

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

MICHAEL R. BRETZEL,
LAWRENCE FORD, II,
REAL ESTATE FUND, LLC and
HERITAGE FUNDING GROUP, INC.,

Defendants,

And

SEABREEZE REALTY GROUP, INC. d/b/a
COASTAL PROPERTIES,
ORMOND BEACH AUTO SALES, INC. d/b/a
LIBERTY AUTOMOTIVE GROUP, and
DEALER LOT MANAGEMENT, INC.,
Relief Defendants.

CIVIL ACTION FILE NO.
6:07-cv-609-Orl-22DAB

**SEC'S MOTION FOR PRELIMINARY INJUNCTION,¹ ASSET FREEZE AS TO
BRETZEL, FORD AND REAL ESTATE FUND, APPOINTMENT OF A RECEIVER
FOR REAL ESTATE FUND AND OTHER EQUITABLE RELIEF; AND NOTICE OF
FILING OF ADDITIONAL SWORN DECLARATION OF SUSAN SHERRILL-BEARD**

On April 12, 2007, the Securities and Exchange Commission ("Commission" or "SEC") filed its motion for a TRO and other equitable relief, its memo of law in support thereof and the Sworn Declarations of William Woodward and Jon D. Self. On April 16, 2007, the Court issued an Order denying the SEC's motion for a TRO, and set a hearing on the Preliminary Injunction

¹ L.R. 405(b)(1), as mandated by L.R. 406(b)(1) requires that this motion be titled as such.

for April 26, 2007 at 10 a.m. In the same Order, the Court directed the SEC to submit any supplemental motions, memorandum and affidavits upon which the SEC intended to rely for the preliminary injunction hearing, and to serve the defendants with the supplemental materials not later than 4 p.m. on April 18, 2007. This motion seeking a temporary restraining order is the result of that Order. The Order also directed the SEC to comply with Local Rules 405(b)(1) through (b)(5), as mandated by Local Rule 4.06(b)(1).

The SEC relies in this motion for preliminary injunction, in part, on the legal principles and arguments that it set forth in its motion for TRO. The memorandum in support of that motion is adopted herein to support this motion for a preliminary injunction. Similarly, the Woodward and Self Declarations, previously filed in this matter are relied upon in this motion. However, in addition to the Woodward declaration (which contains numerous admissions of defendant Bretzel), and the Self declaration (which establishes misrepresentations made by the defendants in the Heritage securities offering, and the Real Estate Fund securities offering), the SEC respectfully asks that the Court consider sworn declaration of Susan Sherrill-Beard, attached to the memo of law supporting this motion.

The SEC hereby moves this Court for an order (1) preliminarily enjoining defendants Bretzel, Ford, Real Estate Fund and Heritage from violating the antifraud provisions of the federal securities laws; (2) freezing the assets of defendants Bretzel, Ford, and Real Estate Fund; (3) appointing a Receiver for Real Estate Fund to prevent the dissipation of assets for the benefit of defrauded investors; and (4) prohibiting the defendants from destroying, altering or removing assets. As grounds for this motion, the Commission shows as follows:

1) This matter involves violations of the federal securities laws by Defendants Michael R. Bretzel (“Bretzel”), Lawrence Ford, II (“Ford”), Real Estate Fund, LLC (“Real Estate Fund”) and Heritage Funding Group, Inc. (“Heritage”), who have fraudulently raised at least \$21 million from investors in violation of the securities laws. (Self Dec. ¶ 8-13; 19-22)

2) This matter involves the fraudulent offer and sale of at least \$21 million in securities in a scheme orchestrated by Real Estate Fund and Heritage (collectively, the “Funds”), and their principals, Bretzel and Ford. From at least February 2003 through January 2007, the Funds raised approximately \$21 million from over 200 investors nationwide. (Self Dec. ¶ 8-13; 19-22)

3) The Sworn Declarations of William C. Woodward and Jon D. Self provide the basis for the facts set forth in this motion and the supporting brief. The original declarations of Woodward and Self, along with supporting exhibits thereto, are attached to the memorandum of law filed supporting the motion for TRO filed on April 12. This motion for a preliminary injunction is also based upon the Sworn Declaration of Susan Sherrill-Beard, with supporting exhibits thereto, which is attached to the memo of law supporting this motion, for the Court’s ease of reference.

4) The defendants made several material misrepresentations and omissions in connection with these offerings.

5) The Real Estate Fund represented that substantially all investor funds would be used to acquire properties and Heritage represented that it would use investor funds to purchase secured car loans. (Self Dec. ¶ 7, 9, 15). In truth, the Funds transferred substantial proceeds to Bretzel and Ford individually, or to other companies that Bretzel owned or controlled. (Sherrill-

Beard Dec. ¶ 5a-f; Self Dec. ¶ 11, 21; Woodward Dec. ¶ 28-29). Moreover, substantially all of the car loans acquired by Heritage were not secured. (Woodward Dec. ¶ 19-20, 27

6) The Funds also significantly understated the commission rates that they paid to the broker dealer who solicited investors. (Self Dec. ¶ 13, 22).

7) Finally, the Real Estate Fund and Heritage have operated as Ponzi schemes, at least during the latter part of their respective offerings. (Woodward Dec. ¶ 13-18; 30-33).

8) Defendants Bretzel, Ford, Real Estate Fund and Heritage, by virtue of their conduct, directly or indirectly, have engaged and, unless enjoined, will engage in violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. The Commission seeks preliminary injunctions, an order preserving documents and accountings against Bretzel, Ford, Real Estate Fund and Heritage. The Commission also seeks an asset freeze as to Bretzel, Ford and Real Estate Fund, and the appointment of a Receiver for Real Estate Fund.

9) Relief Defendants Seabreeze Realty Group, Inc. d/b/a Coastal Properties (“Coastal”), Ormand Beach Auto Sales, Inc. d/b/a Liberty Automotive Group (“Liberty”) and Dealer Lot Management, Inc. (“Dealer Lot”), are entities owned by Bretzel, that have, by virtue of their conduct and/or Bretzel’s conduct, directly or indirectly, received illegally-obtained assets for no consideration given, to which they have no legitimate claim.

10) This is brought seeking preliminary injunctive relief because Bretzel, Ford and at least one company controlled by Betzel are the title owners of at least 17 real estate properties that they are actively attempting to sell. (Woodward Dec. ¶ 36-39, 44). In reality, the properties

are assets for the benefit of the defrauded investors in the Real Estate Fund, because investor funds were used to pay mortgages on those properties, and investor funds were for capital improvements and other costs incident to those real properties. Further, the Commission seeks the appointment of a Receiver for Real Estate Fund to preserve the status quo, and to prevent the dissipation of assets held for the investors.

11) Preliminary injunctive action by this Court is necessary to prevent the dissipation and removal of assets for the benefit of the defrauded investors, which remain in the control of Bretzel individually, Ford individually, and in the name of companies under their control.

12) Pursuant to L.R. 4.05(b)(2), as mandated by L.R. 406(b)(1), the threat of irreparable injury, as required of private litigants, is not an element that the Commission must establish for the entry of a preliminary injunction, and the law supporting this legal principal has been set forth in the memo of law in support of this motion.

13) Pursuant to L.R. 4.05(b)(3), as mandated by L.R. 406(b)(1), the posting of security as envisioned in F.R.Civ. P. 65(c) is, by the terms of the rule, not required of the United States, or of an officer or an agency thereof. The Securities and Exchange Commission is an agency of the United States, and posting of security is not required of it.

WHEREFORE, the Commission requests that the Court enter an order of preliminary injunction in the form submitted herewith, as required by L.R. 405(b)(3)(iii), as mandated by L.R. 406(b)(1).

Dated: April 17, 2007.

Respectfully submitted,

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