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11 Attorneys for Receiver  
12 KRISTA FREITAG

13 UNITED STATES DISTRICT COURT  
14 SOUTHERN DISTRICT OF CALIFORNIA  
15

16 SECURITIES AND EXCHANGE  
COMMISSION,

17 Plaintiff,

18 v.

19 GINA CHAMPION-CAIN and ANI  
20 DEVELOPMENT, LLC,

21 Defendants,

22 AMERICAN NATIONAL  
INVESTMENTS, INC.,

23 Relief Defendant.  
24  
25  
26  
27  
28

Case No. 3:19-cv-01628-LAB-AHG

**DECLARATION OF KRISTA L.  
FREITAG IN SUPPORT OF  
RECEIVER'S MOTION FOR  
AUTHORITY TO (A) ENGAGE  
LICENSED AUCTIONEER,  
(B) UTILIZE LIQUOR LICENSE  
BROKER TO SELL LIQUOR  
LICENSES, AND (C) SELL  
PERSONAL PROPERTY**

Date: January 24, 2020

Time: 3:30 p.m.

Courtroom: 3B

Mag. Judge: Hon. Allison H. Goddard

1 I, Krista L. Freitag, declare:

2 1. I am the Court-appointed permanent receiver for Defendant ANI  
3 Development, LLC, Relief Defendant American National Investments, Inc., and their  
4 subsidiaries and affiliates ("Receivership Entities"). I make this declaration in  
5 support of my Motion for Authority to (A) Engage Licensed Auctioneer, (B) Utilize  
6 Liquor License Broker to Sell Liquor Licenses, and (C) Sell Personal Property  
7 ("Motion"). I have personal knowledge of the facts stated herein, and if called upon  
8 to do so, I could and would personally and competently testify to them.

9 2. In the initial month of my appointment, and due primarily to the  
10 shortage of cash in the receivership (caused by the withholding of approximately  
11 \$11.3 million by Chicago Title), I was forced to quickly close most of the restaurant,  
12 retail and other operations of the Receivership Entities.<sup>1</sup> Many of these operations,  
13 especially the restaurants, had equipment and other Personal Property, including  
14 liquor licenses, with material value. Certain of the restaurant and retail operations  
15 operated in properties not owned by the Receivership Entities, so while a few leased  
16 locations are being prepared for sale (which would include assigning the interest in  
17 the lease and selling the Personal Property), I have worked diligently to either  
18 remove, turn over (in the case of Fireside by the Patio) or negotiate a sale  
19 (conditioned on Court approval) of the Personal Property such that possession of the  
20 leased premises can be turned over to the respective landlords. The Receivership  
21 Entities also leased five storage units and one office space in which significant  
22 amounts of Personal Property were stored, all of which has been consolidated and  
23 spaces turned over to the respective landlords.

24  
25  
26 <sup>1</sup> After proper evaluation, it may prove to be the case that some of the operating  
27 locations that had to be quickly closed would have had no value to the  
28 receivership estate anyway, but the withholding of cash by Chicago Title made  
such evaluation prior to closure simply impossible. I had no choice but to  
substantially reduce operating expenses in order to preserve the relatively little  
cash on hand.



1           3.     I propose to engage Abamex, a licensed auctioneer experienced in the  
2 sales of restaurant furniture, fixtures, and equipment ("FF&E"), to advertise, market  
3 and auction the FF&E for sale. Abamex specializes in the appraisal and sale of  
4 business assets, including restaurant FF&E and generally charges a flat fee for  
5 auction set-up and marketing, and then the greater of a flat fee or 12.5% of the gross  
6 sales proceeds, which is at or below most rates in the industry. Information  
7 regarding Abamex is attached hereto as Exhibit A. My staff and I have many years  
8 of experience in personal property sales and have utilized that expertise in selecting  
9 the most suitable auctioneer to maximize the value of the FF&E at auction.

10           4.     The restaurant FF&E is extensive in volume, is now mostly  
11 consolidated in two locations, but some does still remain in several non-operating  
12 (mostly owned) restaurant locations (with the goal of realizing a greater value for it  
13 when the real and/or personal property is sold). Prior to my appointment, much of  
14 the non-operating FF&E was stored in numerous locations with little organization.  
15 However, now that most has been consolidated into two locations and is organized, a  
16 comprehensive inventory is underway and will be completed before the items are  
17 sold. I intend to provide a progress report on the Personal Property inventory with  
18 my next quarterly report.

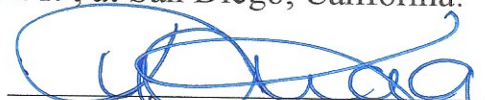
19           5.     With respect to liquor licenses associated with closed restaurants, if  
20 necessary, I propose to utilize AAA Liquor License Consulting ("ALLC") to market  
21 and sell the liquor licenses. ALLC specializes in the sale of liquor licenses in  
22 California. ALLC will market the liquor licenses through its network of restaurant  
23 and bar owners, attorneys who represent them, consultants, and other contacts in the  
24 hospitality and liquor license industries. ALLC will make sure all prospective buyers  
25 have the qualifications required by the Alcoholic Beverage Commission for the  
26 transaction to be approved. ALLC will be paid a 10% commission by the buyer of  
27 the liquor license (nothing is paid by the seller), which rate is consistent with  
28 industry standards.

6. To the extent it is advantageous to engage one or more additional auctioneers or liquor license brokers, I request authority to do so. The Receivership Entities own many liquor licenses and a very large amount of office and restaurant furniture, fixtures, and equipment. As a result, an additional liquor license broker with buyer contacts may prove beneficial. It may also be beneficial to engage a second auctioneer based in Orange County or Los Angeles for some of the FF&E. I will evaluate these options during the course of the sales process and, if appropriate, negotiate terms with additional auctioneers to ensure the fees and expenses charged are at or below customary rates in the market and to maximize the net recovery from the Personal Property assets.<sup>2</sup>

7. In today's market, used personal property asset values can be greatly impaired and regardless are commonly sold by licensed auctioneers via online auctions, often with specified times to view items in person prior to sales. Auctioneers publicize auctions via their websites and email marketing campaigns to known prospective buyers in the applicable industries. Hiring three independent appraisers and publishing notices of sales in newspapers imposes a considerable financial burden on the receivership estate with no corresponding benefit to the receivership estate.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 3rd day of December 2019, at San Diego, California.

  
KRISTA L. FREITAG

<sup>2</sup> It may also prove to be in the best interests of the receivership estate to engage an art dealer to sell certain artwork and/or an auto dealer to assist with the sale of a food truck owned by the Receivership Entities.

**EXHIBIT INDEX**

<b>EXHIBIT NO.</b>	<b>DESCRIPTION</b>	<b>PAGE NO.</b>
Exhibit A	Information regarding Abamex	6

# EXHIBIT A

# EXHIBIT A



**Industrial & Real Estate  
Auctions. Appraisals of  
Business Assets**

## **INTRODUCTORY COMPANY PACKET**

Dear Eric;

I'm herewith respectfully enclosing Abamex Auction Company information packet for your perusal. This packet is intended to acquaint you with the services that we render, as well as the plethora of engagement that we have provided to our esteemed clients. Likewise, I am citing a few references for your peace of mind.

I would like to take this opportunity to acquaint you with the Abamex Auction Company that singularly encompasses the services of asset disposition (Real and Personal) property and business assets appraisals.

You will find that our services are tailored to suit the needs of the task on hand coupled to the ease and enthusiasm of our personnel, when working with and for you.

Abamex business assets appraisals have the benefit of providing you with the latest primary data information emanating from our own auctions as well as the networking with other auction companies that enables us to continuously enhance our information data bank for the purposes of attaining secondary data comparables in the marketplace.

Abamex has been preparing opinion of value reports and appraisals, mostly for banks, financial institutions, Attorneys and Corporate America. Some appraisals are prepared to assist the Management in their liquidation decision making process and in some other instances to assist in the loan making process.

Likewise, in the realm of appraising personal property. Our personnel hold ISA & GPPA designations, following the guidelines and compliance of the USPAP (Uniform Standards of Professional Appraisers).

Phone: **(858) 384-3580**

Email: **auctions@abamex.com**

Fax: **(858) 384-3557**

Mail: **PO Box 84185, San Diego CA 92138-4185**







**Industrial & Real Estate  
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Business Assets**

We are a fully bilingual (English-Spanish) company, placing an added-value to our services.

We have prepared and conducted auctions and appraisals throughout Southern and Northern California, Arizona, Oregon, Washington, Nevada, Texas, South Carolina, Georgia, Puerto Rico and Countries of Colombia and Mexico.

Thus, you will find that our fees are very reasonable and commensurate with the work performed towards the specific task on hand. We treat every case on its own merits, providing you with a written proposal once we have had the opportunity to peruse the different available solutions that we may have towards your specific needs and purpose of the task on hand.

Looking forward to working with you and to establish a lasting mutually beneficial relationship. Insurance, bonds and all required licenses are in place to give you the necessary peace of mind while working with us. Our fiduciary responsibility towards our clients has always been exemplary and neither our licenses nor reputation have ever been compromised. Should you require any additional information, please do not hesitate to be in touch with us.

I am enclosing some of the auction genres that we have conducted in the past years and please let us know if you want any references.

Sincerely Yours,  
Olga Lemeni  
CEO

**(Menu of Services Provided Next Page)**

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## Industrial & Real Estate Auctions. Appraisals of Business Assets

### Abamex Auction Company Menu of Services

**Appraisals of business assets:** We are USPAP compliant ISA & GPPA appraisers & have been performing business asset appraisals for banks & financial institutions for over 20 years. The type of appraisals has mainly been for liquidation and new business loans, thereby providing auction liquidation, market value and market value in place type of appraisals. All our appraisals are in conformity with the latest version of the USPAP and the standards of the Appraisal Foundation.

**Auctions Machinery and Technical Specialties** – We have been performing auctions for over twenty-five years in personal property. We have as clients some of the major banks & financial institutions, bankruptcy trustees and receiverships as well as holding auctions for Corporate America throughout the U.S and internationally. We have performed small auctions to comply with the commercially reasonable sale as well as auctions that have taken over three days, well over 1.5M in sales proceeds. The former is a clear indication that we take care of business, regardless of the task size to be performed.

**Real Estate Brokerage & Auctions** – We have been in the real estate business for over 30 years; as RE brokers we have sold commercial, residential & business opportunities through private treaties & auctions.

**Turn-key business opportunity auctions** – In those cases where we feel that the highest and best use would be to sell the personal & intellectual property assets with continuous use, we conduct business opportunities auctions where the property owner (Landlord doesn't have to incur in additional expenses in Leasehold Improvements; conversely, the buyer wouldn't incur in additional expenses in form of Tenant Paid Tenant Improvements, becoming a win-win situation for all parties; thereby maximizing sales proceeds returns for the seller or secured creditor.

**Estate Sales. (When applicable),** Abamex combines the sale of Personal and Real Property in a single action, should this be highest and best recovery method use by Abamex in those cases where the executor of the Estate needs selling the assets to be converted into liquid assets and distributed amongst the heirs or the beneficiaries of the estate. This method saves unnecessary expenses in marketing and transportation expenses; thereby expediting the recovery of liquid assets. Same method applies to divorce estate cases and similar cases.

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## **Industrial & Real Estate Auctions. Appraisals of Business Assets**

**Warehouse Lien and or abandonment Auctions** have been conducted for several attorney's firms and Mobile Home Parks in Southern CA. mainly under 798.56, 1988, 1993 of the Civil Code and Sections 7209 & 7210 of the CA Commercial Code.

**Pickup of goods & storage** – In those cases whereby the auctions can't be held at the site, or the number of goods in question does not justify to hold an auction by itself; we're prepared to pick up the goods & take them to our warehouse, to auction them in conjunction with other cases, to mitigate expenses and complying with a commercially reasonable sale.

**Our auctions are held severally or as a combination of live, online or webcast, or a combination thereof, depending on the merits of the assets and the specific circumstances surrounding the case. Each case is treated individually and discern on its own merits.**

Expenses for Marketing and Advertising are negotiated in accordance with the task involved. We strive to cover an effective dissemination of information for the auction, without incurring in an exercise of diminishing returns to our clients.

Advertising is consolidated to the most appropriate media, mostly online, emails and calls. As needed we include trade magazines, websites, and mailers, newspapers of major circulation (print & digital formats) relevant to the specific product or industry. In addition to our list of US buyers, we have developed an in-depth marketing program covering Mexico, Central and South America.

I hope that the former information has given you a bird's eye view information of the different services we can perform and it will be a pleasure to work with you and for you establishing a mutually beneficial relationship.

Respectfully,  
Olga Lemeni  
CEO

Phone: (858) 384-3580

Email: [auctions@abamex.com](mailto:auctions@abamex.com)

Fax: (858) 384-3557

Mail: PO Box 84185, San Diego CA 92138-4185





**Industrial & Real Estate  
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Business Assets**

## **LATIN MARKETING SERVICES, INC. dba ABAMEX COMPANY PROFILE**

### **LATIN MARKETING SERVICES, INC.**

Incorporated Nov 19, 1986  
Corporate # 1391967 LM2SI  
S corp. EIN 33-0208597 as of Jan 5, 1987  
Fully bilingual (English-Spanish)

### **Office and Warehouse:**

10050 Via de La Amistad Suite 2452, San Diego CA 92154 (office and warehouse)  
Telephones: 800-841-3364 (858) 384-3580 Fax: (858) 384-3557  
Internet address: <http://www.abamex.com> E-mail [auctions@abamex.com](mailto:auctions@abamex.com)

### **Mailing Address:**

PO BOX 84185  
San Diego, Ca. 92138

### **DBA: ABAMEX, LTD.**

City of San Diego business Lic. # 83008515  
Resale License SRFH-25840482  
Auction Company Bond # MS 273-80-15  
BUSINESS SCOPE: Auctioning of real and personal property & personal property appraisals

### **DBA: ABAMEX P & I**

City of San Diego business Lic. # 83016431  
Dept. of Real Estate License # 00961384

**BUSINESS SCOPE:** Real Estate sales through conventional and auction method.  
Residential, Business Opportunities, Income and Commercial Properties.

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**Industrial & Real Estate  
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Business Assets**

## **REFERENCES**

Herewith we enclosed some of our present clients for reference purposes.

### **Bank of Southern California**

Ms. Lisa Tulley  
12265 El camino Real #100  
San Diego Ca 92130  
858-847-4735

### **Nano Bank**

Mr. Carl Patsko  
25220 Hancock Av Ste 140  
Murrieta Ca 92562  
951-973-7412

### **CIT Bank**

Mrs. Terri Nutter  
Vice President SBA Group  
10680 Treena St. Suite 250  
San Diego CA. 92131  
858-935-3127

### **Bank of the West**

Ms. Angie Coro  
300 S Grand Av 7<sup>th</sup> Floor  
Los Angeles Ca 90071  
213-972-0418

Should you require more references please let me know.

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## **ABAMEX AUCTION Co. AUCTION EXPERIENCE**

Abamex has been engaged in the auction marketing process since 1989, having as clients some of the most prestigious domestic banks, financial institutions, BK Trustees and Receivers, Attorneys and Management Cos.

Due to the nature of the business, our clients (banks, financial institutions and corporate America) Abamex has been engaged in myriad businesses auctions with a diverse number of industries:

**Restaurant and Processing Equipment**  
**Eateries including Fast Food, Sandwich Shops, Restaurants**  
**Markets and Supermarkets with equipment and foodstuffs comprising grocery, none grocery vitamins and Pet foodstuffs.**  
**Silk Screening Equipment, Embroidery, Leather and Fabric Mfg. Equipment**  
**Consumer Goods & Inventories (Comprising a myriad of industries).**  
**Dental and Medical Equipment.**  
**Metalworking Equipment** (CNC and conventional equipment.)  
**Woodworking Equipment** (CNC and conventional equipment.)  
**Printing Equipment** (comprising pre-press, press and bindery.)  
**Transforming and Process Industries Equipment**  
**Heavy Equipment and Rolling Stock**  
**Electrical Equipment and Electrical inventory**  
**Pharmaceutical and Packaging Equipment**  
**Hair Care, Skin and Spa Equipment**  
**Office furniture, Fixtures and Equipment**  
**Auto Repair Shops of several genres (transmission, mufflers, general repair etc.).**  
**Estates** (contents of homes and businesses)

Additionally, we have performed auctions for the US Marshals and other institutions under the Department of Justice of the United States of America.

Abamex has been engaged during this period (1989 to 2019) in more than 1200 auctions. During this time our licensees, bond or insurance has never been compromised,

Looking forward to working with and for you.

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End to Introductory Packet

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