

FILED - SOUTHERN DIVISION
CLERK, U.S. DISTRICT COURT
NOV 16 2009
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 SOUTHERN DIVISION

11
12 SECURITIES AND EXCHANGE
13 COMMISSION,

14 Plaintiffs,

15 vs.

16 HOMESTEAD PROPERTIES, L.P.;
17 HOMESTEAD LIMITED, L.L.C.;
18 CALIFORNIA WEALTH
19 MANAGEMENT GROUP, d.b.a. IFC
20 ADVISORY; HEATH M.
BIDDLECOME; WILLIAM C. TAK;
HOMESTEAD NORTHLAND MHC,
LLC; and JACKSON MHC, L.L.C.,

21 Defendants.

Case No.: SACV09-01331-CJC(MLGx)

22
23 ~~(UNDER SEAL)~~ EX PARTE
24 TEMPORARY RESTRAINING
25 ORDER AND ORDER TO SHOW
26 CAUSE

27
28
I. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Plaintiff the Securities and Exchange Commission ("SEC") has filed a Complaint seeking a permanent injunction and other relief, and a motion for an *ex parte* temporary restraining order pursuant to Rule 65(b) of the Federal Rules of Civil Procedure. The

1 Court has considered the Complaint, exhibits, memoranda, and declaration, and now
2 finds and concludes that:

3
4 A. This Court has subject matter jurisdiction over this action.

5
6 B. There is good cause to believe that Defendants Homestead Properties, L.P.,
7 Homestead Limited, L.L.C., California Wealth and Management Group, d.b.a.
8 IFC Advisory (“IFC”), Heath M. Biddlecome (“Biddlecome”), William C. Tak
9 (“Tak”), Homestead Northland MHC, LLC, and Jackson MHC, L.L.C., might
10 be engaging in, and may continue to engage in, practices that violate Sections
11 5(a), 5(c) and 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C.
12 §§ 77e(a), 77e(c), and 77q(a), Sections 10(b) and 15(a) of the Securities
13 Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78o(a), and
14 Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and Sections 204, 206(1), (2),
15 and (4) of the Investment Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§
16 80b-4, 80b-6(1), (2) and (4), and Rule 206(4)-8 thereunder, 17 C.F.R. §
17 275.206(4)-8.

18
19 C. There is good cause to believe that immediate and irreparable damage to the
20 Court’s ability to grant effective final relief in the form of permanent
21 injunction, rescission, restitution, and disgorgement might occur from the
22 destruction, transfer, or concealment by Defendants of their business assets and
23 documents or records unless Defendants are immediately restrained and
24 enjoined by order of this Court.

25
26
27 D. The Commission has demonstrated a probability of success on the merits in
28 this action and the possibility of dissipation of assets.

1
2 E. A temporary restraining order freezing certain of the assets of certain
3 Defendants and granting other equitable relief is in the public interest.
4

5 F. It is appropriate and in the interests of justice that the Commission's
6 Application be granted without notice to the defendants as the Commission has
7 set forth in its Application, pursuant to Local Rule 7-19.2, the reasons
8 supporting its claim that notice should not be required, and it appears from
9 specific facts shown by the Declarations filed by the Commission that
10 immediate and irreparable injury, loss, or damage will result if notice to
11 Defendants is given.
12

13 **II. TEMPORARY RESTRAINING ORDER**

14
15 IT IS HEREBY ORDERED that the Commission's Application for a Temporary
16 Restraining Order and Orders: (1) Freezing Assets, (2) Appointing a Temporary
17 Receiver, (3) Prohibiting the Destruction of Documents, and (4) Order to Show Cause re
18 Preliminary Injunction and Appointment of a Permanent Receiver is GRANTED.
19

20 **RELIEF GRANTED**

21
22 A. IT IS FURTHER ORDERED that Defendants Biddlecome, Tak, Homestead
23 Properties, L.P., Homestead Limited, L.L.C., IFC, Homestead Northland MHC,
24 LLC and Jackson MHC, L.L.C. and their officers, agents, servants, employees,
25 attorneys, subsidiaries and affiliates, and those persons in active concert or
26 participation with any of them, who receive actual notice of this Order, by
27 personal service or otherwise, and each of them, are TEMPORARILY
28 RESTRAINED AND ENJOINED from directly or indirectly transferring,

1 assigning, selling, hypothecating, changing, wasting, dissipating, converting,
 2 concealing, encumbering, or otherwise disposing of, in any manner, any funds,
 3 assets, securities, claims, or other real or personal property, including any notes
 4 or deeds of trust or other interests in real property, wherever located, of
 5 Defendants Homestead Properties, L.P. and Homestead Limited, L.L.C.,
 6 Homestead Northland MHC, LLC and Jackson MHC, L.L.C. (collectively
 7 "Homestead Entities") or their subsidiaries or affiliates, owned by, controlled
 8 by, managed by or in the possession or custody of any of them and from
 9 transferring, encumbering, dissipating, incurring charges or cash advances on
 10 any debit or credit card or the credit arrangement, of the Homestead Entities,
 11 and their subsidiaries and affiliates

12
 13 B. IT IS FURTHER ORDERED that an immediate freeze shall be placed on the
 14 following accounts:

15	Bank Name	Account Name	Account No.
16	Wells Fargo Bank, NA	Homestead Properties, L.P.	888-7914102
17	Wells Fargo Bank, NA	Homestead Properties, L.P.	285-8490341
18	Wells Fargo Bank, NA	Homestead Properties, L.P.	186-4318785
19	Wells Fargo Bank, NA	Homestead Properties, L.P.	293-4909595
20	Wells Fargo Bank, NA	Homestead Northland	786-6608920
21		HMC, LLC	
22	American Funds	Homestead Properties, L.P.	83017486
23	Charles Schwab	Homestead Properties, L.P.	2424-5834

24
 25 C. IT IS FURTHER ORDERED that Robb Evans & Associates LLC, is appointed
 26 as temporary Receiver of the Homestead Entities and their subsidiaries and
 27 affiliates. The Court makes this appointment of a temporary Receiver after
 28 having duly considered the qualifications and experience of said firm, along

1 with a confirmation from an authorized representative of said firm that it stands
2 ready to assume and to carry out the duties of temporary Receiver as evidenced
3 in a firm resume, letter, and list of prior fiduciary engagements submitted in
4 writing to this Court by the Commission in support of its application for this
5 restraining order, which shall be filed separately by the Commission and served
6 upon Defendants. The Receiver shall be the agent of this Court in acting as
7 Receiver under this Order. The Receiver is appointed with full powers of an
8 equity receiver, including, but not limited to, full power over all funds, assets,
9 collateral, premises (whether owned, leased, occupied, or otherwise controlled),
10 choses in action, books, records, papers and other property belonging to, being
11 managed by or in the possession of or control of the Homestead Entities, and its
12 subsidiaries and affiliates, and that such Receiver is immediately authorized,
13 empowered and directed to accomplish the following:

- 14
- 15 i. Access and to collect and take custody, control, possession, and charge of
16 all funds, assets, collateral, premises (whether owned, leased, occupied, or
17 otherwise controlled), choses in action, books, records, papers and other
18 real or personal property, wherever located, of or managed by any of the
19 Homestead Entities with full power to sue, foreclose, marshal, collect,
20 receive, and take into possession all such property;
 - 21
 - 22 ii. Have control of, and to be added as the sole authorized signatory for, all
23 accounts of the Homestead Entities, and all accounts over which any of
24 their employees or agents have signatory authority, at any bank, title
25 company, escrow agent, financial institution or brokerage firm which has
26 possession, custody or control of any assets or funds of any of the
27 Homestead Entities or which maintains any accounts over which any of the
28

1 Homestead Entities and/or any of their officers, employees or agents have
2 signatory authority;

3
4 iii. Conduct investigation and discovery as may be necessary to locate,
5 account for and recover all of the assets of or managed by (and to account
6 for and pursue recovery of the losses of) any of the Homestead Entities and
7 to engage and employ attorneys, accountants and other persons to assist in
8 such investigation and discovery;

9
10 iv. Take such action as is necessary and appropriate to preserve and take
11 control of and to prevent the dissipation, concealment, or disposition of
12 any assets of or managed by any of the Homestead Entities;

13
14 v. Make an accounting, as soon as practicable, to this Court and the
15 Commission of the assets and financial condition of the Homestead
16 Entities and the assets and financial condition of the Homestead Entities
17 and the assets under their management, and to file the accounting with the
18 Court and deliver copies thereof to all parties;

19
20 vi. Make such payments and disbursements from the funds and assets taken
21 into custody, control and possession or thereafter received by him or her,
22 and to incur, or authorize the making of, such agreements as may be
23 necessary and advisable in discharging his or her duties as temporary
24 Receiver;

25
26 vii. Employ attorneys, accountants and others to investigate and, where
27 appropriate, to institute, pursue, and prosecute all claims and causes of
28

1 action of whatever kind and nature which may now or hereafter exist as a
2 result of the activities of the Homestead Entities;

3
4 viii. Have access to, monitor, and redirect all mail (including email and
5 facsimile) of the Homestead Entities in order to review such mail which he
6 or she deems relates to their business and the discharging of his or her
7 duties as temporary Receiver;

8
9 ix. Operate and control the content of information posted on any internet web
10 site maintained by any of the Homestead Entities; and

11
12 x. Exercise all of the lawful powers of the Homestead Entities and its
13 officers, directors, employees, representatives, or persons who exercise
14 similar powers and perform similar duties.

15
16 D. IT IS FURTHER ORDERED that Defendants Homestead Properties, L.P.,
17 Homestead Limited, L.L.C., IFC, Biddlecome, Tak, Homestead Northland
18 MHC, LLC, and Jackson MHC, L.L.C., their subsidiaries and affiliates,
19 including all of the other entities in receivership, and their officers, agents,
20 servants, employees and attorneys, and any other persons who are in custody,
21 possession or control of any assets, collateral, books, records, papers or other
22 property of or managed by any of the Homestead Entities, shall forthwith give
23 access to and control of such property to the temporary Receiver.

24
25 E. IT IS FURTHER ORDERED that no officer, agent, servant, employee, or
26 attorney of Homestead Properties, L.P., Homestead Limited, L.L.C., IFC,
27 Biddlecome, Tak, Homestead Northland MHC, LLC, and Jackson MHC, L.L.C.,
28 shall take any action or purport to take any action, in the name of or on behalf

1 of the Homestead Entities without the written consent of the temporary
2 Receiver or order of this Court.

3
4 F. IT IS FURTHER ORDERED that, except by leave of this Court, during the
5 pendency of this receivership, all clients, investors, trust beneficiaries, note
6 holders, creditors, claimants, lessors, and all other persons or entities seeking
7 relief of any kind, in law or in equity, from Defendants, or their subsidiaries or
8 affiliates, and all persons acting on behalf of any such investor, trust
9 beneficiary, note holder, creditor, claimant, lessor, consultant group, or other
10 person, including sheriffs, marshals, servants, agents, employees, and attorneys,
11 are hereby restrained and enjoined from, directly or indirectly, with respect to
12 these persons and entities:

- 13
14 i. Commencing, prosecuting, continuing or enforcing any suit or
15 proceeding (other than the present action by the Commission) against
16 any of them;
- 17
18 ii. Using self-help or executing or issuing or causing the execution or
19 issuance of any court attachment, subpoena, replevin, execution or
20 other process for the purpose of impounding or taking possession of
21 or interfering with or enforcing a lien upon any property or property
22 interests owned by or in the possession of the Homestead Entities; and
23
- 24 iii. Doing any act or thing whatsoever to interfere with taking control,
25 possession or management by the temporary Receiver appointed
26 hereunder of the property and assets owned, controlled or managed by
27 or in the possession of the Homestead Entities, or in any way to
28 interfere with or harass the temporary Receiver or his or her attorneys,

1 accountants, employees or agents or to interfere in any manner with
2 the discharge of the temporary Receiver's duties and responsibilities
3 hereunder.

4
5 G. IT IS FURTHER ORDERED that Defendants Homestead Properties, L.P.,
6 Homestead Limited, L.L.C., IFC, Biddlecome, Tak, Homestead Northland
7 MHC, LLC and Jackson MHC, L.L.C., and their subsidiaries, affiliates,
8 officers, agents, servants, employees, and attorneys shall cooperate with and
9 assist the temporary Receiver and shall take no action, directly or indirectly, to
10 hinder, obstruct, or otherwise interfere with the temporary Receiver or his or her
11 attorneys, accountants, employees, or agents, in the conduct of the temporary
12 Receiver's duties or to interfere in any manner, directly or indirectly, with the
13 custody, possession, management, or control by the temporary Receiver of the
14 funds, assets, collateral, premises, and choses in action described above.

15
16 H. IT IS FURTHER ORDERED that except for an act of gross negligence, the
17 temporary Receiver shall not be liable for any loss or damage incurred by any
18 Defendants, their officers, agents, servants, employees and attorneys or any
19 other person, by reason of any act performed or omitted to be performed by the
20 temporary Receiver in connection with the discharge of his or her duties and
21 responsibilities.

22
23 I. IT IS FURTHER ORDERED that the Receiver and all personnel hired by the
24 Receiver as herein authorized, including counsel to the Receiver, are entitled to
25 reasonable compensation for the performance of duties pursuant to this Order
26 and for the actual out-of-pocket expenses incurred by them, from the assets now
27 held by, or in the possession or control of, or which may be received by
28 Defendants Homestead Properties, L.P., Homestead Limited, L.L.C., IFC,

1 Biddlecome, and their subsidiaries and affiliates. The Receiver shall file with
2 the Court and serve on the parties periodic requests for payment of such
3 reasonable compensation, with the first such request filed no more than sixty
4 (60) days after the date of this Order. The Receiver shall not increase the
5 hourly rates used as the bases for such fee applications without prior approval of
6 the Court. The Commission shall have the right to object to any fee application
7 made by the Receiver.
8

9 J. IT IS FURTHER ORDERED that, except as otherwise ordered by this Court,
10 Defendants Homestead Properties, L.P., Homestead Limited, L.L.C., IFC,
11 Biddlecome, and Tak, and their officers, agents, servants, employees, attorneys,
12 subsidiaries and affiliates, including the other entities in receivership, and those
13 persons in active concert or participation with any of them, who receive actual
14 notice of this Order, by personal service or otherwise, and each of them, be and
15 hereby are temporarily restrained and enjoined from, directly or indirectly,
16 destroying, mutilating, concealing, transferring, altering, or otherwise disposing
17 of, in any manner, any documents, which includes all books, records, computer
18 programs, computer files, computer printouts, contracts, correspondence,
19 memoranda, brochures, or any other documents of any kind in their possession,
20 custody or control, however created, produced, or stored (manually,
21 mechanically, electronically, or otherwise), pertaining in any manner to the
22 defendants, and their subsidiaries and affiliates.
23

24 K. IT IS FURTHER ORDERED that representatives of the Commission and the
25 Receiver appointed herein shall be immediately allowed to inspect the books,
26 records, and other documents of defendants Homestead Properties, L.P.,
27 Homestead Limited, L.L.C., IFC, Homestead Northland MHC, LLC, and
28 Jackson MHC, L.L.C., and its officers, agents, servants, employees, attorneys,

1 subsidiaries and affiliates, including the other entities in receivership, including,
2 but not limited to, electronically stored data, tape recordings, and computer
3 discs, whether they may be situated and whether they are in the possession of
4 the Defendants or others, and to copy said documents, data and records, either
5 on or off the premises where they may be situated; and that the U.S. Marshal's
6 Office is authorized and directed to accompany and assist Commission
7 representatives and designated agents of the Commission, as well as agents and
8 employees of the temporary Receiver appointed herein, to assist said persons in
9 the service and execution of this order and to undertake such efforts as are
10 reasonably necessary to ensure that the terms of this Order are effectuated.

11
12 L. IT IS FURTHER ORDERED that Defendants Homestead Properties, L.P.,
13 Homestead Limited, L.L.C., IFC, Biddlecome, Tak, Homestead Northland
14 MHC, LLC, and Jackson MHC, L.L.C., and their agents, owners, servants,
15 employees, attorneys, subsidiaries and affiliates shall cooperate fully with the
16 Commission and the Receiver to locate and provide representatives of the
17 Commission and the Receiver all books and records of the Defendants,
18 wherever such books and records may be situated.

19
20 M. IT IS FURTHER ORDERED THAT copies of this Order, as well as the
21 Complaint and all accompanying papers filed by Plaintiff in support of its
22 application for this order and the motion for preliminary injunction shall be
23 personally served upon Defendants no later than close of business on Tuesday,
24 November 17, 2009. The seal entered in this case shall be lifted on Tuesday,
25 November 17, 2009. Copies of this order may be served by any means,
26 including facsimile transmission, upon any financial institution or other entity
27 or person that may have possession, custody, or control of any documents or
28 assets of any Defendant, or that may be subject to any provision of this order.

1
2 N. IT IS FURTHER ORDERED that this order shall expire at 5 p.m. on November
3 25, 2009, unless, for good cause shown, it is extended or unless the parties
4 against whom it is directed consent that it may be extended for a longer period.
5

6 O. IT IS FURTHER ORDERED that the Commission is an agency of the United
7 States of America and, accordingly, the Commission shall not be required to
8 post bond.
9

10 **III. ORDER TO SHOW CAUSE**
11

12 IT IS FURTHER ORDERED that Defendants Homestead Properties, L.P., Homestead
13 Limited, L.L.C., California Wealth Management Group, d.b.a. IFC Advisory, Heath M.
14 Biddlecome, William C. Tak, Homestead Northland MHC, LLC, and Jackson MHC,
15 L.L.C. ARE HEREBY ORDERED TO SHOW CAUSE on Wednesday, November 25,
16 2009 at 11 a.m. at the United States Courthouse, Courtroom 9B, Santa Ana, California,
17 why the Court should not issue a preliminary injunction and appoint a permanent
18 Receiver in accordance with the prayer for relief contained in the Complaint filed by the
19 Commission. Any declarations, affidavits, points and authorities, or other submissions in
20 support of, or in opposition to, the issuance of such an Order shall be filed with the Court
21 no later than November 23, 2009. Any reply shall be filed no later than November 24,
22 2009. The briefing and hearing dates on the Court's order to show cause can be
23 continued if Defendants consent to the temporary restraining order remaining in effect
24 until the new date scheduled for the hearing.

25 DATED: November 16, 2009

26 **CORMAC J. CARNEY**

27 **CORMAC J. CARNEY**

28 **UNITED STATES DISTRICT JUDGE**