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20 Attorneys for Receiver
21 KRISTA FREITAG

22 UNITED STATES DISTRICT COURT
23 SOUTHERN DISTRICT OF CALIFORNIA

24 SECURITIES AND EXCHANGE
25 COMMISSION,

26 Plaintiff,

27 v.

28 GINA CHAMPION-CAIN and ANI
DEVELOPMENT, LLC,

Defendants,

AMERICAN NATIONAL
INVESTMENTS, INC.,

Relief Defendant.

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

**DECLARATION OF KRISTA L.
FREITAG IN SUPPORT OF
MOTION FOR APPROVAL OF
SETTLEMENT AGREEMENT WITH
DANIEL AND BARBARA
CHAMPION**

Date: April 13, 2020
Time: 11:15 a.m.
Courtroom: 14A
Judge: Hon. Larry Alan Burns

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 Approval of Settlement Agreement with Daniel and
6 Barbara Champion ("Motion"). I have personal knowledge of the facts stated herein,
7 and if called upon to do so, I could and would personally and competently testify to
8 them.

9 2. During my investigation and accounting pursuant to the Appointment
10 Order (Dkt. 6) and subsequent orders of the Court, I discovered that the Receivership
11 Entities, while under the control of Defendant Gina Champion-Cain, made certain
12 transfers to or for the benefit of Ms. Champion-Cain's parents, Daniel and Barbara
13 Champion ("Champions"). Specifically, in August 2018, American National
14 Investments, Inc. loaned \$275,000 to the Champions, secured by a mortgage on their
15 home in Ann Arbor, Michigan. The promissory note has no payments due for a
16 period of 10 years, an interest rate of 4.25%, and all principal and interest due in
17 August 2028.

18 3. In March 2018, Ms. Champion-Cain took \$80,000 from the
19 Receivership Entities and transferred the funds (in two transfers) to her personal
20 account. The same day the second transfer was made, Ms. Champion-Cain paid
21 \$79,337.86 by check to a BMW dealer in Ann Arbor, Michigan for the purchase of a
22 car for Mr. Champion. The memo line on the check states "Dan Champion's Car."

23 4. The Champions and I have agreed, subject to Court approval and the
24 Champions' ability to secure a new mortgage on their home, that the Champions will
25 pay to the receivership estate a total of \$330,000 in cash directly from escrow for the
26 closing of the new mortgage, at which time I will release the existing mortgage in
27 favor of American National Investments, Inc. The Champions have been pre-
28 approved for a new mortgage and must secure the new mortgage within 60 days of

1 Court approval. The settlement includes a mutual release of all claims arising from
2 these two payments to or for the benefit of the Champions (the mortgage and the
3 vehicle purchase), which release is conditioned on Court approval and timely
4 payment of the full settlement amount. The settlement agreement is attached hereto
5 as Exhibit A.

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

8 Executed this 5th day of February 2020, at San Diego, California.

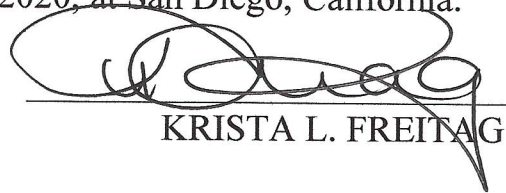
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10 KRISTA L. FREITAG
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EXHIBIT A

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SETTLEMENT & RELEASE AGREEMENT

This SETTLEMENT & RELEASE AGREEMENT ("**Agreement**"), dated as of January 24, 2020 is made by and between KRISTA L. FREITAG ("**Receiver**"), in her capacity as Court-appointed permanent receiver for ANI DEVELOPMENT, LLC, AMERICAN NATIONAL INVESTMENTS, INC., and their subsidiaries and affiliates, and DANIEL P. CHAMPION and BARBARA J. CHAMPION, Individuals ("**Transferee**").

RECITALS

A. On August 28, 2019, the Securities and Exchange Commission ("**Commission**") filed a Complaint in the United States District Court for the Southern District of California ("**District Court**") against Defendants Gina Champion-Cain and ANI Development, LLC, and Relief Defendant American National Investments, Inc. Concurrently with filing the Complaint, the Commission filed a Joint Motion and Stipulated Request for a Preliminary Injunction Order and Orders (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; and (4) Appointing a Permanent Receiver ("**Joint Motion**").

B. The Complaint alleges that Defendants operated a large-scale Ponzi scheme that raised over \$300 million from investors by falsely representing that the funds would be used for a liquor license lending program. On September 3, 2019, the District Court granted the Joint Motion and entered the requested Preliminary Injunction Order and Related Orders, including appointing the Receiver as permanent receiver for ANI Development, LLC, American National Investments, Inc., and their subsidiaries and affiliates ("**Receivership Entities**").

C. The Receiver alleges that Transferees received **\$354,337.86** from the Receivership Entities (directly or indirectly) without providing reasonably equivalent value in return ("**Transfers**"). One of the Transfers in the amount of \$275,000 was made to Transferees in connection with a mortgage placed on Transferees' residence located at 520 Glenmoore Drive, Ann Arbor, Michigan ("**Property**") in favor of American National Investments, Inc. ("**ANI Mortgage**").

D. The Receiver has asserted claims against Transferees for return of the Transfers as representing one or more fraudulent transfers under the California Uniform Voidable Transactions Act. Transferees have disputed the Receiver's claims.

E. The Receiver and Transferees have agreed to settle and resolve all disputes, and release all claims arising from the Transfers, under the terms and conditions provided herein.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agree as follows:

1. Court Approval. The entirety of this Agreement is conditioned on it being approved in full by the District Court ("Court Approval"). The Receiver will seek Court Approval promptly upon execution of the Agreement by both parties.

2. Refinance and Payment. Transferees have been pre-approved for a new mortgage to be secured by the Property; funds received therefrom (and, if necessary, additional funds payable by Transferees) will be used to make the full settlement payment. The Agreement is conditioned on Transferees securing a new mortgage within 60 days of Court Approval. Once Court Approval has been obtained and Transferees have secured a new mortgage, the Receiver shall deliver to escrow a release and discharge of the ANI Mortgage and the full \$330,000 settlement payment shall be made to the Receiver directly from escrow.

3. Mutual Release. On the condition that the full settlement payment due under Section 2 above has been made and effective only upon satisfaction of such condition, the Receiver, on the one hand, and Transferee on the other hand, and each of them, for themselves, their agents, employees, partners, directors, officers, successors and assigns, forever, irrevocably and unconditionally release and discharge one another, and their respective officers, directors, representatives, heirs, executors, administrators, receivers, successors, assigns, predecessors, agents, attorneys and employees, of and from any and all claims, demands, debts, obligations, liabilities, costs, expenses, rights of action, causes of action, awards and judgments arising from the Transfers, all of which are hereinafter called, "**Released Claims.**"

Each of the Receiver and Transferees acknowledge and agree that the Released Claims may include claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected and further acknowledge that they may be presently unknown or unsuspected, and may be based upon hereafter discovered facts different from, or in addition to, those which they now know, or believe to be true. Nevertheless, the parties agree that the foregoing release shall be and remain effective in all respects, notwithstanding such different or additional facts, or the discovery thereof, and further hereby expressly waive and relinquish any and all rights provided in California Civil Code Section 1542 which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

The Receiver and Transferees expressly waive and release any rights and benefits that they have or may have under any similar law or rule of any other jurisdiction pertaining to the matters released herein. It is the intention of the parties through this Agreement and with the advice of counsel to fully, finally and forever settle and release the claims and disputes existing between them as provided herein, known or unknown. The releases herein given shall be and remain in effect as full and complete releases of all such matters notwithstanding the discovery of any additional claims or facts relating thereto.

4. Voluntary Signing. Each of the parties to this Agreement has executed this Agreement without any duress or undue influence.

5. Independent Counsel. Each of the parties acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Agreement, that it has executed and approved of this Agreement after consultation with said counsel, and that it shall not deny the validity of this Agreement on the ground that such party did not have the advice of legal counsel.

6. Governing Law and Venue. This Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of California, and Federal Equity Receivership law, and subject to the exclusive jurisdiction of the District Court.

7. Waiver/Amendment. No breach of any provision of this Agreement can be waived unless in writing. Waiver of any one breach of any provision of this Agreement is not a waiver of any other breach of the same or of any other provision of this Agreement. Amendment of this Agreement may be made only by written agreement signed by the parties.

8. Fax and Counterparts. This Agreement may be executed by fax and/or in counterparts and, if so executed, each fax and/or counterpart shall have the full force and effect of an original.

9. Attorneys' Fees and Costs. The parties hereto shall each bear their own costs and attorneys' fees incurred in connection with the negotiation and documentation of this Agreement, and the parties' efforts to obtain District Court approval thereof. If any proceeding, action, suit or claim is undertaken to interpret or enforce this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs incurred in connection with such dispute.

10. Notices. Notices to be provided hereunder shall be effective if sent to the following:

To Transferees:

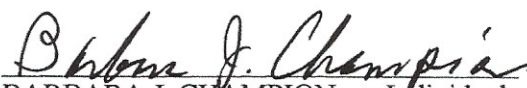
Matthew E. Krichbaum,
Attorney for Transferees
Soble Rowe Krichbaum LLP
302 E. Liberty
Ann Arbor, MI 48104

To the Receiver:

Krista L. Freitag, Receiver
c/o Allen Matkins
600 W. Broadway, 27th Floor
San Diego, CA 92101
Attn: Ted Fates, Esq.


TRANSFEREES:

By: 
DANIEL P. CHAMPION, an Individual

By: 
BARBARA J. CHAMPION, an Individual

RECEIVER:

KRISTA L. FREITAG, COURT-APPOINTED
PERMANENT RECEIVER FOR ANI
DEVELOPMENT, LLC, AMERICAN
NATIONAL INVESTMENTS, INC., AND THEIR
SUBSIDIARIES AND AFFILIATES

By: 
KRISTA L. FREITAG, Receiver
Such in capacity as Court Appointed Receiver