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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

**RECEIVER'S FOURTH INTERIM
REPORT AND
RECOMMENDATIONS**

Ctrm: 14A
Judge: Hon. Larry Alan Burns

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Rules

S.D. Cal., Local Rule 66.1.e.4

1 Krista Freitag ("Receiver"), the Court-appointed permanent receiver for
2 Defendant ANI Development, LLC, Relief Defendant American National
3 Investments, Inc., and their subsidiaries and affiliates ("Receivership Entities"),
4 hereby submits this Receiver's Fourth Interim Report and Recommendations
5 ("Fourth Interim Report").

6 I. BACKGROUND

7 This equity receivership involves a large, complex, and wide-ranging group
8 of enterprises and assets which are the subject of the Complaint filed by the United
9 States Securities and Exchange Commission ("Commission"). The Complaint
10 alleges Defendants Gina Champion-Cain and ANI Development, LLC perpetrated a
11 large-scale fraud, raising over \$300 million from investors since 2012 for purported
12 short-term, high-interest loans to parties seeking to acquire liquor licenses.

13 Defendants agreed to the appointment of a permanent receiver by way of a
14 Joint Motion and Stipulated Request filed concurrently with the Complaint (Dkt. 2).
15 On September 3, 2019, the Court (the Hon. Marilyn Huff) granted the Joint Motion
16 and entered the Appointment Order (Dkt. 6.)

17 On November 18, 2019, the Court held a hearing on the Receiver's Motion for
18 Order in Aid of Receivership; Receiver's Verified Initial Report, Recommendations,
19 and Petition for Further Instructions Pursuant to Local Rule 66.1.e. which was filed
20 on October 3, 2019 (Dkt. 76-1) ("Verified Initial Report"). And on November 22,
21 2019, the Court entered the Order Granting in Part Motion for Order in Aid of
22 Receivership (Dkt. 126), which authorized the Receiver to, among other things, file
23 interim reports and interim fee applications on a quarterly basis.

24 This quarterly report covers the Receiver's activities during the second quarter
25 of 2020 and reflects the status of certain assets as of the date of this report, if
26 material activity has occurred between June 30, 2020 and the date of this report.

II. EXECUTIVE SUMMARY

As previously reported, the receivership estate assets were primarily comprised of cash, 33 commercial and residential properties, 27 restaurant and retail operations, not including commissary kitchen operations (both owned and leased properties), voluminous personal property (including restaurant equipment, product inventory, retail merchandise, liquor licenses and intellectual property associated with the operations of the enterprise), various notes receivable or equity investments made by the Receivership Entities, and potential causes of action.

During the second quarter of 2020, the Receiver continued to make progress in marshalling the Receivership Entities' assets and otherwise discharging her duties. Those efforts include the continuation of the forensic accounting work and the related investigation/recovery efforts. The Receiver also continued the marketing, sale or alternative resolution process for nearly all of the real property assets using procedures consistent with the requirements of 28 U.S.C. §§ 2001-2002 and following the Court's Order Establishing Uniform Property Sale Procedures (Dkt. 219). She also completed the majority of the personal property auctions as authorized by the Court's Order Regarding Pending Property Sale Motions (Dkt. 226).

As previously reported, the COVID-19 pandemic continues to affect the general business environment and in particular restaurant, vacation rental and co-work operations. In late May, San Diego County received State approval to remove restrictions against in-person dining at restaurants. Restrictions on other businesses were eased shortly thereafter. Concurrent with these changes, the Receiver capitalized on improved interest in the unsold assets and advanced negotiations on various real property and leasehold interest sales. As a result, five (5) sales are currently pending Court approval, three (3) of which are set for hearing on September 18, 2020, two (2) were taken under submission (originally set for hearing on August 3, 2020). Three (3) sales have recently received Court approval and are

1 currently moving towards closing and the Receiver has been able to close on sales of
2 several other properties.

3 Due to rapidly rising reported cases of COVID-19, on July 6, 2020, the state
4 mandated the closure of many previously re-opened businesses including in-person
5 dining inside restaurants. This swiftly changing environment has impacted
6 operations and certain asset interest and sale pricing. Consequently, some locations
7 which appeared to have viable sales transactions pre-COVID, are no longer likely to
8 result in a sale. Thus, the Receiver has been working with lenders to provide limited
9 relief for them to pursue non-judicial foreclosure sales and exercise other remedies,
10 as appropriate.

11 For the residential assets, low interest rates, and a significant lack of supply
12 has improved interest in the available properties for sale. Accordingly, many of the
13 currently pending transactions are residential property sales. As part of her recent
14 efforts and in the face of ongoing eviction moratoriums, the Receiver has also taken
15 alternative action to resolve three existing tenancies to ensure that the affected
16 properties are available for sale in the near term.

17 Operationally, the rapidly changing restaurant environment led to a modest
18 increase in staffing at the remaining two Surf Rider Pizzas, and then a subsequent
19 reduction. The co-working office rental business located at 140 Keller Street in
20 Petaluma, California ("Keller Co-Work") remained closed for a period during the
21 quarter but re-opened once allowed. The manager there remains the only onsite
22 staff and various social distancing and cleaning protocols were enacted to keep
23 subscribers safe. Due to increased restrictions, since July, the only allowed
24 subscribers are those that self-certify that they are an essential business. This
25 operation has been significantly impacted by the pandemic and the Receiver
26 continues to monitor operations in order to balance the net income/loss against the
27 potential impact of a business closure on the sale efforts for the asset. Currently the
28 business loss is negligible as many subscribers continue to pay their monthly fees to

1 reserve their spaces and others have increased their service tier to provide more
2 socially distant workspace. At the ANI corporate-level, the few remaining
3 employees continue to work from home; a further reduction in staffing is imminent
4 as the next tranche of assets is sold.

5 As discussed last period, most customers of the vacation rental properties who
6 had booked stays during March through May canceled their reservations. However,
7 tenancies at the vacation rentals improved in June and July. Based on current
8 booking trends, August and into the fall will likely see reduced rentals.

9 As before, it is important to remember that this report's contents may need to
10 be materially modified upon continued consideration and based on uncontrollable
11 changes in the marketplace due to the COVID-19 pandemic. Nothing herein shall
12 be construed as an offer or admission, but simply reflects a summary of the
13 Receiver's current understanding of the enterprise information as of the date of the
14 report. As discussed herein, although the Receiver and her professionals have made
15 a great deal of progress, much work remains to be done – notably on the forensic
16 accounting and recovery/monetization of assets, including pursuing causes of action
17 and an ultimate claims and distribution process.

18 **III. SUMMARY OF RECEIVER'S ACTIVITIES**

19 **A. Funds Recovered to Date**

20 With the continued sales of real property, business interests and personal
21 property, the Receiver has continued to recover funds for the benefit of investors. A
22 few recovery highlights for the second quarter of 2020 include:

- 23 • \$534,153 of net proceeds from the sale of the Carmel property;
- 24 • \$258,776 of net proceeds from the sale of the Zanzibar vacation rental
25 property;
- 26
- 27
- 28

- 1 • \$1,019,548 of net proceeds from the sale of the Saskas Restaurant¹ and
- 2 parking lot;
- 3 • \$129,306² of net proceeds from the sale of the former Swell coffee
- 4 shop;
- 5 • \$19,592 of net proceeds from the sale of the former Bao Beach
- 6 restaurant;
- 7 • \$167,040 of additional proceeds from the Tourmaline investment;
- 8 • \$330,000 from the Court-approved settlement with Daniel and Barbara
- 9 Champion;
- 10 • \$40,000 of additional earnest money deposits towards the progress of
- 11 the Pullman Lofts interest sale (ultimately consummated in the third
- 12 quarter); and
- 13 • \$76,276 of additional net proceeds from the sale of various personal
- 14 property via auction (the majority of the receipts for personal property
- 15 sales were received in the third quarter and thus are not reflected
- 16 herein).

17 The Receiver's asset sales and investigation into the use of funds and recovery
 18 efforts are ongoing; recovery details are included and will continue to be tracked on
 19 the receipts and disbursements schedule below.

20 **B. Real and Personal Property Assets**

21 The Receiver has continued steps to implement the Appointment Order,
 22 including managing all assets controlled, operated, leased or owned by the
 23 Receivership Entities. Attached as **Exhibit A** is an updated schedule of all known
 24 real property, businesses/operations (former and current), third-party
 25 investments/loans, and liquor license assets of the Receivership Entities. Notes

27 ¹ The liquor license transfer completed on August 11, 2020, resulting in additional
 net proceeds of \$79,367.

28 ² Sales proceeds from escrow totaled \$189,306; \$60,000 was required to be paid
 on a UCC; the payment was made in July 2020.

1 regarding the status of each of the assets are reflected on Exhibit A, along with
2 estimated market values based upon the most current valuation information
3 available, whether through brokers' opinions of value ("BOV"), sales contract
4 prices, market comparables or appraisal.

5 A few notable highlights of the Receiver's real-time progress on real and
6 personal property asset dispositions include:

- 7 1. 11 real property and one (1) leasehold interest (with personal property)
8 sales are completed;
- 9 2. Seven (7) real property sales plus one (1) leasehold interest (with
10 personal property) have been submitted to the Court for approval; one
11 of which went to auction. Dkt. 346, 350, 351, 367, 384, 406, 408, and
12 421. The Court has recently issued orders approving the sales of three
13 (3) of these properties, each of which is now moving towards closing.
14 Two (2) of the sale motions have been taken under submission by the
15 Court and three (3) sale motions are set for hearing on September 18,
16 2020.
- 17 3. Five (5) joint motions concerning real properties (for which limited
18 ownership-related expenses have been paid by the receivership estate
19 on a net, aggregate basis) have been submitted to the Court for approval
20 to proceed with non-judicial foreclosure or other relief. Dkt. 306, 324,
21 379, 403, and 405.
 - 22 a. The Receiver has been able to generate a prospective sale on one
23 (1) property previously in this category; the sale is currently
24 pending Court approval. Dkt. 303 and 406.
- 25 4. Nine (9) owned real properties and two (2) leasehold interests are listed
26 for sale:
 - 27 a. Two (2) are vacation rental properties;
 - 28

- b. One (1) is a mixed-use property that has a first-floor commercial unit with a two-story residence above it that is currently being used as a vacation rental property;
 - c. One (1) is a multi-family residential property;
 - d. One (1) is the Keller Co-work property located in Petaluma, California;
 - e. One (1) is the office condo formerly used to manage the vacation rentals;
 - f. Three (3) residential properties were formerly occupied by insiders (e.g. either former employees or associates of the Defendant); and
 - g. Two (2) are leasehold interests that were part of the restaurant portfolio, including a Surf Rider Pizza location and a parking lot. The Receiver is currently negotiating a sale of the Surf Rider Pizza location, but it is unknown if a buyer will emerge for the parking lot.
5. One (1) property occupied by a former employee is subject to the COVID-19 eviction moratorium.
 6. The Receiver has continued conducting auction sales of the personal property with a total collected through June 30, 2020 of approximately \$124,531. Minimal personal property remains to be sold, however, the majority of the sales receipts were received in the third quarter.

As properties continue to be listed for sale, the Receiver's property management-related operations are focused on improving the overall sale outcomes. All but one below-market lease (which remains hindered by the COVID-19 eviction moratorium) has been resolved and where possible, the Receiver has converted month to month leases into term leases more appropriate for the respective property

1 class. The Receiver has resolved three of the remaining four tenants in this
2 category³ gaining possession of their units so sales can proceed.

3 After the County of San Diego allowed vacation rentals to resume in
4 June 2020, the Receiver noticed an uptick in rental activity. Additionally, after
5 working with the listing broker for one of the mixed-use properties, an additional
6 rental residential unit was added to the rental pool in July 2020. That unit has
7 provided additional short-term cash-flow to the receivership estate in exchange for
8 minimal upfront expenses spent preparing the unit for rent.

9 Based upon the best information currently available, the Receiver continues to
10 estimate the total net value of the assets listed on Exhibit A to be in the \$13 million
11 to \$15 million range (over \$4.2 million of sales proceeds was recovered as of
12 June 30, 2020). This estimated range remains highly speculative and likely to
13 change. As sales are completed, the Receiver will reflect the actual recoveries on
14 the exhibit as well as on the receipts and disbursements schedule reflected in
15 Section III.L. below.

16 The extensive secured debt encumbering the assets has a substantial impact
17 on the gross numbers reflected on Exhibit A, thus the net sale proceeds for most of
18 the assets are small (relative to the estimated market values of the assets). As the
19 pandemic progresses, the likely negative equity position of five (5) properties has
20 been clarified, and the Receiver is working with the applicable lenders and, in the
21 case of 301 D Street, mechanic's lienholders to allow their limited rights/remedies to
22 be pursued. It is important to note that the \$13 million to \$15 million estimate does
23 not include any amounts associated with potential recoveries from third parties
24 (discussed further below).

27 ³ Tenants were either current or former employees of ANI or personal friends of
28 the Defendant Gina Champion-Cain and enjoyed below-market rate leases. In
three instances, the tenants were not paying rent.

1 **C. Restaurant Operations**

2 As previously discussed, only the Surf Rider Pizza restaurants in Ocean
3 Beach and La Mesa remain open. The sale of the La Mesa Surf Rider restaurant is
4 currently pending Court approval and along with that sale, the buyer has negotiated
5 the intellectual property of the Surf Rider brand. Dkt 351. Once that sale is
6 completed, the Ocean Beach Surf Rider is expected to close its operations.
7 Additionally, the Receiver is currently negotiating a sale of that business and its
8 related liquor license even if the operation is closed. As the negotiations are
9 ongoing, the Receiver anticipates providing more information regarding this sale in
10 future reports.

11 **D. Property Taxes**

12 All property taxes are paid current, except six (6) of the properties with
13 pending motions to either approve a sale or for limited relief allowing lienholders to
14 proceed with non-judicial foreclosures. One of the property sales is pending Court
15 approval, thus the Receiver anticipates paying the subject asset's taxes from the sale
16 proceeds of that transaction.

17 **E. Insurance**

18 The Receiver changed insurance brokers for the majority of the policies
19 during the period. As properties are sold, the Receiver has updated the coverages
20 and continues to right size the policies to the current portfolio. Many of the policies
21 are coming up for renewal during the third quarter of 2020 and the Receiver will
22 continue to seek proposals for the best and most appropriate coverage for the assets
23 in the portfolio.

24 Although outcomes remain uncertain, the Receiver has submitted claims
25 against certain insurance policies based on several recent events: (1) two incidents
26 of vandalism and theft occurred at the former Himmelberg's restaurant location
27 during the period, (2) civil unrest caused for intermittent closure and curfew,
28 impacting the La Mesa Surf Rider's hours of operations and revenues; and (3) a

1 claim against the policy covering theft and other criminal acts arising from the
2 actions of the former Chief Financial Officer, Crispin Torres. It is uncertain how the
3 insurers will respond to these claims, however the Receiver considered it best
4 practice to submit the claims. The Receiver will report further as more information
5 is available.

6 **F. Debt Service**

7 The Receiver has maintained current the debt service payments owed under
8 the various mortgages encumbering the properties except for those properties
9 previously for which joint motions are pending. As a result, and likely due to the
10 significant payoffs of various loans as part of the 12 previously completed sale
11 transactions, the Receiver has maintained effective working relationships with the
12 various lenders.

13 As part of these discussions and as previously discussed, while realizing
14 equity for the benefit of the receivership estate was challenging for a few assets, as a
15 result of the pandemic, the possibility of a recovery for a handful of the assets
16 evaporated. Thus, the Receiver agreed to stipulate to six lenders' or lienholders'
17 requests for relief from the stay of legal proceedings contained in the Court's
18 Preliminary Injunction Order to allow them to proceed with non-judicial
19 foreclosures or otherwise pursue their limited rights/remedies. Nonetheless, the
20 Receiver was able to develop an offer on one of these properties, which as a result
21 of lender agreeing to remove nearly \$80,000 of default interest, is expected to result
22 in \$160,000-\$170,000 of net sale proceeds for the estate; a motion for sale approval
23 is pending before the Court. Dkt 406.

24 The Receiver continues to entertain any ongoing interest from buyers on these
25 assets. Should an offer materialize that would satisfy the lenders and other lien
26 holders, the Receiver will seek a sale pursuant to the Court's Order Establishing
27 Uniform Property Sale Procedures (Dkt. 219).
28

1 **G. Loans and Other Investments**

2 Through her investigation, meetings, and document review, the Receiver has
3 identified numerous loans and investments made by Champion-Cain and the
4 Receivership Entities, as well as associated business interests and assets. Based
5 upon interviews with Champion-Cain and records reviewed by the Receiver, it
6 appears that millions of dollars were spent in connection with investments in various
7 enterprises and loans to third parties. The Receiver and her counsel will continue to
8 investigate and secure all assets and business interests of the Receivership Entities.
9 Recovery efforts and negotiations are underway to monetize several of these items.

10 **H. Investigation of Third-Party Claims**

11 The Receiver is aware of significant claims against third parties for the
12 substantial losses suffered by the Receivership Entities and indirectly, the investors
13 and creditors of the Receivership Entities. The Receiver has identified certain third
14 parties who directly or indirectly aided and abetted the principals of the receivership
15 entities in wrongful conduct resulting in tens of millions of dollars of losses.

16 As the Court and most investors are aware, there have already been claims
17 asserted by certain investors against Chicago Title for damages arising out of their
18 role in the alleged fraudulent scheme. In addition, there are individuals and entities
19 who aided and abetted the principles and/or who were unjustly enriched or
20 otherwise unjustly benefited as a result of their work or relationship with the
21 principles of the receivership entities. At this point, the Receiver has not completed
22 her investigation or analysis as to these claims. Moreover, certain claims may not
23 be ascertainable until the forensic accounting and/or claims process has been
24 completed.

25 With respect to Chicago Title, the Receiver has recently filed a motion
26 seeking authority to file a related action in this Court against Chicago Title.
27 Dkt. 323. The motion is set to be heard on August 26, 2020.
28

1 **I. Receivership Estate Operations**

2 Due primarily to the closure of all but two restaurants, payroll has
3 significantly declined. As a result of the expected, upcoming sale of the La Mesa
4 Surf Rider, additional and material declines in payroll are imminent.

5 At present, six full-time ANI corporate-level employees remain on staff. The
6 Receiver continues to engage the temporary, part-time, human resources and tax
7 specialist to assist with the wind-down of the various entities and related tasks. That
8 employee continues to work remotely and typically works only a few hours a week.
9 The vendor, AMA Networks, continues to monitor the corporate network operations
10 for a minimal monthly charge and responds to requests on an as needed basis.

11 The Receiver and her staff continue to commit significant time to working
12 closely with the remaining ANI staff. All corporate employees continue to work
13 from home. Social distancing protocols have been initiated to provide for the health
14 of those employees who occasionally, or as part of their duties, must visit the office
15 for short periods of time. The Receiver, along with her staff, the corporate staff, and
16 the manager of the Keller Co-work in Petaluma attend a weekly Zoom video
17 conference call. Additionally, the Receiver and her staff communicate with those
18 employees daily providing guidance as necessary. These efforts allow decisions to
19 be made quickly in response to ongoing operational needs of the entities and
20 properties, and to provide support to the remaining staff.

21 The PTO owed to certain former ANI employees was reviewed and is being
22 paid in August 2020. As staff cuts continue, the Receiver anticipates paying any
23 accrued PTO in real time.

24 **J. Pending Litigation**

25 At the time of the Receiver's Appointment, there were two pending litigation
26 matters involving the Receivership Entities. In one of these matters, one of the
27 Receivership Entities had been sued in San Diego Superior Court by a former
28

1 employee. This case has been stayed as a result of the litigation stay contained in
2 the Appointment Order.

3 In the other pending case, one of the Receivership Entities, Westlink
4 Development, LLC ("Westlink"), along with other co-plaintiffs, had sued SunTrust
5 Bank in Pinellas County, Florida. Westlink was being represented by counsel
6 located in San Diego, as well as a firm located in Florida (which was also
7 representing the co-plaintiffs). Both firms were being paid on an hourly basis and
8 Westlink was advancing all fees and costs for the other co-plaintiffs.

9 The Receiver, with assistance of her counsel, gathered information about the
10 case, spoke to the lawyers in San Diego and Florida, and spoke to the two remaining
11 co-plaintiffs. The Receiver, one of the co-plaintiffs, and the firm in Florida
12 ultimately agreed, subject to Court approval, on a new proposed contingent fee
13 arrangement and allocation of the net recovery. The Receiver filed a motion seeking
14 authority to engage the Florida law firm as special counsel and for approval of the
15 parties' agreement, which was approved on April 23, 2020. Dkt. 313. The litigation
16 is now proceeding in the Florida state court for Pinellas County.

17 **K. Taxes**

18 The Receiver understands that in the past, certain investors may have received
19 an IRS Form 1099 from one or more of the Receivership Entities. Typically, the
20 IRS Form 1099 is sent to each person that has received payments from a
21 Receivership Entity each year. The Receiver is not presently able to report the
22 specific amounts paid to individual investors during the pre-receivership periods.
23 Before transmitting the payment information or the Form 1099 to investors, the
24 Receiver must first complete her forensic accounting so she can verify what
25 payments were made, as well as the nature of the payments.

26 In addition, the Receiver will likely commence a claims process in which
27 investors and the Receiver will work to validate the amounts received by the
28 Receivership Entities from investors as well as the amounts paid to investors. Once

the foregoing information has been obtained and after consultation with tax professionals as to the propriety of transmitting the IRS Form 1099 to investors in these circumstances, the Receiver will notify the investors of her decision as to whether to send out the Form 1099 for any pre-receivership periods.

In either case, it is important to note that the Receiver cannot provide tax advice to investors and each investor should consult with their own tax accountant or counsel regarding the appropriate tax reporting for their investments in the Receivership Entities.

Regarding the Receivership Entities' tax returns, many prior year returns had not been completed at the time of the Receiver's appointment. Given the expense and time necessary to complete this task, and while discussions have progressed on how to most cost-effectively get the returns completed, the go-forward plan is still being determined.

The Receiver has also investigated and pursued recovery of nearly \$60,000 from Employment Development Department for pre-receivership overpayments (which recoveries were received in this second quarter).

L. Receipts and Disbursements

The following reflects the cash activity in the receivership estate from the inception of the receivership on September 3, 2019 through June 30, 2020. A summary of the receipts and disbursements is as follows:

Bank Balance at 09/03/2019 ⁴ (accounts listed in Appointment Order)	\$368,614
Additional Bank Account Recoveries post-takeover	\$1,447,947
Chicago Title Funds Received	\$11,311,344
Total Receipts	\$10,742,755
Total Disbursements	(\$10,743,955)
Ending Bank Balance at 06/30/2020	\$13,126,704

⁴ While September 3, 2019 is the date of the Appointment Order, the order was entered late in the afternoon, and the takeover occurred on September 4, 2019, so certain bank activity occurred (including certain September rents and debt service payments) on September 3rd, prior to the freeze order taking effect.

A more detailed summary of the receipts and disbursements is as follows:

Beginning Balance at 09/03/2019 (accounts listed in Appointment Order)	\$368,614
Additional Bank Account Recoveries post-takeover	\$1,447,947
Line of Credit Withdrawal – 9/3 pre- Receiver	\$80,000
Chicago Title Funds Received November 19, 2019	\$11,311,344
Restaurant Receipts (includes Patio Marketplace pre-opening expense receivables collection)	\$4,851,964
Real Estate Rental Receipts	\$593,585
Keller Street Co-Work Receipts	\$249,127
Retail Receipts (includes post-closing product sales (pre-auction))	\$111,487
Rancho Mirage Property Recovery	\$1,271,093
Thomas Avenue Property Recovery	\$224,740
Carmel Property Recovery	\$534,153
Zanzibar Property Recovery	\$258,776
Former Swell Property Recovery ⁵	\$189,306
Saska's and Parking Lot Recoveries	\$1,019,874
Bao Beach Recovery	\$19,592
Legal Retainer Recovery	\$183,204
Tourmaline Investment Recovery	\$347,040
City National Bank CD Recovery	\$76,296
D. Champion Settlement Recovery	\$330,000
Pullman Lofts Earnest Money Deposit Recovery	\$89,589
Personal Property Recovery	\$124,531

⁵ In July 2020, a UCC payment was made in the amount of \$60,000, which ultimately offsets this recovery.

1	ANI Miscellaneous Contract Refunds/Recoveries/Receipts	\$127,816
2	Interest Income	\$60,582
3	Pre-Receiver Expenses (detail in Initial Verified Report)	(\$87,930)
4	Restaurant Expenses:	
5	Payroll and Payroll Related Expense	(\$2,068,005)
6	Operating Expenses	(\$1,074,019)
7	Cost of Goods Sold	(\$1,105,287)
8	Management Fees	(\$323,333)
9	BOE – Sales Tax	(\$296,998)
10	Rent Expense	(\$96,881)
11	Merchant and Bank Fees	(\$33,278)
12	Real Property Related Expenses:	
13	Debt Service	(\$1,201,501)
14	Property Tax Expense	(\$340,941)
15	Operating Expenses	(\$190,948)
16	Keller Street Co-Work Expenses:	
17	Payroll and Payroll Related Expense	(\$80,076)
18	Operating Expense	(\$81,938)
19	Retail Expenses:	
20	Payroll and Payroll Related Expense	(\$18,087)
21	Operating Expense	(\$20,837)
22	Cost of Goods Sold	(\$1,463)
23	General & Administrative Expense	(\$800)
24	Corporate Expenses:	
25	Payroll and Payroll Related Expense (includes real property related operations)	(\$1,510,055)
26	Insurance (includes real property and operations coverages)	(\$388,627)
27	General & Administrative Expenses	(\$410,504)
28		

IT Expense	(\$120,982)
Rent Expense	(\$80,567)
Operating Expenses	(\$59,273)
Receiver Fees & Expenses ⁶	(\$506,760)
Receiver Legal Fees & Expenses ⁷	(\$644,866)
Ending Bank Balance at 06/30/2020	\$13,126,704

M. Investor/Creditor Communications

The Receiver continues to maintain a dedicated website which is being used to provide case information, regular updates, and answers to frequently asked questions to investors and creditors. The website is not intended to duplicate the Court's electronic case filing system for this case, but it is intended to provide investors with important information about the receivership. The Internet address for the website is: www.anireceivership.com. In addition, the Receiver maintains a dedicated e-mail address (ani@ethreadvisors.com) and telephone line for investor and creditor inquiries. The Receiver has had her staff attempt to respond to investor and creditor correspondence to acknowledge receipt of their correspondence (via email and/or phone).

The Receiver has provided communications directing all investors and creditors to the receivership website for further notices, information, and updates, and notifies them of the opportunity to subscribe to the receive automatic periodic e-mail updates with links to reports and other relevant documents filed with the Court.

⁶ Includes credit for Rancho Mirage Property buyer's request for supplemental Court approval - \$4,990.

⁷ Includes credit for Rancho Mirage Property buyer's request for supplemental Court approval - \$4,990.

1 IV. CONCLUSION

2 The Receiver's efforts to marshal and recover assets and relevant
3 Receivership Entity documents and records are ongoing. The Receiver and her
4 professionals make the following recommendations regarding the continued
5 administration of the receivership.

6 1. Document Recovery Efforts

7 The Receiver will continue to obtain records from all financial institutions
8 where the Receivership Entities maintained accounts as well as from attorneys and
9 accountants engaged by the Receivership Entities. The Receiver has served
10 subpoenas on certain institutions, individuals, and entities and proposes to proceed
11 with these efforts to obtain necessary documents, assets, and information. It may
12 also be necessary to take the depositions of certain individuals.

13 2. Asset Investigation and Recovery Efforts

14 The Receiver will continue to seek to locate any presently unaccounted for
15 receivership assets that may exist. As noted above, it is believed that additional
16 assets may be located once the Receiver has had an opportunity to analyze the
17 Receivership Entities' electronic records and complete her forensic accounting. The
18 Receiver also will continue to investigate third parties who aided Champion-Cain in
19 connection with this enterprise. As part of her investigation, the Receiver will
20 evaluate whether such third parties should be liable for damages caused to the
21 Receivership Entities and their investors.

22 3. Accounting

23 The Receiver and her staff have made significant progress with the forensic
24 accounting. As previously mentioned, this accounting is and will be used to identify
25 any additional receivership assets, and to establish where the funds obtained by the
26 Receivership Entities came from and where they went after they were received by
27 the Receivership Entities. The accounting will also provide the foundation for the
28 Receiver's review and analysis of investor/lender and other creditor claims.

1 **4. Restaurant Operations**

2 As noted above, only two restaurants owned by the Receivership Entities
3 continue to operate on a takeout and third-party delivery basis. Based on the
4 pending sale of one of those locations, including the Surf Rider brand name, it is
5 anticipated that both locations will close during the third quarter of 2020.

6 **5. Continuation of Receivership**

7 Based upon the Receiver's investigation and findings to date, the Receiver
8 recommends and requests that the Court order that the receivership continue
9 pursuant to the Appointment Order and supplemental orders issued by the Court.

10
11 Dated: August 19, 2020

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

12
13 By: s/Edward G. Fates

14 DAVID R. ZARO
15 EDWARD G. FATES
16 NORMAN M. ASPIS
17 Attorneys for Receiver
18 KRISTA FREITAG
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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE NO.
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EXHIBIT A

EXHIBIT A

Preliminary Asset Schedule (not including FF&E)

All asset valuations and commentary, unless a transaction has occurred, are preliminary based on the best information available to the Receiver at this time - which includes review of documents and information, market comparables, appraisals and brokers' opinions of value. Nothing contained herein shall be construed as an admission of any values or balances or a waiver of any rights.

Properties Sold:

	Address	Asset Type or Name	Asset Status & Commentary	Net Sale Proceeds
1	4205 Lamont Street, #12, San Diego, CA 92109	Rental Condo	Closed 12/26/19 - Sale Price \$409,000. Payment to Lender \$374,751.60; paid down loan such that updated amount owing lender is approximately \$460,000. The remaining collateral on this loan is Valle Vista and certain Surf Rider personal property, the sale of which are expected to contribute net proceeds to the estate.	0
2	132 Keller Street, Petaluma, CA 94952	Closed Restaurant (prior to receivership appt)	Closed 12/26/19 - Sale price \$1,800,000. Payment to lender \$1,698,556.12; brought loan current and paid down principal such that remaining principal balance is \$1.1 million and monthly interest only payment reduced by nearly \$10,000 per month. The remaining collateral on this loan is 140 Keller Street, the sale of which is expected to contribute net proceeds to the estate.	0
3	805 Brighton Court, San Diego, CA 92109	Vacation Rental	Closed 01/31/2020 - sale price \$1,275,000. Payment to lender \$1,223,905.64 (includes \$67,760.45 of net sale proceeds); paid down principal. Net sale proceeds were \$67,760.45, which as per Court Order, were sent to lender rather than receivership estate.	0
4	1617 Thomas Street Pacific Beach, CA 92109	Vacation Rental	Closed 2/18/2020 - sale price \$985,000. Payment to lender \$675,542. Net sale proceeds were \$224,740.	224,740
5	83 Royal Saint Georges Way, Rancho Mirage, CA 92103	Vacation Rental	Closed 2/10/2020 - sale price \$2,999,000. Payment to lender \$1,588,561. Net sale proceeds were \$1,271,093.	1,271,093
6	SE Corner of Casanova St & Palou Ave Carmel by the Sea 93921	Vacation Rental	Closed 4/1/2020 - sale price \$1,550,000. Net payment to lender \$917,622. Net sale proceeds were \$534,153.	534,153
7	724 Zanzibar Ct., San Diego, CA 92109	Vacation Rental	Closed 5/22/2020 - sale price \$1,875,000. Net payment to lender \$1,524,704. Net sales proceeds were \$258,776.	258,776
8	3833 Mission Blvd., San Diego, CA 92109	Commercial Property Restaurant	Closed 6/4/2020 - sale price \$825,000. Net payment to lender \$610,630. Net sales proceeds were \$129,306 after the July 2020 payment of the \$60,000 UCC.	129,306
9	3735 Mission Blvd., San Diego, CA 92109	Quick Service Restaurant -- Bao Beach	Closed 6/5/2020 - sale price \$28,000. Net sales proceeds were \$19,592.	19,592
10	3768 Mission Blvd, San Diego, CA 92109	Restaurant operation	Closed 6/25/2020 - sale price \$2,300,000. Net payment to lender \$2,044,306. Net sales proceeds were \$54,393. The liquor license escrow closed on August 11, 2020 resulting in \$79,367 of additional net sale proceeds (which is not reflected in this number).	54,393
11	3814 Mission Blvd. San Diego, CA 92109	Redondo Parking Lot Next to Surf Rider Pizza - Mission Beach	Closed 6/25/2020 - sale price \$1,011,000. Lender paid off with sale of Saskas (3768 Mission Blvd). Net sales proceeds were \$965,481.	965,481
12	3445 Ingraham Street, San Diego, CA 92109	Commercial Property Restaurant	Closed 7/21/2020 - sale price \$695,000. Net payment to lender \$272,201. Net sales proceeds were \$400,618.	400,618
Total Net Proceeds (Plus reduction of loans payable of \$3.188 million for Items 1-3)				3,858,152

Properties Pending Sale Closing/Court Approval:				
	Address	Asset Type or Name	Asset Status & Commentary	Gross Sales Price
1	3548 Tennyson Street, San Diego, CA	Long term rental - Just purchased 8/20/19	Property previously approved by the court for sale, however the buyer backed out claiming changes due to COVID-19 pandemic. Receiver re-listed the property for sale. Sale re-submitted to the Court at \$885,000, however, it includes a \$27,500 repair credit. Net sale proceeds expected to be between \$255,000 to \$265,000. Court approval has been received; this asset is moving towards closing.	885,000
2	8381 La Mesa Blvd., La Mesa CA	Commercial Property Restaurant	Sale submitted to the Court at \$2,425,000. Occupied/Operating. Surf Rider Pizza - La Mesa. Includes the liquor license and IP/brand tied to the Surf Rider name. Net sale proceeds expected to be between \$55,000 to \$65,000. Court approval has been received; this asset is moving towards closing.	2,425,000
3	3415 Mission Blvd., San Diego, CA 92109	Retail store and 3 apartments	Sale submitted to the Court at \$1,550,000. The three residential units are occupied, including the 2 bedroom unit that was recently re-leased, and the commercial unit is vacant. Net sale proceeds expected to be between \$275,000 to \$285,000. Court approval has been received; this asset is moving towards closing.	1,550,000
4	737 Windemere Ct., San Diego, CA 92109	Vacation Rental	Sale submitted to the Court at \$1,515,000. The buyer is a broker representing himself, and has given up his commission in exchange for a lower sale price. Due to the reduced commission, net sale proceeds expected to be between \$285,000 and \$290,000.	1,515,000
5	809 San Rafael Pl., San Diego, CA 92109	Vacation Rental	Property received an overbidder, so the sale has been re-submitted to the Court at \$1,630,000 (initially submitted to the Court at \$1,500,000). Property co-owned by a non-receivership entity and both sellers have agreed to close the sale with half of the sales proceeds being reserved pending further instruction from the Court. Net sale proceeds expected to be between \$1,245,000 and \$1,255,000.	1,630,000
6	7569-7571/7565 University Avenue, La Mesa, CA 91942	ANI, Inc. planned condo Units	Due to the questionable equity position, the Receiver is working with lender to allow the foreclosure of the property. However, an offer has been accepted and a sale has been submitted to the Court at \$1,290,000 with a \$25,000 credit to the buyer. This sale will resolve all liens against the property including the foreclosure. Net sale proceeds are anticipated to be between \$160,000 and \$170,000. Hearing is set for September 18, 2020.	1,290,000
7	3770 Mission Blvd., San Diego, CA 92109	Quick Service Restaurant -- Surf Rider Pizza Mission Beach	Post COVID-19, the property was offered without a specific deadline. The earliest and highest offer has been submitted to the Court at \$375,000. This property is cross-collateralized with another property, 4364 Valle Vista. The remaining balance on that loan is approximately \$475,000. Depending on the timing of the Valle Vista sale, the net sale proceeds for this transaction are expected to either be approximately \$0 or \$350,000 with a corresponding change to the net sale proceeds of the Valle Vista property. Because a liquor license is expected to be sold as part of this transaction, even after court approval, the transaction is expected to take approximately 3-6 months to complete after Court approval. Hearing is set for September 18, 2020.	375,000
8	4829 Bella Pacific #215, San Diego, CA 92109	Rental Condo	Sale submitted to Court at \$490,000 less a \$10,000 buyer credit. Property is part of a \$1.1 million portfolio loan (with three additional properties), which is expected to be paid down in the range of \$411,000 to \$414,000. Net sale proceeds are expected to be between \$40,000 and \$43,000. Hearing is set for September 18, 2020.	490,000
Total Estimated Market Value of Sales Pending Closing or Court Approval				10,160,000

Vacation Homes Owned:				
	Address	Asset Type or Name	Asset Status & Commentary	Broker Recommended List Prices
1	750 Yarmouth Ct., San Diego, CA 92109	Vacation Rental	List pricing has been lowered to \$1,499,900 based on recent market activity. Transactions are expected to close \pm 10% of list price.	1,499,900
2	812 San Rafael Pl., San Diego, CA 92109	Vacation Rental	List pricing has been lowered to between \$1,499,900 and \$1,599,900 based on recent market activity. Transactions are expected to close \pm 10% of list price, but are likely to be helped by the anticipated sale of 809 San Rafael Place, which is directly across the street and considered superior to that property.	1,599,900
Total Broker Recommended List Prices				3,099,800
Mixed Use Real Property Owned:				
	Address	Asset Type or Name	Asset Status & Commentary	Estimated Market Value
1	3816 Mission Blvd./733 Salem Court, San Diego, CA 92109	Mixed Use - Surf Shop Ground Floor Apartment Loft Rented	Based on recent offers, the listing price has been increased to \$1,299,000. Retail closed. The residential unit has been converted to a short term vacation rental and strong interest in the property has increased short term cashflow and improved the listing price.	1,299,000
Total Estimated Market Value				1,299,000
General Commercial Real Property Owned:				
	Address	Asset Type or Name	Asset Status & Commentary	Estimated Market Value
1	4030-4034 Randolph Street, San Diego, CA 92103	Rentals Apt - 5 Units; House - 4 Units	Currently fully leased and listed for sale. Price recently lowered based on market feedback. EMV based on listing price, however a transaction is expected to close \pm 10% of list price.	1,725,000
2	140 Keller Street, Petaluma, CA 94952	CoWorking Office Business	The co-work business was closed mid-March through May 2020 due to the COVID-19 pandemic, and is now slowly reopening. A call for offers date (3/31/20) expired with no offers early during the pandemic "safer at home" orders. Property is listed, and EMV based on pre-pandemic Broker recommended listing value of \$2,500,000.	2,500,000
3	3792 Mission Blvd. (Suite A), San Diego, CA 92109	Office space	Estimated value based on Realtor automated value; price recently modestly lowered due to market feedback. Former LuvSurf office space. The property is listed.	425,000
Total Estimated Market Value				4,650,000
General Residential Real Property Owned:				
	Address	Asset Type or Name	Asset Status & Commentary	Estimated Market Value
1	1775 Diamond Street, #301, San Diego, CA 92111	Condo	Submarket Lease in place pre-Receiver - Receiver is working to evict tenant after the COVID-19 based moratorium expires. EMV based on Realtor automated value.	340,380
2	7940 University Avenue #9, La Mesa, CA 91941	Rental Condo	Previous tenant has vacated and the property has been prepared for sale, is listed. EMV based on list price.	340,000
3	7243 Camino Degrazia, Unit 59, San Diego, CA 92111	Rental Condo	Pre-receiver submarket tenant vacated unit and the property has been prepared for sale, is listed. EMV based on high end of current listing price range of \$450,000-\$475,000. Price recently modestly lowered due to market feedback.	475,000
4	4364 Valle Vista, San Diego, CA 92103	SFR - Long Term Rental	Pre-receiver submarket lease was resolved and tenant has vacated. Property listed for sale and EMV based on listing price. Approximate amount of principal on first trust deed is \$495K and second trust deed of \$475K. The second trust deed on this asset impacts the ability to realize certain Surf Rider personal property sale proceeds.	1,349,900
Total Estimated Market Value				2,505,280

Properties Pending Joint Motion for Relief from Injunction:				
	Address	Asset Type or Name	Asset Status & Commentary	Pre-COVID Appraised Value
1	3515 Hancock Street San Diego, CA 92110	Commercial Use - Main Office and Parking Lot	HQ office space. The Receiver has solicited offers from at least five parties that have registered interest in the property and has given one property tour. Based on the undetermined equity value, the Receiver is working with lender to allow the foreclosure of the property. EMV based on pre-COVID-19 appraisal was \$5MM; secured creditors potentially owed in excess of \$5.2MM.	5,000,000
2	4437-4445 Lamont Street, San Diego, CA 92109	Commercial Use - Restaurant (4439 is 2-story building used as storage and office for Lamont operations)	Call for offers deadline was February 3, 2020, and receiver was working through an offer received prior to the COVID-19 pandemic. That \$3MM offer subsequently stalled and retraded below lender's short sale approval pricing; debt was nearly \$3.3 million in May 2020. Based on the lack of equity value, the Receiver is working with lender to allow the foreclosure of the property. Operation closed as a result of COVID. Former Patio on Lamont Restaurant.	3,000,000
3	369 10th Avenue, San Diego, CA 92101	Real Estate Condo Envelope	Post COVID-19 offers have stalled. Operation closed. Former Restaurant/Bar. Post COVID offers fall well short of satisfying first and second trust deeds - debt was approximately \$2 million in July 2020. The Receiver is working with the lenders to allow the foreclosure of the property.	1,900,000
4	901, 903, 904 W. Washington ST., San Diego, CA	Commercial Property 3 Commercial Tenants	One tenant has been evicted, one tenant has requested rent relief based on COVID-19 pandemic and the remaining tenant has verbally agreed to a short term lease through the end of the year only. EMV based on appraisal based on pre-COVID-19 appraisal , however retail has been seriously impacted by the pandemic (pre-COVID offer in the \$2 million ballpark retraded to the low \$ 1 million range - debt approximately \$1.6 million in July 2020. The Receiver is working with the lender to allow the foreclosure of the property.	2,100,000
5	301-317 D Street, Sacramento, CA 95605	Partially constructed 40 unit apartment building.	Partially developed apartment building. Construction ceased just prior to Receiver's appointment. Project secured, insured (insurance transitioning to lender force placed) and weatherized. Project encumbered by a construction loan, mechanic's liens and a stop notice, all of which must be addressed. After significant effort to effectuate a deal, Receiver has agreed to limited relief to allow the lienholders to exercise their limited rights/remedies.	TBD
Total Pending Joint Motion for Relief from Injunction				12,000,000

Other Investments/Loans - Recovery to Date:				
1	Tourmaline Equity, LLC		\$300K Investment in real estate development in Bentonville, Arkansas.	347,040
2	Dan Champion		\$275K Loan on single family residence with estimated value of \$686,020 based on online market data only. Additional \$79,338 payment made with no value received in return. To prevent legal costs associated with fraudulent transfer claim, Receiver negotiated settlement of \$330K (93% recovery on payments); the Court approved this transaction and it funded on May 12, 2020.	330,000
Total Recovery To Date				677,040
Other Investments/Loans - Pending Closing:				
	Address/Name	Asset Type or Name	Asset Status & Commentary	Proposed Recovery
1	Pullman Lofts I		Investment in membership interest which was intended to develop a 72 unit apartment complex in Santa Rosa. Invested \$758,273 per company records. Negotiated buyout of nearly \$496K pending closing. 10% earnest money deposit collected and buyer asked for 60 day extension due to the pandemic. Closing now expected by the end of June 2020 (a total of approximately \$89,000 of earnest money has been collected). Transaction closed in third quarter.	470,888
2	JB Resources		Funds advanced pre-Receiver with no value received. Buyout of Pullman Lofts I includes assignment of the rights to collect on this transfer. Transaction closed in third quarter.	25,000
Total Other Investments/Loans Resolutions Pending Closing				495,888
Other Investments/Loans - General Information and Status:				
	Address/Name	Asset Type or Name	Asset Status & Commentary	Total Invested or Loaned
1	3241 Borrego Road Borrego Springs, CA 92004	La Casa Del Zorro	Signed agreement with owner terminating management of hotel. Continue to own an interest in hotel.	1,063,750
2	Pullman Lofts II		Investment in membership interest - not expected to proceed.	31,200
3	2 Budz Holding		Investment through private placement offering - membership interest owned (6.3025%).	750,000
4	Wedge Water		Loan Receivable	25,000
5	M. Ferguson		Loan Receivable	48,013
6	H. Misirliogou		Loan Receivable	102,324
7	Dash Wagon		Convertible note - child seat/stroller. UCC.	200,000
8	Boormeester		Loan Receivable - borrower deceased but following up with estate.	60,000
9	Employee Loan		Loan Receivable	123,000
10	nGAP		Loan Receivable	5,000
11	BSV Group, LLC		23.53% Membership Interest. Distillery.	60,000
12	Wonderlust Events, LLC		Membership interest in member LLC - Music and Arts festival.	50,000
13	CBB Venture Group		Prospective bank. Entity dissolved in 2018.	250,000
14	Trek Partners		Oil/gas related investment - recovery not anticipated.	90,632
15	Baymedica		Convertible Note	50,000
16	Endeavor Bank		Shares, CD	225,000
17	Menon Renewable Energy		Investment	105,000
Total Other Investments/Loans				3,238,919

Liquor License Transactions Pending Sale Closings at 6/30/2020:				
	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)	Estimated Market Value
1	4020 Goldfinch St.	On-Sale General Eating Place	Sale to landlord approved by the Court on January 24, 2020; sale expected to close any day.	152,000
2	3768 Mission Blvd.	On-Sale General Eating Place	Included with sale of real property. Escrow closed in August 2020.	79,367
3	345 S. Coast Highway 101	On-Sale General Eating Place	Sale to landlord approved by the Court on January 24, 2020; sale closed in Q320.	120,000
4	Petaluma	On-Sale General Eating Place.	Sale pending pre-Receiver - closing still pending (was expected mid-February - broker working to get this to fund); sale expected to close any day.	150,000
Total Liquor License Transactions Pending Sale Closings				501,367
Liquor Licenses:				
	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)	Estimated Market Value
1	2163 Abbott St.	On-Sale Beer & Wine - Eating Place	Intended to be included in the sale of the leasehold interest.	0
2	2163 Abbott St.	Caterer	Intended to be included in the sale of the leasehold interest.	0
3	369 10th Ave.	On-Sale General Eating Place	Available for Sale	50,000
4	3770 Mission Blvd.	On-Sale General Eating Place	Included in the sale of the leasehold interest.	0
5	8381 La Mesa Blvd.	On-Sale General Eating Place	Included in the sale of the real property.	0
6	4445 Lamont St.	On-Sale General Eating Place	Available for Sale - working on potential sale	100,000
7	2855 Perry Rd.	On-Sale General Eating Place	Available for Sale - working on potential sale	52,500
8	928 Fort Stockton Dr.	Off-Sale Beer & Wine	Available for Sale	2,500
9	4535 Towne Centre Ct.	On-Sale Beer & Wine - Eating Place	To be transferred to new operator or building owner, who previously paid for same.	N/A
10	8910 University Center Ln.	On-Sale Beer & Wine - Eating Place	To be transferred to new operator or building owner, who previously paid for same.	N/A
11	400 Spectrum Center Dr.	On-Sale Beer & Wine - Eating Place	To be transferred to new operator or building owner, who previously paid for same.	N/A
12	17877 Von Karman Ave.	On-Sale General Eating Place	To be transferred to building owner, who previously paid for same.	N/A
Total Estimated Market Value				205,000

Leasehold Interests for Sale:				
	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)	Post COVID EMV
1	2163 Abbott Street, Ocean Beach, CA 92107	Surf Rider Pizza Cafe	Post COVID-19, the Receiver is working through a letter of intent to purchase the business interest and liquor license for the amount of \$85,000. Currently operating - however expected to close once the sale of the La Mesa Surf Rider is completed as that buyer has purchased the Surf Rider brand. EMV based on current negotiated price.	85,000
2	3779 Mission Blvd. San Diego, CA 92109	San Jose Parking Lot Across from Saska's Steakhouse	Post COVID-19, the Receiver is working to determine a sale price for the property, if any. Interest has been shown in the asset, but not for any amount of remuneration; Receiver coordinated with landlord for prospective transition.	0
Total Leasehold Interests for Sale				85,000
Leased Locations Closed/Transitioned:				
	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)	
1	2855 Perry Road Building 8, San Diego, CA 92106	Full Service Restaurant -- Firesire by the Patio	Closed - Valued FF&E with appraiser and turned over to lender.	
2	345 S Coast Hwy 101 Encinitas, CA 92024	Full Service Restaurant -- Patio 101	Closed prior to Receiver's appointment but remained in possession. Valued FF&E with appraisal. Transaction for liquor license and FF&E received Court approval on January 24, 2020.	
3	4020 Goldfinch Street, San Diego, CA 92103	Full Service Restaurant -- Patio on Goldfinch	Closed. Valued FF&E with appraisal. Transaction for liquor license and FF&E Court approval received on January 24, 2020.	
4	2670 Via De La Valle, Del Mar, CA 92014	Coffee Shop -- Swell Coffee	Closed. Turned over to Landlord. Removed FF&E.	
5	928 Fort Stockton Dr., San Diego, CA 92103	Coffee Shop and Retail -- Patio Express Mission Hills	Closed. Turned over to Landlord. Removed FF&E.	
6	3232 Mission Blvd., San Diego, CA 92109	Retail Store -- Surf Life Mission Beach	Closed. Turned over to Landlord. Removed FF&E.	
7	3731 Mission Blvd., San Diego, CA 92109	Retail Store -- Mission Beach Surf Co.	Closed. Turned over to Landlord. Removed FF&E.	
8	4535 Towne Centre St., San Diego	Patio Marketplace Restaurant	Closed. Turned over to building owner.	
9	8910 University Center Ln., San Diego	Patio Marketplace Restaurant	Closed. Turned over to building owner.	
10	400 Spectrum Center Dr., Irvine CA	Patio Marketplace Restaurant	Transitioned to replacement restaurant operator effective February 1, 2020.	
11	17877 Von Karman Ave.	Patio Marketplace Restaurant	Transitioned to building owner effective February 1, 2020.	

SUMMARY OF EXHIBIT A

Real Property	Total Net Proceeds from Sale of Real Property (includes on Q320 closing)	3,858,152
Other Investments/Loans	Total Recovery To Date	677,040
Total Recovery To Date (includes post 6/30/20 funds)		4,535,192
Real Property	Total Est Market Value of Properties Pending Sale Closings	10,160,000
Other Investments/Loans	Total Other Investments/Loans Resolutions Pending Sale Closing at 6/30/2020	495,888
Liquor Licenses	Total Liquor License Transactions Pending Sale Closings at 6/30/2020	501,367
Total Recovery Pending Transaction Completion or Court Approval		11,157,255
Real Property	Total Estimated Market Value/Broker Recommended List Price of Unsold Real Property	11,554,080
Real Property	Total Pending Joint Motion for Relief from Injunction	12,000,000
Other Investments/Loans	Total Other Investments/Loans Unresolved	3,238,919
Liquor Licenses	Total Estimated Market Value	205,000
Leasehold Interest	Total Leasehold Interests for Sale	85,000
Total Recovery Pending Resolution or Sale		27,082,999
Grand Total (SEE NOTE BELOW)		42,775,445

NOTE: Unless otherwise noted, it is imperative to note that these figures are all gross numbers being provided as a courtesy for the reader's reference purposes only. All except one of the real properties is encumbered with a mortgage. After taking into consideration estimated values, brokerage fees, costs of sale, mortgage payoffs and fees, property taxes, potential recovery of other investments/loans, etc., the Receiver continues to estimate the net asset value of the portfolio reflected on this schedule to be in the \$13-\$15 million range.

As valuations and additional information are obtained and/or finalized, and if individual assets do not have a positive net asset value, the Receiver does not intend to expend additional resources on such assets.