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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

Ctrm: 14A
Judge Hon. Larry Alan Burns

**DECLARATION OF KRISTA L.
FREITAG IN SUPPORT OF
RECEIVER'S MOTION FOR
APPROVAL OF SETTLEMENT
AGREEMENT WITH WILLIAM
ADAMS AND RELATED ENTITIES**

Date: May 3, 2021
Time: 11:15 a.m.
Courtroom: 14A
Judge: Hon. Larry Alan Burns

DECLARATION OF KRISTA FREITAG

I, Krista Freitag, declare:

1. I am the Court-appointed permanent 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 my Motion for Approval of Settlement Agreement with William Adams And Related Entities ("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. With the assistance of my counsel, I have investigated the role played by attorney William Adams, William Adams, APC, and Norton Moore & Adams LLP (collectively, the "Adams Parties") with respect to the facts, circumstances and events relating to the Receivership Entities that are at issue in the present action (collectively, the "ANI Issues"), including issuing subpoenas to the Adams Parties for the production of documents. Based on this investigation, I determined that the Receivership Entities have valid claims for damages against the Adams Parties relating to the ANI Issues, including for breach of fiduciary duty, professional negligence, aiding and abetting breach of fiduciary duty and aiding and abetting fraud (collectively, the "Claims"). The Adams Parties have unequivocally denied any wrongdoing with respect to the ANI Issues and deny that they have any liability with respect to the Claims.

3. I am informed and believe the Adams Parties have a professional liability insurance policy with a maximum amount of \$1,000,000 in coverage, which amount is reduced to the extent the insurer pays attorneys' fees for the Adams Parties to respond to subpoenas and address claims. I am informed and believe that a portion of the available coverage has already been used in responding to subpoenas issued to the Adams Parties by me, responding to a subpoena issued to the Adams Parties by Chicago Title Company ("CTC") in the investor actions

1 brought against CTC, defending the deposition of William Adams taken by CTC,
2 attending mediation with me and my team, and documenting the Settlement
3 Agreement and Mutual Release, as amended ("Settlement Agreement").

4 4. In connection with the negotiation and execution of the proposed
5 Settlement Agreement, the Adams Parties have made certain confidential financial
6 disclosures and provided certain confidential financial documents to me. Based on
7 these confidential financial disclosures, I believe that, in light of the litigation risk,
8 the cost of pursuing the litigation to judgment (which would further reduce the
9 amount of insurance proceeds available to satisfy a judgment) and the cost of
10 pursuing judgment enforcement, the value of the Adams Parties' assets does not
11 justify rejection of the present settlement in favor of pursuing litigation.

12 5. I have weighed the likely costs and benefits of pursuing legal action
13 against the Adams Parties and enforcing a judgment against them, including
14 carefully reviewing the confidential financial disclosures made by the Adams
15 Parties. I anticipate that the recovery under the proposed Settlement Agreement and
16 Mutual Release, as amended, will be in the range of \$725,000 (the estimated
17 remainder of the insurance coverage available under the Adams Parties' insurance
18 policy). While I am confident that I would prevail in an action against the Adams
19 Parties, all litigation involves some risk, particularly where, as here, the Adams
20 Parties have vehemently denied liability and indicated an intent to vigorously defend
21 the claims, and the non-insurance assets available to satisfy a judgment appear to be
22 worth less than the value of this settlement. Obtaining and enforcing a judgment
23 against them would involve considerable time and expense, thereby depleting
24 receivership estate resources. Further, I believe the defense of such litigation by the
25 Adams Parties would consume a material amount, if not all, of the remaining
26 insurance coverage available under the Adams Parties' Lawyers Professional
27 Liability Insurance. There is no other insurance coverage available for the claims at
28 issue here. The likelihood, therefore, is that the recovery under the proposed

1 Settlement Agreement would exceed the net recovery from litigation with the
2 Adams Parties.

3 6. I believe that the Settlement Agreement, including the required
4 injunction/bar order, is fair and reasonable and in the best interests of the
5 receivership estate and its claimants.

6 7. True and correct copies of the Settlement Agreement and Mutual
7 Release and the Amendment to Settlement Agreement and Mutual Release are
8 attached hereto as **Exhibits A and B**, respectively.

9
10 I declare under penalty of perjury under the laws of the United States of
11 America that the foregoing is true and correct.

12 Executed this 27th day of March 2021, at Los Angeles, California.

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KRISTA FREITAG

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE NO.
Exhibit A	Settlement Agreement and Mutual Release	6
Exhibit B	Amendment to Settlement Agreement and Mutual Release	18

EXHIBIT A

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (the “Agreement”) is made as of February 26, 2021 (the “Effective Date”), by and between Krista L. Freitag, in her capacity as court-appointed federal equity receiver (the “Receiver”) for ANI Development, LLC, American National Investments, Inc., and their subsidiaries and affiliates (“Receivership Entities”), on the one hand, and William A. Adams, an individual, William A. Adams, A.P.C., and Norton, Moore & Adams, LLP (collectively, the “Adams Parties”), on the other hand. The Receiver and the Adams Parties may be referred to hereinafter, collectively, as the “Parties,” or, individually, as a “Party.”

Recitals

A. On August 28, 2019, the U.S. Securities and Exchange Commission (“SEC”) filed an action in United States District Court for the Southern District of California against Defendants Gina Champion-Cain (“Champion-Cain”) and ANI Development, LLC (collectively, “Receivership Defendants”), and Relief Defendant American National Investments, Inc. (“Receivership Relief Defendant”) (the “SEC Action”). The SEC and Champion-Cain simultaneously stipulated to the entry of preliminary injunction and the appointment of Krista L. Freitag as receiver for ANI Development, LLC, American National Investments, Inc., and their subsidiaries and affiliates. The preliminary injunction and receivership order was entered on September 3, 2019 (“Receivership Order”). Among other things, the Receivership Order authorizes the Receiver to pursue, prosecute and/or settle all claims and causes of action of the Receivership Entities against third parties. Specifically, the Receivership Order empowers the Receiver to investigate and, where appropriate, to institute, pursue, and prosecute all claims and causes of action of whatever kind and nature that may now or hereafter exist related to the facts and/or claims described in the SEC Action. The scope of the Receiver’s mandate and duties include pursuit of potential claims against third parties to maximize the assets of the receivership estate that will be available to distribute to harmed investors.

B. The Receiver investigated the role of the Adams Parties with respect to the facts, circumstances and events relating to the Receivership Entities that are alleged, described or at issue in the SEC Action (collectively, the “ANI Issues”). The Receiver believes the Receivership Entities have valid claims for damages against the Adams Parties relating to the ANI Issues, including for breach of fiduciary duty, professional negligence, aiding and abetting breach of fiduciary duty and aiding and abetting fraud (collectively, the “Claims”).

C. The Adams Parties have denied, and unequivocally continue to deny, any wrongdoing with respect to the ANI Issues, and deny that they have any liability whatsoever with respect to the purported Claims. Further, the Adams Parties believe they have valid legal claims against the Receivership Entities, including, but not limited to, claims for fraud, false impersonation, forgery, intentional and negligent misrepresentation, defamation (including both libel and slander), and intentional infliction of emotional distress, as a result of pre-receivership actions by Champion-Cain and others acting through or on behalf of the Receivership Entities.

WHEREAS, the Parties have negotiated and now desire to resolve all disputes and disagreements between them relating to the ANI Issues and the Claims.

NOW, THEREFORE, for good and valuable consideration, including the mutual promises herein, it is hereby stipulated, consented, and agreed to by and between the Parties as follows:

Agreement

1. **Representations and Acknowledgments.** Each party to this Agreement represents and acknowledges that each of the following is true:

a. *True and Correct Recitals.* The above Recitals are true, correct, and accurate, and are incorporated within this Agreement as if fully rewritten herein.

b. *Good Faith.* The Parties have acted in good faith in connection with their negotiation and preparation of this Agreement. Subject to approval by the Court in the SEC Action and such Approval Order (defined below) becoming final, each Party represents and warrants that it has the legal capacity to be bound by and sign this Agreement and is authorized to do so. The execution and consummation of this Agreement by each Party was and is its respective free and voluntary act and deed, without any misapprehension as to the effect thereof, and without any coercion, duress, overreaching, or any other misconduct by any other Party.

c. *No Claims, Counterclaims, or Setoffs.* Other than as set forth in this Agreement, no Party has asserted any claims, counterclaims, recoupments, defenses, demands, or setoffs against any other Party, including as to the matters that are the subject of this Agreement. To the extent any claims, counterclaims, or setoffs have been asserted by either Party, or which otherwise exist or are later discovered, they are intended to be fully addressed, resolved, released, and waived as part of this Agreement.

d. *Receiver's Diligence.* The Receiver hereby represents and warrants she has, together with her counsel and other persons under her control, exercised and will continue to exercise reasonable diligence in performing her duties under the Appointment Order, including with respect to the identification of potential claims against any of the Receivership Entities.

e. *No Assignment, Encumbrance, or Transfer.* The Receiver represents and warrants that she has not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised the Settled Claims against the Adams Parties nor the Released Parties.

f. *Legal Counsel.* Each Party has had the benefit, or full opportunity to avail itself, of legal counsel to inform and advise such Party throughout the negotiation of this Agreement and in connection with the meaning, intent, effect, execution, and delivery of this Agreement.

2. **Condition Precedent.** This Agreement is conditioned upon, (a) Receiver's determination, after review of Financial Documentation produced under Section 3(c) below, that such records are not materially inconsistent with the Adams Parties' Disclosures, and (b) the

entry of an order by the Court in the SEC Action approving the Agreement (“Approval Order”), in substantially the same form and substance as attached hereto as Exhibit “A,” and such order becoming a final order (i.e. either no appeal of the Approval Order having been filed within 60 days of its entry, or any such appeal being resolved in favor of its validity/enforceability, “a “Final Order”), and shall have no final force and effect unless and until the Approval Order becomes a Final Order. The Receiver shall promptly file a motion for approval of the Agreement (the “Approval Motion”) in the SEC Action following the Receiver’s review and acceptance of the Financial Disclosures as provided in Section 3.c. below. The Adams Parties shall have the opportunity to file with the Court a response to the Approval Motion. Neither the Approval Motion, the Approval Order, nor any other public document shall disclose the contents of the Financial Disclosures described in Section 3.c. below. In the event the Court denies the Approval Motion, this Agreement shall have no further force and effect except as expressly set forth herein and the Parties may pursue litigation, provided, however, that neither Party may use or rely on the Recitals or any other term of this Agreement as evidence or admissions in any proceeding.

3. Terms of Settlement. Subject to Section 2 above, the Parties hereby agree to the following terms of settlement:

a. *Execution of this Agreement.* By 5:00 p.m. Pacific on _____, 2021, all Parties shall have fully executed this Agreement, and the Parties shall have delivered .pdf copies of their signature pages by e-mail to one another.

b. *Payment on behalf of the Adams Parties.* The full amount of coverage under the Adams Parties’ Lawyers Professional Liability Insurance Policy (“Policy”) remaining as of the date the Approval Order becomes a Final Order will be paid to the Receiver within ten (10) business days thereof; provided, however, that One Hundred Fifty Thousand (\$150,000.00) of such funds shall be held by the insurance carrier (“Insurance Holdback”). The Insurance Holdback may be used to pay fees, costs and expenses of the Adams Parties for any covered claims under the Policy. Within one year (365 days) after the Approval Order becomes a Final Order, if no covered claims are pending against the Adams Parties, the Insurer shall pay to the Receiver any and all then-remaining Insurance Holdback funds. However, if any covered claim or claims remain unresolved at the end of one year, the Insurance Holdback may continue to be used to pay the fees, costs, and expenses of the Adams Parties until the resolution of such claim or claims, whereupon the Insurer shall pay to the Receiver any and all then-remaining Insurance Holdback funds. The Adams Parties shall provide notice to the Receiver of any covered claim under the Policy within 15 days of receipt of the claim, along with a summary of the substance of such claim. The Adams Parties shall also provide the Receiver a summary describing (i) the substance and status of any and all then-pending covered claims and (ii) any use of, and any remaining balance of, the Insurance Holdback on a quarterly basis (i.e., approximately 90 days, 180 days, 270 days, and 365 days) after the Approval Order becomes a Final Order.

c. *Financial Representations and Disclosures.* On December 2, 2020, the Adams Parties made certain written representations and financial disclosures to the Receiver in categories acceptable to the Receiver (“Disclosures”), and identified certain documents that would be provided to Receiver to confirm the Disclosures (“Financial Documentation”). Within five (5) days of the full execution of this Agreement, the Adams Parties shall provide the

Financial Documentation to the Receiver. Within ten (10) business days of the date on which all Financial Documentation has been provided to Receiver, the Receiver shall inform the Adams Parties in writing whether she elects to terminate this Agreement; provided, however, that the Agreement may only be terminated if the Receiver determines in her reasonable discretion that the Financial Documentation is materially inconsistent with the Disclosures. If the Receiver does not so notify the Adams Parties, the Receiver shall proceed with the Approval Motion. The Receiver shall keep the Financial Documentation and Disclosures confidential and may provide copies or disclose the contents of the Financial Documentation only to Receiver's staff and counsel. The Receiver shall destroy/delete the Financial Documentation (including all copies and records containing information therefrom) within five (5) days of the sooner of either (i) the Receiver's written notice of termination of this Agreement pursuant to this paragraph, or (ii) the expiration of the 10 day period within which the Receiver may terminate this Agreement.

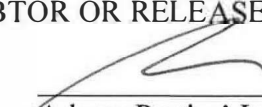
d. *Bar Order and Covenant Not to Sue.* The Approval Order shall provide that all Persons and Entities whatsoever are forever enjoined and barred from commencing, instituting, prosecuting, maintaining, continuing, directly or indirectly, any lawsuit, action, claim, cross-claim, third-party claim, claim over or other action in any forum against any of the Adams Parties or Insurer (and their Related Parties, as defined below in Paragraph 4) related to or involving any of the facts and matters described in the SEC Action, and/or which were or could have been alleged by the Receiver, including, but not limited to, any claim by any investor, shareholder, partner, officer, director, employee, member and/or agent of, and any lender to, the Receivership Defendants and the Receivership Relief Defendants and/or any other Persons or Entities seeking damages or recovery of losses, as well as any claim by any Person or Entity seeking, as damages, indemnity, contribution, or otherwise, the recovery of all or any part of any liability or settlement which such persons (i) paid, (ii) were obligated to pay or agreed to pay, or (iii) may become obligated to pay to the Receiver, investors or others, as a result of such persons' liability for or participation in any acts, facts, statements, or omissions that were or could have been alleged by the Receiver and/or in the SEC Action. Further, other than with respect to the enforcement of the terms of this Agreement, the Receiver, on behalf of the Receivership Entities, covenants not to sue any of the Adams Parties, their Insurer (and their Related Parties/persons), and discharges each of the Adams Parties and their Insurer (and their Related Parties/persons) from all Claims.


4. Mutual Releases. Except for the obligations set forth in this Agreement and subject to the Approval Order, which shall include a Bar Order and Covenant Not to Sue described above, becoming a Final Order, the Parties, and each of them, on his, her, or its own behalf and on behalf of any relatives, representatives, brokers, predecessors, successors, direct and indirect parent companies, direct and indirect subsidiary companies, companies under common control with any of the foregoing, affiliates and assigns and its and their past, present, and future officers, directors, shareholders, interest holders, members, partners, attorneys, agents, employees, managers, representatives, assigns and successors in interest, and all individuals acting by, through, under or in concert with them, including, specifically, the Receivership Entities, and any subsequent trustee and/or receiver who may be appointed over same, hereby fully release and discharge each other and all of their predecessors, successors, direct and indirect parent companies, direct and indirect subsidiary companies, companies under common control with any of the foregoing, affiliates and assigns and its and their past, present, and future officers, directors, shareholders, interest holders, members, partners, attorneys, agents,

employees, managers, representatives, assigns and successors in interest, and all individuals acting by, through, under or in concert with them ("Related Parties"), from all direct, indirect, or successor claims, complaints, grievances, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts, emotional distress, expenses (including attorneys' fees and costs), and damages, of any nature whatsoever no matter how characterized, whether arising in tort, contract, equity, statute, or otherwise, whether known or unknown, choate or inchoate, liquidated or contingent, whether or not apparent or yet to be discovered, or which may hereafter develop, arising out of or relating in any way to the Receivership Entities, the ANI Issues, the SEC Action, and/or the Claims.

a. It is the express and knowing intention of the Parties that the foregoing releases shall be effective as a bar to any and all actions, fees, damages, losses, claims, liabilities and demands of whatsoever character, nature and kind, known or unknown, suspected or unsuspected. In furtherance of this intention, each of the Parties knowingly, expressly, and irrevocably waives any and all rights and benefits conferred upon it, her or him by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law, which are as follows:


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


Adams Parties' Initials


Receiver's Initials

"The Parties acknowledge that the foregoing waiver of the provisions of Section 1542 of the California Civil Code was bargained for separately."


Adams Parties' Initials


Receiver's Initials

b. Thus, despite the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of the Released Parties, each of the Parties expressly acknowledges that their respective agreements under this Section 4 are intended to include, without limitation, all of the claims, causes of action, and liabilities which each of the Parties does not know or suspect to exist in its, her or his favor at the time of execution of this Agreement, and this Section 4 contemplates extinguishment of all such claims, causes of action, and liabilities.

c. The Parties agree they have made such investigation of the facts pertaining to this Agreement and of all the matters pertaining thereto, as each Party deems necessary. The Parties warrant to each other that they are not relying upon any representation or statement outside of the language of this Agreement made by any of the other Parties and/or by any of their respective agents, attorneys, officers, directors, employees, shareholders, representatives,

partners or affiliated corporations or entities, or any of them, with respect to any aspect of this Agreement, the facts and disputes described herein or the rights or asserted rights released by this Agreement.

5. Further Assurances. The Parties shall promptly execute and deliver any and all agreements, instruments, and documents, and shall take such further actions, as may be necessary to fully effectuate and implement the terms of this Agreement.

6. Additional Terms and Conditions.

a. *Denial of Liability.* It is understood and agreed by the Parties to this Agreement that this settlement does not constitute and shall not be construed as an admission of liability by any Party and that the Parties expressly deny any liability or wrongdoing. The Parties acknowledge that this Agreement is made as a compromise of disputed claims without adjudication of any issue of fact or law. The Parties further acknowledge and agree that this Agreement, and all negotiations, discussions, and proceedings in connection with same, shall not be deemed to constitute an admission of fault by any Party as to any facts or claims alleged or asserted in this proceeding, and shall not be received in evidence in any other action or proceeding, for any purpose, except in connection with a proceeding to enforce this Agreement.

b. *Severability.* Should any provision or paragraph of this Agreement be held invalid or illegal, that invalidity or illegality shall not invalidate the whole of the Agreement, but rather, the Agreement shall be construed as if it did not contain the invalid or illegal part, and the rights and obligations of the parties shall be construed and enforced accordingly in light of the purposes and objectives of this Agreement, as expressed herein.

c. *Entire Agreement.* This Agreement, including all recitals, numbered paragraphs, and other language contained herein, constitutes a single, integrated, written contract expressing the entire Agreement between the Parties hereto. It supersedes any prior understandings and Agreements among the Parties with respect to its subject matter.

d. *Applicable Law and Continuing Jurisdiction.* This Agreement shall be construed and enforced according to the laws of the State of California, without regard to its choice-of-law principles. The Parties agree that the United States District Court for the Southern District of California shall retain continuing and exclusive jurisdiction, pursuant to Fed. Rules Civ. Proc. §41(a), over the Parties and all disputes related to this Settlement Agreement, including but not limited to the administration, interpretation, enforcement, and resolving disputes arising from this Settlement Agreement.

e. *Attorney Fees.* The prevailing party in any action brought between or among the Parties hereto shall be entitled to payment of all attorneys' fees, costs, and any other expenses from the non-prevailing parties, including on appeal and in any insolvency proceeding.

f. *Construction.* All Parties to this Agreement, having had the opportunity to consult with legal counsel in the course of its negotiation and drafting, agree that the language of each and every paragraph, term, and provision of this Agreement shall be construed according to its fair meaning taken as a whole, and not strictly for or against any Party, and without regard

whatsoever to the identity or status of any person or persons who drafted all or any portion of this Agreement.

g. *Counterparts.* This Agreement may be executed in multiple counterparts, one or more of which may be a facsimile or .pdf counterpart, which together shall constitute a single, enforceable Agreement, and each of which shall be original for all purposes.

h. *Time.* Time is of the essence as to each and every term of this Agreement.

i. *Notices.* Any notices, documents, or correspondence of any nature required to be sent pursuant to this Agreement shall be transmitted by both e-mail and overnight delivery to the following recipients, and will be deemed transmitted upon receipt by the overnight delivery service:

For the Adams Parties:

Earl M. Pott, Klinedinst PC, 501 West Broadway, Suite 600, San Diego, CA
92013

For the Receiver, Krista Freitag:

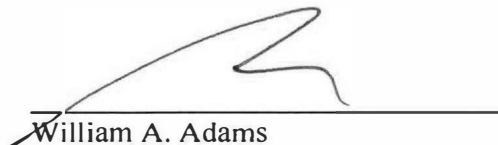
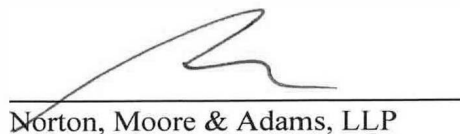
Ted Fates, Allen Matkins, 600 West Broadway, 27th Floor, San Diego, CA
92101-0903

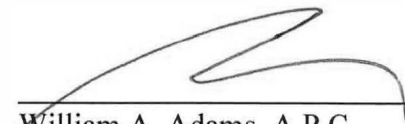
j. *Confidentiality and Non-Disparagement:* Except as is reasonable and appropriate to obtain Court approval of this Agreement, to provide the Notices as required by this Agreement, or to enforce the terms of the Settlement and this Agreement, the Parties will (a) keep confidential and shall not publish, communicate, or otherwise disclose, directly or indirectly, in any manner whatsoever, the communications and discussions in connection with the negotiations that led to the Settlement and this Agreement, and (b) not make any disparaging remarks, orally or written, about the other Party or their counsel relating to this Agreement, or the facts giving rise to the SEC Action, to the public, the media, or the Court.

IN WITNESS WHEREOF, the Parties to this Agreement have affixed their names hereto as of the Effective Date first above written.



Krista L. Freitag, as Receiver for
ANI Development, LLC, American
National Investments, Inc., and their
subsidiaries and affiliates


William A. Adams
Norton, Moore & Adams, LLP



William A. Adams, A.P.C.

LA- _1234841-v3-AN1_Settlement_Agreement (001)(19220159.1)

EXHIBIT A

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MICHAEL R. FARRELL (BAR NO. 173831)
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Attorneys for Receiver
KRISTA FREITAG

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

GINA CHAMPION-CAIN and ANI
DEVELOPMENT, LLC,

Defendants,

AMERICAN NATIONAL
INVESTMENTS, INC.,

Relief Defendant.

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

**[PROPOSED] ORDER APPROVING
SETTLEMENT AGREEMENT WITH
WILLIAM ADAMS AND RELATED
ENTITIES**

Date:
Time:
Courtroom: 14A
Judge: Hon. Larry Alan Burns

1 The Court having considered the motion of Krista L. Freitag ("Receiver"), the
2 Court-appointed permanent receiver for Defendant ANI Development, LLC, Relief
3 Defendant American National Investments, Inc., and their subsidiaries and affiliates
4 ("Receivership Entities") for an order approving the settlement agreement with
5 William Adams and Related Entities ("Motion"), and good cause appearing therefor,
6 hereby orders as follows:

7 1. The Receiver's Motion is granted.

8 2. The Settlement Agreement, a copy of which is attached as Exhibit A to
9 the Declaration of Krista L. Freitag in support of the Motion, is approved.

10 3. All persons and entities whatsoever are forever enjoined and barred
11 from commencing, instituting, prosecuting, maintaining, continuing, directly or
12 indirectly, any lawsuit, action, claim, cross-claim, third-party claim, claim over or
13 other action in any forum against William A. Adams, an individual, William A.
14 Adams, A.P.C., Norton, Moore & Adams, LLP and their Insurer (and their Related
15 Parties, as defined in Paragraph 4 of the Settlement Agreement) related to or
16 involving any of the facts and matters described in this action, and/or which were or
17 could have been alleged by the Receiver, including, but not limited to, any claim by
18 any investor, shareholder, partner, officer, director, employee, member and/or agent
19 of, and any lender to, ANI Development, LLC or American National Investments,
20 Inc. and/or any other Persons or Entities seeking damages or recovery of losses, as
21 well as any claim by any Person or Entity seeking, as damages, indemnity,
22 contribution, or otherwise, the recovery of all or any part of any liability or
23 settlement which such persons (i) paid, (ii) were obligated to pay or agreed to pay,
24 or (iii) may become obligated to pay to the Receiver, investors or others, as a result
25 of such persons' liability for or participation in any acts, facts, statements, or
26 omissions that were or could have been alleged by the Receiver and/or in this action.

27 4. The Receiver is further authorized and empowered to take any and all
28 action to effectuate the terms and provisions of the Settlement Agreement.

1 IT IS SO ORDERED.

2
3
4 Dated: _____

Hon. Larry Alan Burns
Judge, United States District Court

EXHIBIT B

AMENDMENT TO SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Amendment to the Settlement Agreement and Mutual Release (the “Amendment”) is made as of March 22, 2021 (the “Effective Date”), by and between Krista L. Freitag, in her capacity as court-appointed federal equity receiver (the “Receiver”) for ANI Development, LLC, American National Investments, Inc., and their subsidiaries and affiliates (“Receivership Entities”), on the one hand, and William A. Adams, an individual, William A. Adams, A.P.C., and Norton, Moore & Adams, LLP (collectively, the “Adams Parties”), on the other hand. The Receiver and the Adams Parties are collectively referred to as the “Parties.”

Recitals

WHEREAS, the Parties entered into that certain Settlement Agreement and Mutual Release, effective as of February 26, 2021 (the “Agreement”), regarding the settlement of certain claims identified in the Agreement.

WHEREAS, the Receiver and the Adams Parties wish to amend and modify section 3(c) of the Agreement.

NOW, THEREFORE, for good and valuable consideration, including the mutual promises herein, it is hereby stipulated, consented, and agreed to by and between the Parties as follows:

1. All defined terms not otherwise defined herein shall have the same meanings as in the Agreement.
2. The Parties agree that Section 3(c) of the Agreement shall be deleted in its entirety and replaced with the following:

Financial Representations and Disclosures. On December 2, 2020, the Adams Parties made certain written representations and financial disclosures to the Receiver in categories acceptable to the Receiver (“Disclosures”), and identified certain documents that would be provided to Receiver to confirm the Disclosures (“Financial Documentation”). The Adams Parties provided the Financial Documentation to the Receiver on or about March 3, 2021. On March 18 and March 22, 2021, at the request of the Receiver, the Adams Parties provided certain additional financial documentation to the Receiver (the “Additional Documentation” and, together with the Financial Documentation, the “Complete Documentation”). On or before 11:59 pm Pacific time on March 24, 2021, the Receiver shall inform the Adams Parties in writing whether she elects to terminate this Agreement; provided, however, that the Agreement may only be terminated if the Receiver determines in her reasonable discretion that the Complete Documentation is materially inconsistent with the Disclosures. If the Receiver does not so notify the Adams Parties, the Receiver shall proceed with the Approval Motion. The Receiver shall keep the Complete Documentation and Disclosures confidential and may provide copies or disclose the contents of the Complete Documentation only to Receiver’s staff and counsel. The Receiver

shall destroy/delete the Complete Documentation (including all copies and records containing information therefrom) within five (5) days of the sooner of either (i) the Receiver's written notice of termination of this Agreement pursuant to this paragraph, or (ii) the expiration of the time period within which the Receiver may terminate this Agreement.

IN WITNESS WHEREOF, the Parties to this Amendment have affixed their names hereto as of the Effective Date first above written.



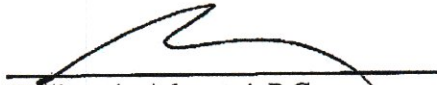
Krista L. Freitag, as Receiver for
ANI Development, LLC, American
National Investments, Inc., and their
subsidiaries and affiliates



William A. Adams



Norton, Moore & Adams, LLP



William A. Adams, A.P.C.