

1 DAVID R. ZARO (BAR NO. 124334)
2 NORMAN M. ASPIS (BAR NO. 313466)
3 ALLEN MATKINS LECK GAMBLE
4 MALLORY & NATSIS LLP
5 865 South Figueroa Street, Suite 2800
6 Los Angeles, California 90017-2543
7 Phone: (213) 622-5555
8 Fax: (213) 620-8816
9 E-Mail: dzaro@allenmatkins.com
10 naspis@allenmatkins.com

11 EDWARD G. FATES (BAR NO. 227809)
12 ALLEN MATKINS LECK GAMBLE
13 MALLORY & NATSIS LLP
14 One America Plaza
15 600 West Broadway, 27th Floor
16 San Diego, California 92101-0903
17 Phone: (619) 233-1155
18 Fax: (619) 233-1158
19 E-Mail: tfates@allenmatkins.com

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 JOINT
MOTION FOR ENTRY OF
PROTECTIVE ORDER AND
APPROVAL OF REPOSITORY AND
ALLOCATION OF PRODUCTION-
RELATED COSTS**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DECLARATION OF KRISTA L. FREITAG

I, Krista L. Freitag, declare:

1. I am the Court-appointed permanent receiver (the "Receiver") for Defendant ANI Development, LLC, Relief Defendant American National Investments, Inc., and their subsidiaries and affiliates ("Receivership Entities"). I make this declaration in support of the Joint Motion for Entry of Protective Order and Approval of Repository and Allocation of Production-Related Costs ("Motion"), submitted by the Moving Parties, as defined in the Motion. I have personal knowledge of the facts stated herein, and if called upon to do so, I could and would personally and competently testify to them.

2. Pursuant to the authority conveyed to me via this Court's Order; Granting The Parties' Joint Motion And Stipulated Request By All Parties For A Preliminary Injunction Order And Order (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting Destruction Of Documents; And (4) Appointing A Permanent Receiver, and in pursuit of my duties thereunder, I have collected a significant volume of electronic and physical records related to the Receivership Entities, which electronic data presently exceeds eighty (80) terabytes of storage. Broadly, these records can be categorized as follows: (1) electronic data, documents, and information stored by the Receivership Entities using remote cloud storage as well as computers, a server and hard drives located at the Receivership Entities' offices; (2) hard-copy documents and information that I retrieved, along with the assistance of my staff, from the Receivership Entities' offices, real property assets and operating locations; and (3) data, documents, and information that I obtained in response to subpoenas served upon third parties.

3. I understand that many of these records (the "Materials") may be relevant to pending and future litigation matters relating to, or arising from, the liquor license investment program ("Program") that is the subject of the above-captioned enforcement action. Throughout the course of the receivership, numerous

1 interested parties have formally and informally requested documents from me
2 relating to the Program. While I produced certain materials informally, it quickly
3 became clear that numerous interested parties involved in current and
4 forthcoming/potential litigation between investors in the Program and Chicago Title
5 Company or Chicago Title Insurance Company (collectively, "Chicago Title")
6 wished to obtain documents in my possession as soon as possible.

7 4. Rather than respond to piecemeal document requests and subpoenas,
8 which I believe would unduly consume the limited resources of the receivership
9 estate, my team and I (including counsel) investigated the viability of creating a
10 document repository from which relevant documents could be produced quickly and
11 in a cost-effective manner. To that end, my team analyzed the various forms in
12 which information was stored, consulted with numerous vendors concerning
13 potential approaches to compilation, preparation, storage and production of
14 information, and met and conferred with counsel for the Commission, Defendants,
15 Chicago Title, and a majority of the investors. Through this process, the parties
16 identified a methodology for identifying relevant electronic data in order to narrow
17 the scope and reduce the expense of the eventual production. My team
18 simultaneously conducted a cursory review of hundreds of boxes of hard copy
19 documents to identify relevant materials, which are in the process of being imaged in
20 searchable form.

21 5. Through this transparent and inclusive process, my team and I have
22 created the framework for a centralized database (the "Repository") that will allow
23 the Materials to be uploaded and disseminated to: (1) all interested parties
24 (collectively, the "Interested Parties") whose funds were deposited into accounts with
25 Chicago Title, or otherwise invested in connection with, or loaned to, the
26 Receivership Entities and/or Gina Champion-Cain, as part of the Program; (2) the
27 Commission; and (3) Chicago Title (collectively, the "Repository Recipients"),
28 subject to the terms of the Protective Order and the Motion. I believe production of

1 the Materials through the Repository is the most timely and cost-effective way to
2 disseminate this information to those interested in obtaining it.

3 6. Some of the Materials appear to contain confidential investor
4 information and, in the case of records relating to Chicago Title bank accounts,
5 contain information unrelated to the Receivership Entities or the Program. I
6 understand that at least some of these materials are normally kept confidential for
7 competitive and privacy reasons, and that a protective order is necessary and
8 appropriate to govern the treatment of such Materials in order to ensure they are kept
9 confidential. In addition, I understand that Ms. Champion-Cain has asserted that
10 certain communications within the Materials involving her and her attorneys are
11 protected by the attorney-client privilege. Therefore, the applicable communications
12 will be provided to Ms. Champion-Cain's counsel, who will conduct a privilege
13 review and provide a privilege log. Once the communications claimed by Ms.
14 Champion-Cain to be privileged have been identified and removed, I will provide a
15 hard drive with the Materials contained within the Repository to the Repository
16 Recipients, subject to the Court granting the Motion.

17 7. In anticipation of uploading the Materials to the Repository, I, along
18 with the assistance of my team, consulted with several vendors regarding the
19 expenses associated with scanning eighty-six (86) boxes of physical files and
20 preparing approximately 800 gigabytes of data to be produced in bates-stamped,
21 fully searchable format to the Repository. Based on the price proposals from several
22 vendors, I estimate that the total cost to complete this process will be approximately
23 \$105,000.00, broken down as follows:

- 24 • Approximately \$55,000.00 to scan the eighty-six (86) boxes of physical
25 files, including logical unitization and standard coding for search
26 capabilities;

27
28

- 1 • Approximately \$20,000.00 to apply Logical Document Determination to
- 2 documents received electronically from third parties via my various
- 3 subpoenas so that the documents are fully searchable; and
- 4 • Approximately \$30,000.00 to process the approximately 800 gigabytes
- 5 of data, including bates stamping the Materials and producing them in a
- 6 fully searchable format.

7 8. Given the considerable costs of producing the Materials to the

8 Repository, and my efforts to conserve limited receivership estate resources for the

9 benefit of the Receivership Entities' investors and creditors, I propose allocating the

10 costs associated with the Repository to be borne, in three equal shares, by: (1) the

11 receivership estate, (2) Chicago Title, and (3) the Interested Parties, collectively.

12 Once the work necessary to produce the Materials to the Repository is complete, I

13 will provide Chicago Title and the Interested Parties with a final breakdown of the

14 total costs incurred in connection therewith.

15 9. In the event that I obtain, review or locate/discover additional

16 documents or information related to the Program, via the issuance of third-party

17 subpoenas or otherwise, I propose meeting and conferring with the Repository

18 Recipients regarding the potential production of such materials, and an equitable

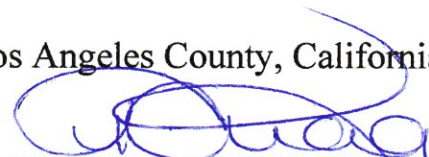
19 allocation of costs in connection therewith, as appropriate, under the structure set

20 forth in the Motion.

21 I declare under penalty of perjury under the laws of the United States of

22 America that the foregoing is true and correct.

23 Executed this 9th day of June 2020, at Los Angeles County, California.

24 

25 KRISTA L. FREITAG