIT 191202329881	10/19	3,042.22
MERCHANT BANKCD DEPOSIT 191202329881	10/20	4,705.19
MERCHANT BANKCD DEPOSIT 191202329881	10/21	2,972.83
MERCHANT BANKCD DEPOSIT 191202329881	10/24	3,120.27
MERCHANT BANKCD DEPOSIT 191202329881	10/24	4,457.33
MERCHANT BANKCD DEPOSIT 191202329881	10/24	6,420.99
MERCHANT BANKCD DEPOSIT 191202329881	10/25	1,425.00
MERCHANT BANKCD DEPOSIT 191202329881	10/26	4,095.47
MERCHANT BANKCD DEPOSIT 191202329881	10/27	6,130.55
MERCHANT BANKCD DEPOSIT 191202329881	10/28	3,794.99
MERCHANT BANKCD DEPOSIT 191202329881	10/31	3,180.83
MERCHANT BANKCD DEPOSIT 191202329881	10/31	3,684.78
MERCHANT BANKCD DEPOSIT 191202329881	10/31	4,501.33

CHECKS

CHECK #.....TRACE #.DATE.....AMOUNT	CHECK #.....TRACE #.DATE.....AMOUNT
1737*000910119351 10/21 1,332.57	1881 000910014558 10/05 387.45
1844*000910013986 10/05 351.10	1882 000910003030 10/11 2,230.16
1852*000910001420 10/03 313.50	1883 000910016570 10/13 19,225.90
1856*000910014744 10/05 779.06	1884 000910025320 10/07 20.00
1858*000910014576 10/05 144.23	1885 000910108471 10/11 2,910.30
1860*000910001896 10/11 748.95	1886 000910004118 10/11 565.53
1862*000910019329 10/06 255.39	1887 000910006515 10/11 1,445.00
1864*000910008864 10/04 26.19	1888 000910011586 10/12 859.47
1866 000910002959 10/03 491.34	1889 000910011985 10/12 360.00
1867 000910014484 10/05 8,872.24	1890 000910001895 10/11 433.70
1868 000910002048 10/03 8,890.46	1891 000910327336 10/07 473.07
1869 000910003283 10/03 159.85	1892 000910004432 10/11 264.80
1870 000910013985 10/05 156.60	1893 000910119839 10/13 267.00
1871 000910002674 10/03 52.00	1894 000910113002 10/12 4,148.35
1872 000910003425 10/03 503.77	1895 000910003031 10/11 1,816.00
1873 000910010605 10/04 121.95	1896 000910002740 10/11 1,666.37
1874*000910001899 10/11 65.80	1897 000910115485 10/12 30.33

\* \* \* C O N T I N U E D \* \* \*

**PROOF OF SERVICE**

*Securities and Exchange Commission v. Ralph T. Iannelli and Essex Capital Corporation*  
USDC, Central District of California – Case No. 2:18-cv-05008-FMO-AFM

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 865 S. Figueroa Street, Suite 2800, Los Angeles, California 90017-2543.

On **December 5, 2019**, I caused to be served the document entitled: **DECLARATION OF GEOFF WINKLER, IN SUPPORT OF MOTION OF RECEIVER FOR AUTHORITY TO PURSUE LITIGATION AGAINST 915 ELM AVENUE CVL, LLC** on all the parties to this action addressed as stated on the attached service list.

**OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with the firm's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

**OVERNIGHT DELIVERY:** I deposited in a box or other facility regularly maintained by express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, a true copy of the foregoing document(s) in sealed envelope(s) or package(s) designed by the express service carrier, addressed as indicated on the attached service list, with fees for overnight delivery paid or provided for.

**HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

**ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

**E-FILING:** By causing the document to be electronically filed via the Court's CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

**FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare that I am employed in the office of a member of the Bar of this Court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on **December 5, 2019** at Los Angeles, California.

/s/ Martha Diaz  
Martha Diaz

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**SERVICE LIST**

*Securities and Exchange Commission v. Ralph T. Iannelli and Essex Capital Corporation*  
USDC, Central District of California – Case No. 2:18-cv-05008-FMO-AFM

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