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13 UNITED STATES DISTRICT COURT
14 SOUTHERN DISTRICT OF CALIFORNIA
15

16 SECURITIES AND EXCHANGE
COMMISSION,

17 Plaintiff,

18 v.

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

21 Defendants,

22 AMERICAN NATIONAL
INVESTMENTS, INC.,

23 Relief Defendant.
24
25
26
27
28

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

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

Ctrm: 14A
Judge: Hon. Larry Alan Burns

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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 her Seventh Interim Report and Recommendations ("Seventh
5 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").

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

14 This quarterly report covers the Receiver's activities during the first quarter of
15 2021 and reflects the status of certain assets as of the date of this report, if material
16 activity has occurred between March 31, 2021 and the date of this report.

17 II. EXECUTIVE SUMMARY

18 As previously reported, the receivership estate assets were primarily
19 comprised of cash, 33 commercial and residential properties, 27 restaurant and retail
20 operations, not including commissary kitchen operations (both owned and leased
21 properties), voluminous personal property (including restaurant equipment, product
22 inventory, retail merchandise, liquor licenses and intellectual property associated
23 with the operations of the enterprise), various notes receivable or equity investments
24 made by the Receivership Entities, and potential causes of action. During the first
25 quarter of 2021, the Receiver continued to make significant progress in marshalling
26 the Receivership Entities' assets and otherwise discharging her duties. Those efforts
27 include the continuation of the forensic accounting work and the related
28 investigation/recovery efforts. The Receiver also continued the marketing, sale or

1 alternative resolution process for all of the real property assets using procedures
2 consistent with the requirements of 28 U.S.C. §§ 2001-2002 and following the
3 Court's Order Establishing Uniform Property Sale Procedures (Dkt. 219).

4 Despite the COVID-19 pandemic's effect on the general business environment
5 and in particular restaurant, vacation rental and co-work operations, the Receiver
6 continued to press forward and, as of the date of this report, nearly all real and
7 personal property assets have been monetized or otherwise resolved. During the
8 period, two additional real property asset sales and a leasehold interest sale closed:
9 (1) the West Washington Property, (2) the 3792 Mission Boulevard Property, (3)
10 and the former Ocean Beach Surf Rider. On May 3, 2021, the sale of the final
11 operation – the Keller Street CoWork – closed. Shortly thereafter on May 7, 2021,
12 the former Mission Beach Surf Rider Pizza location sale was finalized after approval
13 of the liquor license transfer. One additional real property sale is Court approved
14 and pending closing, and the final real property is currently in escrow. Two liquor
15 license sales are pending ABC transfer approval and one is currently under
16 negotiations. With the sale of the Keller Street CoWork, only one part-time ANI
17 employee remains on staff and only through May 2021.

18 To date, in total, the Receiver has closed sales of real properties and leasehold
19 interests with an aggregate gross sale price of nearly \$38 million. As previously
20 discussed, all but one real property was encumbered with significant debt. In
21 connection with the Court-approved sale closings, the Receiver has paid off more
22 than \$23 million in secured debt through escrow, thereby eliminating those secured
23 claims against the receivership estate. Not only was the Receiver able to satisfy
24 most debt obligations and, by working very closely with lenders, eliminate potential
25 material default interest issues, but she and her team were also able to successfully
26 sell several assets which were pending foreclosure, resulting in material recovery for
27 the estate (over \$600,000).

28

As discussed herein, the Receiver and her professionals have made an extraordinary amount of progress, however, work remains to be done – notably on the recovery/monetization of receivership assets, including pursuing clawback claims, causes of action against third parties, and completing a claims and distribution process.

III. SUMMARY OF RECEIVER'S ACTIVITIES

A. First Quarter 2021 Funds Recovered

With the sales of real property, business interests and personal property, the Receiver has recovered additional funds for the benefit of investors. A few recovery highlights during the first quarter of 2021 include:

- \$367,551 of net sale proceeds generated from the sale of 901-915 West Washington (this asset was formerly in foreclosure).
- \$364,014 of net sale proceeds generated from the sale of 3792 Mission Blvd.
- \$50,504 of net sale proceeds generated from the sale of the leased interest and liquor license for the former Ocean Beach Surf Rider location.

As discussed below, the Receiver's asset sales and recovery efforts are ongoing; more comprehensive recovery details are included on the receipts and disbursements schedule attached hereto as Exhibit B.

B. Status of Real and Personal Property Assets

The Receiver has continued steps to implement the Appointment Order, including managing all assets controlled, operated, leased, or owned by the Receivership Entities. Attached as Exhibit A is an updated schedule of all known real property, businesses/operations, third-party investments/loans, and liquor license assets of the Receivership Entities. Notes and applicable values regarding the status of each of the assets are reflected on Exhibit A.

1 In addition to the highlights noted above, since March 31, 2021, through the
2 date of this report, the Receiver has realized over \$1.65 million in additional
3 recoveries from asset sales. The following summarizes the status of the Receiver's
4 real-time progress on real and personal property asset dispositions:

- 5 1. 28 real property plus four (4) leasehold interest (with personal
6 property) sales have been completed.
- 7 2. Sales of liquor licenses and personal property associated with six (6)
8 former restaurant operations (Patio on Goldfinch, Patio 101, Chicken
9 Pharm in Petaluma, La Mesa Surf Rider, Ocean Beach Surf Rider and
10 Mission Beach Surf Rider) have been completed.
- 11 3. One (1) real property sale is now Court approved, pending closing.
- 12 4. Seven (7) joint motions concerning real properties (for which limited
13 ownership-related expenses have been paid by the receivership estate
14 on a net, aggregate basis) were filed and approved by the Court for
15 limited relief from the Receivership stay order.
 - 16 a. Three (3) foreclosures have occurred – the former Patio on
17 Lamont, Hancock Street corporate office, and former
18 Himmelberg's (also known as 10th and J Street) properties.
 - 19 b. One (1) property is in the process of being resolved by the
20 interested parties, *i.e.*, general contractor and lender (301 D.
21 Street Property).
 - 22 c. Two (2) properties were sold by the Receiver (in lieu of
23 foreclosure); these transactions closed on October 30, 2020
24 (7569-7571 University Property) and January 22, 2021 (901 –
25 915 West Washington Property).
 - 26 d. The Bandini Street property, which was owned by Ms.
27 Champion-Cain and her husband Steven Cain, was refinanced
28

1 with Court approval, resulting in a \$1.3 million¹ payment to the
2 receivership estate.

3 5. Two (2) real properties remain unsold, one of which is Court approved
4 and pending closing after the first Court-approved sale fell through:

5 a. One (1) property (3816 Mission Blvd.) is a mixed-use property
6 that has a first-floor commercial unit with a two-story residence
7 above it that is currently vacant; the Court previously approved
8 this sale, however both approved buyers backed out of their
9 purchase obligations and forfeited their deposits totaling
10 \$105,000 to the receivership estate. After re-marketing the
11 property, an offer was accepted, recently approved by the Court
12 and is now pending closing..

13 b. One (1) is a residential property that was occupied by a non-
14 paying former employee. Pursuant to a settlement recently
15 reached with that employee, the unit was vacated, promptly
16 listed and is now in escrow in the due diligence period.

17 6. The Receiver has completed auctions for most of the personal property.

18 As only a few properties remain unsold, the Receiver's property management
19 related activities have been significantly reduced.

20 Based upon the best information currently available, the Receiver currently
21 estimates the total net sales proceeds from the assets listed on Exhibit A to be in the
22 \$15-\$16 million range,² over \$14 million of which has been recovered as of the date
23 of this report. This total estimate may change. As sales are completed, the Receiver
24 is reflecting the actual recoveries on the exhibit as well as on the receipts and
25 disbursements schedule included as Exhibit B hereto.

26
27 ¹ This number has not been included in the Receiver's previously estimated \$13-\$15
million net sale recovery.

28 ² This estimate does not include the \$1.3 million recovery from the Bandini Street
Property.

1 As previously discussed, the extensive secured debt encumbering the assets
2 had a substantial impact on the gross numbers presented in prior reports (and as
3 presented in the current version of) Exhibit A, thus the net sale proceeds for most of
4 the assets are small (relative to the prior or currently estimated market values of the
5 assets, as applicable). It is important to note that the \$15-\$16 million estimate does
6 not include any amounts associated with potential recoveries from clawback claims,
7 causes of action or third-party recoveries not reflected specifically on Exhibit A
8 hereto (discussed further below). It also is reflective of actual net sales proceeds
9 and does not reflect revenue or expenses associated with the listed assets leading up
10 to the sale thereof.

11 **C. Property Taxes**

12 First half installments for 2020/2021 property taxes were paid in
13 December 2020. Second half installments for 2020/2021 were paid in April 2021.
14 The Receiver anticipates selling the remaining two properties before the next tax
15 obligations become due in December 2021.

16 **D. Insurance**

17 The remaining properties are insured pursuant to the insurance broker's
18 recommendations. As properties are sold, the Receiver removes coverage and right-
19 sizes the policies in the portfolio. Additionally, as operations continue to shrink, the
20 Receiver right-sizes the human resources' (e.g., health insurance, worker's
21 compensation) policies for the remaining staff.

22 As previously discussed, the Receiver filed a claim against the crime policy
23 covering theft and other criminal acts arising from the actions of the former Chief
24 Financial Officer of ANI, Crispin Torres. The claim has been denied.

25 **E. Debt Service**

26 With the sale of the Keller Street CoWork, only one loan associated with the
27 3816 Mission Blvd/733 Salem property remains owing. Since appointment, the
28 Receiver maintained effective working relationships with the various lenders. As a

1 result of these efforts, two properties that were previously earmarked for foreclosure
2 due to the amount of debt on them were sold by the Receiver and approximately
3 \$629,000 of additional net sale proceeds were recovered. Additionally, various
4 agreements were made to avoid default interest that could have been applicable
5 under the initial circumstances of the case; these efforts saved nearly \$500,000 with
6 just one lender.

7 **F. Loans and Other Investments**

8 Through her investigation, meetings, and document review, the Receiver
9 identified numerous loans and investments made by Champion-Cain and the
10 Receivership Entities, as well as associated business interests and assets. Based
11 upon interviews with Champion-Cain and records reviewed by the Receiver, it
12 appears that millions of dollars were spent in connection with investments in various
13 enterprises and loans to third parties. The Receiver has recovered certain of these
14 items to date (see Exhibit A) and will continue efforts to do so in a cost-effective
15 manner.

16 **G. Investigation of Third-Party Claims**

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

22 With respect to Chicago Title, the Receiver has filed a motion seeking
23 authority to file a related action in this Court against Chicago Title. Dkt. 323. An
24 initial hearing on the motion was held on August 26, 2020, a continued hearing
25 occurred on December 17, 2020, and a further hearing was held on April 12, 2021;
26 this motion is pending Court approval.³

27
28 ³ At the Court's direction, the Receiver and her counsel spent significant time in

1 The Receiver has also been in contact with other third parties who had a role
 2 in the ANI scheme regarding claims held by the receivership estate. This includes
 3 professionals engaged by the Receivership Entities prior to the Receiver's
 4 appointment. The Receiver has negotiated a settlement with one such former
 5 professional and has filed a motion for Court approval of the settlement. Dkt. 628.
 6 The Receiver agreed to attend mediation in May 2021 with another former
 7 professional. To the extent the discussions with other third parties do not result in
 8 settlement, the Receiver will seek authority to pursue claims against them.

9 The Receiver has also received authorization to proceed with claims to
 10 recover profits, referral fees, commissions and other amounts paid to profiting
 11 investors and other third parties ("Clawback Claims"). Dkt. 551. The Receiver,
 12 through her counsel, has been in communication with profiting investors and other
 13 third parties to discuss Clawback Claims and potential settlements. The Receiver
 14 has since signed settlement agreements for two Clawback Claims and anticipates
 15 that additional settlements will be reached soon. To the extent settlements within the
 16 Court-approved settlement parameters cannot be reached, the Receiver will initiate
 17 actions to recover on Clawback Claims.

18 **H. Receivership Estate Operations**

19 At present, one part-time ANI corporate-level employee remains on staff
 20 through May 2021. The Receiver continues to engage the temporary, part-time,
 21 human resources and tax specialist to assist with the wind-down of the various
 22 entities and related tasks. That employee continues to work remotely and typically
 23 works only a few hours a week. The IT vendor, AMA Networks, continues to
 24 monitor the corporate network operations for a minimal monthly charge and
 25 responds to requests on an as-needed basis.

27 late December 2020 and January 2021 meeting and conferring with counsel for
 28 CTC, attending telephonic hearings with Magistrate Judge Goddard, and
 exchanging preliminary accounting information regarding losing investors and
 their loss amounts with CTC.

1 The remaining corporate employee has transitioned to working part time
2 through May 2021 at the 3816 Mission Blvd. location (the former Luv Surf
3 boutique) pursuant to a lease of the space. The sale of the 3816 Mission Blvd.
4 Property is currently pending closing, and the buyer has agreed to purchase the
5 property subject to the remaining lease with ANI. The lease contains various
6 receivership favorable terms that will allow cancellation of the agreement with only
7 minimal notice. It is anticipated that this location will be closed shortly after the
8 remaining employee's duties are largely finalized, which as noted, is anticipated to
9 occur this month.

10 **I. Pending Litigation**

11 At the time of the Receiver's Appointment, there were two pending litigation
12 matters involving the Receivership Entities. In one of these matters, one of the
13 Receivership Entities had been sued in San Diego Superior Court by a former
14 employee. This case has been stayed as a result of the litigation stay contained in
15 the Appointment Order.

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

22 The Receiver, with assistance of her counsel, gathered information about the
23 case, spoke to the lawyers in San Diego and Florida, and spoke to the two remaining
24 co-plaintiffs. The Receiver, one of the co-plaintiffs, and the firm in Florida
25 ultimately agreed, subject to Court approval, on a new proposed contingent fee
26 arrangement and allocation of the net recovery. The Receiver filed a motion seeking
27 authority to engage the Florida law firm as special counsel and for approval of the
28

1 parties' agreement, which was approved on April 23, 2020. Dkt. 313. The litigation
2 is now proceeding in the Florida state court for Pinellas County.

3 **J. Claims Process & Taxes**

4 The Receiver intends to soon seek approval and authority to commence a
5 claims process wherein the Receiver intends to propose a process which among
6 other things, will involve sending claim forms to known non-investor prospective
7 claimants as well as to prospective investor claimants along with their money in /
8 money out transactional detail. Once the foregoing process is complete is complete
9 and after consultation with tax professionals as to the propriety of transmitting the
10 IRS Form 1099 to investors in these circumstances, the Receiver will notify the
11 investors as to how Form 1099s will be handled.

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

16 Regarding the Receivership Entities' tax returns, the Receiver is in the process
17 of filing tax returns for approximately 70 separate entities. A significant number of
18 prior year returns (2016, 2017 & 2018) had not been completed at the time of the
19 Receiver's appointment. The Receiver will continue to file Receivership Entity tax
20 returns, as necessary, in the most cost-effective and efficient manner possible.

21 **K. Receipts and Disbursements**

22 The following reflects the cash activity in the receivership estate from the
23 inception of the receivership on September 3, 2019 through March 31, 2021. A
24 summary of the receipts and disbursements is as follows:
25
26
27
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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	\$21,592,384
Total Disbursements	(\$13,975,324)
Ending Bank Balance at 03/31/2021	\$20,744,965

A more detailed summary of the receipts and disbursements is attached hereto as Exhibit B. As noted above, since March 31, 2021 through the date of this report, the Receiver has realized more than \$1.65 million in additional recoveries with another approximately \$1 million of anticipated net sales proceeds currently pending closing and/or ABC approval.

L. 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-

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.

1 mail updates with links to reports and other relevant documents filed with the Court.
2 Investors and creditors are reminded of the importance of maintaining current
3 contact information with the Receiver's office to ensure receipt of important
4 information relating to the claims approval process, distributions, and other
5 important updates.

6 **IV. CONCLUSION**

7 The Receiver's efforts to marshal and recover assets and relevant
8 Receivership Entity documents and records are ongoing. The Receiver and her
9 professionals make the following recommendations regarding the continued
10 administration of the receivership.

11 **1. Document Recovery Efforts**

12 The Receiver continues to obtain records from all financial institutions where
13 the Receivership Entities or other relevant parties maintained accounts as well as
14 from attorneys and accountants engaged by the Receivership Entities. The Receiver
15 has served subpoenas on certain institutions, individuals, and entities and proposes
16 to proceed with these efforts to obtain necessary documents, assets, and information.
17 It may also be necessary to take the depositions of certain individuals.

18 **2. Asset Investigation and Recovery Efforts**

19 The Receiver will continue to seek to locate any presently unaccounted for
20 receivership assets that may exist. The Receiver also will continue to investigate
21 third parties who aided Champion-Cain in connection with this enterprise. As part
22 of her investigation, the Receiver will evaluate whether such third parties should be
23 liable for damages caused to the Receivership Entities and their investors.

24 **3. Accounting**

25 The Receiver and her staff have completed the forensic accounting report; a
26 preliminary investor-specific report was filed on December 1, 2020 (Dkt. No. 516-
27 1), an updated investor-specific report was filed on March 31, 2021 (Dkt. No. 630),
28 and the Receiver's Forensic Accounting Report was filed on April 30, 2021 (Dkt.

1 No. 659). As previously mentioned, this accounting has and will continue to be
2 used to identify receivership assets, and to establish where the funds obtained by the
3 Receivership Entities came from and where they went after they were received by
4 the Receivership Entities. The accounting is the foundation for the Receiver's
5 review and analysis of investor/lender and other creditor claims, as well as her
6 Clawback Claims.

7 **4. Continuation of Receivership**

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

11
12 Dated: May 27, 2021

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

13
14 By: s/Edward G. Fates

15 EDWARD G. FATES
16 Attorneys for Receiver
17 KRISTA FREITAG
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EXHIBIT INDEX

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EXHIBIT A

EXHIBIT A

Preliminary Asset Schedule (not including FF&E)

All values and commentary, unless a transaction has occurred, are preliminary based on the best information available to the Receiver at this time. 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 \$374,752. Loan cross collateralized with Valle Vista and certain Surf Rider personal property. No net sales proceeds realized in this sale, but are realized in later transactions.	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. Loan cross collateralized with 140 Keller. No net sales proceeds realized in this sale, but are realized in later transactions.	0
3	805 Brighton Court, San Diego, CA 92109	Vacation Rental	Closed 01/31/2020 - sale price \$1,275,000. Payment to lender \$1,223,906 (includes \$67,760.45 of net sale proceeds). Loan cross collateralized with various other properties; excess net sale proceeds was used to pay down overall debt per sale Order.	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 \$79,398 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
13	3415 Mission Blvd., San Diego, CA 92109	Retail store and 3 apartments	Closed 8/19/2020 - sale price \$1,550,000. Net payment to lender \$1,212,627. Net sales proceeds were \$273,811.	273,811
14	3548 Tennyson Street, San Diego, CA	Long term rental - Just purchased 8/20/19	Closed 8/21/2020 - sale price \$885,000. Net payment to lender \$551,269. Net sales proceeds were \$263,184. Also recovered prev. transaction for which buyer did not perform - \$8,450.	271,948
15	809 San Rafael Pl., San Diego, CA 92109	Vacation Rental	Closed 9/14/2020 - sale price \$1,630,000. Net payment to lender \$1,313,047. Net sales proceeds were \$252,962.	252,962
16	7569-7571/7565 University Avenue, La Mesa, CA 91942	ANI, Inc. planned condo Units	Property was pending foreclosure. Closed 10/30/2020 - sale price \$1,400,000. Net payment to lender \$1,047,394. Net sales proceeds were \$261,418.	261,418
17	4829 Bella Pacific #215, San Diego, CA 92109	Rental Condo	Closed 10/30/2020 - sale price \$490,000. Net payment to lender \$414,153. Net sales proceeds were \$41,161.	41,161
18	737 Windemere Ct., San Diego, CA 92109	Vacation Rental	Closed 11/02/2020 - sale price \$1,515,000. Net payment to lender \$142,729 (after \$158.45 refund). Net sales proceeds were \$1,349,216 (after \$158.45 refund).	1,349,216

19	8381 La Mesa Blvd., La Mesa CA	Commercial Property Restaurant	Closed 11/13/2020 - sale price \$2,425,000 (for all assets). Net payment to lender \$2,264,386. Net sales proceeds were \$26,366. The liquor license escrow closed on November 20, 2020 resulting in \$49,193 of additional net sale proceeds (which is not reflected in this number).	26,366
20	4030-4034 Randolph Street, San Diego, CA 92103	Rentals Apt - 5 Units; House - 4 Units	Closed 11/18/2020 - sale price \$1,650,000. Net payment to lender \$1,087,150. Net sales proceeds were \$467,303.	467,303
21	7940 University Avenue #9, La Mesa, CA 91941	Rental Condo	Closed 11/25/2020 - sale price \$351,000. Net payment to lender \$303,332. Net sales proceeds were \$25,450.	25,450
22	812 San Rafael Pl., San Diego, CA 92109	Vacation Rental	Closed 12/08/2020 - sale price \$1,622,000. No payment to lender (paid off with Windemere closing). Net sales proceeds were \$1,552,795.	1,552,795
23	4364 Valle Vista, San Diego, CA 92103	SFR - Long Term Rental	Closed 12/17/2020 - sale price \$1,150,000. Net payment to two lenders \$978,272. Net sales proceeds were \$105,898. Payoff of the second loan frees up 3770 Mission Blvd. net sales proceeds for the receivership estate.	106,736
24	750 Yarmouth Ct., San Diego, CA 92109	Vacation Rental	Closed 12/17/2020 - sale price \$1,350,000. No payment to lender (paid off with Windemere closing). Net sales proceeds \$1,292,325.	1,292,325
25	7243 Camino Degrazia, Unit 59, San Diego, CA 92111	Rental Condo	Closed 12/28/2020 - sale price \$450,000. Lender paid \$381,545. Net sales proceeds \$41,323.	41,323
26	901, 903, 904 W. Washington St., San Diego, CA	Commercial Property 1 Commercial Tenants	Closed 1/22/2021 - sale price \$1,910,000. Lender paid \$1,441,856. Net sales proceeds \$367,551.	367,551
27	3792 Mission Blvd. (Suite A), San Diego, CA 92109	Office space	Closed 1/08/2021 - sale price \$399,000. Lender paid \$15,755. Net sales proceeds \$364,014.	364,014
28	2163 Abbott Street, Ocean Beach, CA 92107	Surf Rider Pizza Cafe	Closed 2/18/21 - sale price \$85,000. A payment was made to a secured vendor for \$27,500. Net sales proceeds \$50,504 (received in Q221).	50,504
29	140 Keller Street, Petaluma, CA 94952	CoWorking Office Business	Closed 5/3/21 - sale price \$2,600,000. Lender paid \$1,121,423 and secured creditor paid \$82,587. Net sales proceeds \$1,272,108.	1,272,108
30	3770 Mission Blvd., San Diego, CA 92109	Quick Service Restaurant -- Surf Rider Pizza Mission Beach	Closed 5/7/21 - sale price \$402,500. No payment to lender (paid with sale of various other transactions). Net sale proceeds \$381,618.	381,618
Total Net Sales Proceeds (Plus reduction of loans payable of \$3.188 million for Items 1-3)				12,256,761
Properties Pending Sale Closing:				
	Address	Asset Type or Name	Asset Status & Commentary	Estimated Net Sale Proceeds
1	3816 Mission Blvd./733 Salem Court, San Diego, CA 92109	Mixed Use - Surf Shop Ground Floor Apartment Loft Rented	Sale was approved @ \$1,590,000, however both buyer and backup buyer failed to close and deposits of \$105,000 were forfeited to the Estate. Property is under contract and Court approved at \$1,360,000. The commercial unit is housing remaining corporate assets and employee. The residential unit is vacant. The estimated net sale proceeds are \$904,000 including the \$105,000 forfeited deposits.	904,000
Total Estimated Net Sales Proceeds for Transaction Pending Closing				904,000
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	Receiver entered into a settlement with the delinquent tenant for a payment plan and return of the property by March 31, 2021. The property was promptly marketed for sale and is now in escrow. There is no debt on this property.	419,900
Total Estimated Market Value				419,900

Properties Foreclosed/Pending Joint Motion for Relief from Injunction:				
	Address	Asset Type or Name	Asset Status & Commentary	No Value Expected to be Realized
1	3515 Hancock Street San Diego, CA 92110	Commercial Use - Main Office and Parking Lot	Former HQ office space. Foreclosure was completed in December 2020.	
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)	Former Patio on Lamont Restaurant; operations closed as a result of COVID. Foreclosure was completed in November 2020.	
3	369 10th Avenue, San Diego, CA 92101	Real Estate Condo Envelope	Former Himmelberg's restaurant/bar. Foreclosure was completed in December 2020.	
4	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.	

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
3	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 \$471K. Transaction closed in third quarter.	470,888
4	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
5	Endeavor Bank (CBB Venture Group)		CD, MM Recovered December 2020	234,669
Total Other Investments/Loans - Recovery To Date				1,407,597
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. Misirlilogou		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	Trek Partners		Oil/gas related investment - recovery not anticipated.	90,632
14	Baymedica		Convertible Note	50,000
15	Endeavor Bank		Share Price Est (CD, MM Recovered above) - actively working to sell these shares (transfer completed)	240,000
16	Menon Renewable Energy		Investment	105,000
Total Other Investments/Loans				3,003,919

Liquor License Closed Transactions:				
	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)	Net Sales Proceeds
1	4020 Goldfinch St.	On-Sale General Eating Place	Sale to landlord approved by the Court on January 24, 2020. Sale closed August 2020.	142,990
2	3768 Mission Blvd.	On-Sale General Eating Place	Included with sale of real property. Sale closed August 2020.	79,398
3	345 S. Coast Highway 101	On-Sale General Eating Place	Sale to landlord approved by the Court on January 24, 2020. Sale closed June 2020; funds received in Q320.	117,145
4	Petaluma	On-Sale General Eating Place.	Included with sale of real property. Sale closed August 2020.	150,000
5	8381 La Mesa Blvd.	On-Sale General Eating Place	Included in the sale of the real property. Sale closed November 2020.	49,193
6	2163 Abbott St.	On-Sale Beer & Wine - Eating Place	Included in the sale of the leasehold interest.	0
7	2163 Abbott St.	Caterer	Included in the sale of the leasehold interest.	0
Total Liquor License Closed Transactions Net Sales Proceeds				538,726
Other Liquor License Status:				
	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)	Estimated Market Value
8	3770 Mission Blvd.	On-Sale General Eating Place	Included in the sale of the leasehold interest.	0
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.	0
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.	0
11	400 Spectrum Center Dr.	On-Sale Beer & Wine - Eating Place	Transferred to new operator or building owner, who previously paid for same.	0
12	17877 Von Karman Ave.	On-Sale General Eating Place	Transferred to new operator or building owner, who previously paid for same.	0
13	369 10th Ave.	On-Sale General Eating Place	Under Contract	52,500
14	4445 Lamont St.	On-Sale General Eating Place	Available for Sale	105,000
15	2855 Perry Rd.	On-Sale General Eating Place	Under Contract	52,500
16	928 Fort Stockton Dr.	Off-Sale Beer & Wine	Deemed no value	0
Total Estimated Market Value				210,000
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 Enicnintas, 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.	
12	3779 Mission Blvd. San Diego, CA 92109	San Jose Parking Lot Across from Saska's Steakhouse	No offers materialized and property transitioned to landlord at the end of the lease term on 12/31/2020	

SUMMARY OF EXHIBIT A

Real Property	Total Net Proceeds from Sale of Real Property (includes Q221) Closings To Date	12,256,761
Other Investments/Loans	Total Recovery To Date	1,407,597
Liquor Licenses	Total Liquor License Transactions Closings Net Sales Proceeds To Date	538,726
Total Recovery To Date (includes post 03/31/21 funds (gray highlights))		14,203,084
Real Property	Total Est Net Sales Proceeds for Properties Pending Sale Closings	904,000
Total Estimated Net Sales Proceeds for Transactions Pending Completion		904,000
Real Property	Total Estimated Market Value/Contract Sale Price of Unsold Real Property	419,900
Other Investments/Loans	Total Other Investments/Loans Unresolved	3,003,919
Other Liquor Licenses	Total Estimated Market Value	210,000
Total Recovery Pending Resolution or Sale		3,633,819
Grand Total (SEE NOTE BELOW)		18,740,903

NOTE: The numbers reflected are as noted and are being provided as a courtesy for the reader's reference purposes only. All except one of the real properties is/was 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 estimates the net sales proceeds from the portfolio reflected on this schedule to be in the \$15-\$16 million range.

EXHIBIT B

EXHIBIT B

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
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 [1]	\$129,306
Saska's and Parking Lot Recoveries	\$1,099,272
Bao Recovery	\$19,592
Ingraham Property Recovery	\$400,618
3415 Mission Property Recovery	\$273,811
Tennyson Property Recovery	\$271,948
7569-7571 University Property Recovery	\$261,418
Bella Pacific Property Recovery	\$41,161
809 San Rafael Property Recovery	\$252,962
Former Patio 101 Liquor License, Personal Property Recovery	\$117,145
Former Chicken Pharm Liquor License Recovery	\$150,000
Former Goldfinch Liquor License, Personal Property Recovery	\$142,990
Windemere Property Recovery	\$1,349,216
8381 La Mesa Blvd (SRLM) Property Recovery	\$75,558
University Condo #9 Property Recovery	\$25,450
Randolph Property Recovery	\$467,303
W. Washington Property Recovery	\$367,551
812 San Rafael Property Recovery	\$1,552,795
Valle Vista Property Recovery	\$106,736
Camino Degrazia Property Recovery	\$41,323
Yarmouth Property Recovery	\$1,292,325
3792 Mission Blvd Property Recovery	\$364,014
3816 Mission Blvd Property Recovery	\$25,000
Bandini Property Recovery	\$1,300,000
Endeavor CD	\$234,669
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	\$495,888
Personal Property Recovery	\$375,231
Clawback Recovery	\$139,225
Restaurant Receipts (includes Patio Marketplace pre-opening expense receivables collection)	\$5,305,037
Real Estate Rental Receipts	\$805,739

Keller Street Co-Work Receipts	\$387,972
Retail Receipts (includes post-closing product sales (pre-auction))	\$111,487
ANI Miscellaneous Contract Refunds/Recoveries/Receipts	\$227,295
Interest Income	\$77,048
Pre-Receiver Expenses (detail in Initial Verified Report)	(\$87,930)
Restaurant Expenses:	\$0
Payroll and Payroll Related Expense	(\$2,217,362)
Operating Expenses	(\$1,228,729)
Cost of Goods Sold	(\$1,254,244)
Management Fees	(\$336,666)
BOE – Sales Tax	(\$341,169)
Rent Expense	(\$180,266)
Merchant and Bank Fees	(\$37,185)
Real Property Related Expenses:	\$0
Debt Service	(\$1,665,169)
Property Tax Expense	(\$396,832)
Operating Expenses	(\$298,844)
Keller Street Co-Work Expenses:	\$0
Payroll and Payroll Related Expense	(\$117,433)
Operating Expense	(\$151,061)
Retail Expenses:	\$0
Payroll and Payroll Related Expense	(\$18,087)
Operating Expense	(\$20,837)
Cost of Goods Sold	(\$1,463)
General & Administrative Expense	(\$2,175)
Corporate Expenses:	\$0
Payroll and Payroll Related Expense (includes real property related operations)	(\$1,958,007)
Payroll - PTO	(\$197,363)
Insurance (includes real property and operations coverages)	(\$356,354)
General & Administrative Expenses	(\$678,760)
IT Expense	(\$187,309)
Rent Expense	(\$104,567)
Operating Expenses	(\$89,072)
Grant Deed Settlement Payment	(\$100,000)
Receiver Fees & Expenses [2]	(\$859,944)
Receiver Legal Fees & Expenses [3]	(\$1,088,496)
Ending Bank Balance at 03/31/21	\$20,744,965

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

[2] Includes credit for Rancho Mirage Property buyer's request for supplemental Court approval - \$4,990. Q220 approved fee and expense payment cleared in January 2021.

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