

1 DAVID R. ZARO (BAR NO. 124334)
 MICHAEL R. FARRELL (BAR NO. 173831)
 2 ALLEN MATKINS LECK GAMBLE
 MALLORY & NATSIS LLP
 3 865 South Figueroa Street, Suite 2800
 Los Angeles, California 90017-2543
 4 Phone: (213) 622-5555
 Fax: (213) 620-8816
 5 E-Mail: dzaro@allenmatkins.com
 mfarrell@allenmatkins.com

6 EDWARD G. FATES (BAR NO. 227809)
 7 ALLEN MATKINS LECK GAMBLE
 MALLORY & NATSIS LLP
 8 One America Plaza
 600 West Broadway, 27th Floor
 9 San Diego, California 92101-0903
 Phone: (619) 233-1155
 10 Fax: (619) 233-1158
 E-Mail: tfates@allenmatkins.com

11 Attorneys for Receiver
 12 KRISTA FREITAG

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 EIGHTH INTERIM
 REPORT AND
 RECOMMENDATIONS**

 Ctrm: 14A
 Judge: Hon. Larry Alan Burns

TABLE OF CONTENTS

	<u>Page</u>
1	
2	
3 I. BACKGROUND.....	4
4 II. EXECUTIVE SUMMARY	4
5 III. SUMMARY OF RECEIVER'S ACTIVITIES	6
6 A. Second Quarter 2021 Funds Recovered.....	6
7 B. Status of Real and Personal Property Assets	7
8 C. Property Taxes	9
9 D. Insurance	9
10 E. Debt Service.....	10
11 F. Loans and Other Investments.....	10
12 G. Investigation of Third-Party Claims	10
13 H. Receivership Estate Operations	11
14 I. Pending Litigation.....	12
15 J. Claims Process & Taxes	13
16 K. Receipts and Disbursements	13
17 L. Investor/Creditor Communications.....	14
18 IV. CONCLUSION	15

19
20
21
22
23
24
25
26
27
28

TABLE OF AUTHORITIES

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
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18
19
20
21
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25
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28

Page(s)

Statutes

28 U.S.C. § 2002..... 5
28 U.S.C. § 2001..... 5

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 Eighth Interim Report and Recommendations ("Eighth Report").

5 **I. BACKGROUND**

6 This equity receivership involves a large, complex, and wide-ranging group
7 of enterprises and assets which are the subject of the Complaint filed by the United
8 States Securities and Exchange Commission ("Commission"). Defendants agreed to
9 the appointment of a permanent receiver by way of a Joint Motion and Stipulated
10 Request filed concurrently with the Complaint (Dkt. 2). On September 3, 2019, the
11 Court (the Hon. Marilyn Huff) granted the Joint Motion and entered the
12 Appointment Order (Dkt. 6.). This quarterly report covers the Receiver's activities
13 during the second quarter of 2021 and reflects the status of certain assets as of the
14 date of this report, if material activity has occurred between June 30, 2021 and the
15 date of this report.

16 **II. EXECUTIVE SUMMARY**

17 As previously reported, the receivership estate assets were primarily
18 comprised of cash, 33 commercial and residential properties, 27 restaurant and retail
19 operations, not including commissary kitchen operations (both owned and leased
20 properties), voluminous personal property (including restaurant equipment, product
21 inventory, retail merchandise, liquor licenses and intellectual property associated
22 with the operations of the enterprise), various notes receivable or equity investments
23 made by the Receivership Entities, and potential causes of action. During the
24 second quarter of 2021, the Receiver continued to make significant progress in
25 marshalling the Receivership Entities' assets and otherwise discharging her duties.
26 Those efforts include completing her forensic accounting report (Dkt. 659),
27 participating in Court-ordered settlement conferences, pursuing clawback
28 recoveries, and preparing for a claims process. The Receiver also continued the

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

5 Despite the COVID-19 pandemic's effect on the general business environment
6 and in particular restaurant, vacation rental and co-work operations, the Receiver
7 continued to press forward and, as of the date of this report, nearly all real and
8 personal property assets have been monetized or otherwise resolved. During the
9 reporting period, the sale of three properties, representing over \$2.5 million of net
10 sales proceeds closed: (1) the 140 Keller Street Property, (2) the former Mission
11 Beach Surf Rider Property, and (3) the 3816 Mission Blvd. Property. One
12 additional real property sale was approved by the Court; however, the buyer has
13 backed out of the sale and has forfeited his earnest money deposit. That property
14 has been re-listed for sale. One liquor license transfer and thus sale is ABC
15 approved (receipt of sale proceeds is pending), one liquor license sale is pending
16 ABC transfer approval and a third is currently in escrow, pending the buyer's
17 completion of its due diligence for a concurrent real estate sale. After the sale
18 closing of the one remaining operation - the Keller Street Co-Work Property - the
19 one remaining employee resigned at the end of May 2021.

20 To date, in total, the Receiver has closed sales of real properties and leasehold
21 interests with an aggregate gross sale price of over \$39 million. As previously
22 discussed, all but one real property was encumbered with significant debt. In
23 connection with the Court-approved sale closings, the Receiver has paid off nearly
24 \$24 million in secured debt through escrow, thereby eliminating those secured
25 claims against the receivership estate. Not only was the Receiver able to satisfy
26 most debt obligations and, by working very closely with lenders, eliminate potential
27 material default interest issues, but she and her team were also able to successfully
28

1 sell several assets which were pending foreclosure, resulting in material real estate
2 equity recovery for the estate of over \$600,000.

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

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

9 **A. Second Quarter 2021 Funds Recovered**

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

- 13 • \$1,272,380 of net sale proceeds generated from the sale of 140 Keller
14 Street, the former Co-Work operation.
- 15 • \$381,618 of net sale proceeds generated from the sale of 3770 Mission
16 Blvd., the former Surf Rider Mission Beach.
- 17 • \$931,925 of net sale proceeds generated from the sale of the 3816
18 Mission Blvd/733 Salem Ct location. This amount includes \$105,000
19 in deposits forfeited by Court approved buyers who failed to close their
20 respective transactions at the agreed price.
- 21 • \$362,791, representing 16 clawback settlement payments.¹
- 22 • \$271,963 of net sale proceeds from the recovery of Champion-Cain's
23 Endeavor Bank shares of stock.

24 As discussed below, the Receiver's asset sales are nearly complete, however,
25 recovery efforts are ongoing. Additional detail is included on the receipts and
26 disbursements schedule attached hereto as Exhibit B.

27
28 ¹ As of the date of this report, nearly \$1.3 million, representing 37 clawback
settlement payments, have been received.

1 **B. Status of Real and Personal Property Assets**

2 Throughout this case, the Receiver has taken significant steps to implement
3 the Appointment Order, including managing all assets controlled, operated, leased,
4 or owned by the Receivership Entities. Attached as Exhibit A is an updated
5 schedule of all known real property, businesses/operations, third-party
6 investments/loans, and liquor license assets of the Receivership Entities. Notes and
7 applicable recoveries and/or estimated values are included therein.

8 The following summarizes the status of the Receiver's real-time progress on
9 real and personal property asset dispositions:

- 10 1. 28 real property, and three (3) leasehold interest (with personal
11 property), sales have been completed.
- 12 2. Sales of liquor licenses and personal property associated with six (6)
13 former restaurant operations (Patio on Goldfinch, Patio 101, Chicken
14 Pharm in Petaluma, La Mesa Surf Rider, Ocean Beach Surf Rider and
15 Mission Beach Surf Rider) have been completed.
- 16 3. One (1) real property sale was Court approved, however that sale did
17 not close due to buyer decision. The buyer forfeited his deposit and the
18 property has been re-listed for sale. This is the unencumbered property,
19 thus minimal carrying costs will be incurred as a result of this buyer not
20 performing.
- 21 4. Seven (7) joint motions concerning real properties (for which limited
22 ownership-related expenses have been paid by the receivership estate
23 on a net, aggregate basis) were filed and approved by the Court for
24 limited relief from the Receivership stay order.
 - 25 a. Three (3) foreclosures have occurred – the former Patio on
26 Lamont, Hancock Street corporate office, and former
27 Himmelberg's (also known as 10th and J Street) properties.

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- 1 b. One (1) property is in the process of being resolved by the
- 2 interested parties, *i.e.*, general contractor and lender (301 D.
- 3 Street Property).
- 4 c. Two (2) properties were sold by the Receiver (in lieu of
- 5 foreclosure); these transactions closed on October 30, 2020
- 6 (7569-7571 University Property) and January 22, 2021 (901 –
- 7 915 West Washington Property).
- 8 d. The Bandini Street property, which was owned by Ms.
- 9 Champion-Cain and her husband Steven Cain, was refinanced
- 10 with Court approval, resulting in a \$1.3 million² payment to the
- 11 receivership estate.

12 5. The Receiver has completed auctions for most of the personal property.

13 As only one property remains unsold, the Receiver's property management

14 related activities continue at minimal levels.

15 Based upon the best information currently available, the Receiver currently

16 estimates the total net sales proceeds from the assets listed on Exhibit A to be in the

17 \$15-\$16 million range,³ over \$15 million of which has been recovered as of the date

18 of this report. As nearly all of the real estate assets have been sold, the remaining

19 recovery of the assets on Exhibit A is speculative and largely dependent on the

20 ultimate collectability of the remaining Other Investments/Loans. As sales and

21 recoveries are completed, the Receiver is reflecting the actual recoveries on the

22 exhibit as well as on the receipts and disbursements schedule included as Exhibit B

23 hereto.

24 As previously discussed, the extensive secured debt encumbering the assets

25 had a substantial impact on the gross numbers presented in prior reports (and as

27 ² This number has never been included on Exhibit A or in the Receiver's net sale

recovery estimates.

28 ³ This estimate does not include the \$1.3 million recovery from the Bandini Street

Property.

1 presented in the current version of) Exhibit A, thus the net sale proceeds for most of
2 the assets are small (relative to the prior or currently estimated market values of the
3 assets, as applicable). It is important to note that the \$15-\$16 million estimate does
4 not and has never included any amounts associated with potential recoveries from
5 clawback claims, causes of action or third-party recoveries not reflected specifically
6 on Exhibit A hereto (discussed further below). It also is reflective of actual net sales
7 proceeds and does not reflect revenue or expenses associated with the listed assets
8 leading up to the sale thereof.

9 **C. Property Taxes**

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

14 **D. Insurance**

15 The remaining property is insured pursuant to the insurance broker's
16 recommendations. As properties are sold, the Receiver removes coverage to reduce
17 future liabilities, or as applicable to seek refunds of the unused premiums. In July
18 2021, an invoice was received reflecting the outcome of an audit performed by one
19 of the carriers on the policy based on the 2019 policy period. The Receiver is
20 further investigating this invoice.

21 As no employees remain, the related insurance policies (e.g. health insurance
22 and worker's compensation) have been cancelled. The worker's compensation
23 insurance final audit has been completed, resulting in a refund (received in August
24 2021). A refund is also expected from the health insurance cancellation.

25 As previously discussed, the Receiver filed a claim against the crime policy
26 covering theft and other criminal acts arising from the actions of the former Chief
27 Financial Officer of ANI, Crispin Torres. The claim has been denied; however, the
28

1 Receiver has not accepted such denial and continues to pursue the claim with the
2 carrier.

3 **E. Debt Service**

4 During the period, the final mortgaged properties were sold. Since
5 appointment, the Receiver maintained effective working relationships with the
6 various lenders. As a result of these efforts, two properties that were previously
7 earmarked for foreclosure were sold by the Receiver and approximately \$629,000 of
8 additional net sale proceeds were recovered. Additionally, various agreements were
9 made to avoid default interest that could have been applicable under the initial
10 circumstances of the case; as an example, these efforts saved nearly \$500,000 with
11 one lender.

12 **F. Loans and Other Investments**

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

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

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

27 With respect to Chicago Title, the Receiver has filed a motion seeking
28 authority to file a related action in this Court against Chicago Title. Dkt. 323. An

1 initial hearing on the motion was held on August 26, 2020, a continued hearing
2 occurred on December 17, 2020, and a further hearing was held on April 12, 2021;
3 this motion is pending Court approval.

4 The Receiver has also been in contact with other third parties who had a role
5 in the ANI scheme regarding claims held by the receivership estate. This includes
6 professionals engaged by the Receivership Entities prior to the Receiver's
7 appointment. The Receiver has negotiated a settlement with one such former
8 professional and her motion for approval of this settlement has been approved by the
9 Court Dkt. 682. The Receiver attended a mediation in May 2021 and agreed to
10 attend a follow-up mediation in September 2021 with another former professional.
11 To the extent the discussions with other third parties do not result in settlement, the
12 Receiver will seek authority to pursue claims against them.

13 The Receiver has also received authorization to proceed with claims to
14 recover profits, referral fees, commissions and other amounts paid to profiting
15 investors and other third parties ("Clawback Claims"). Dkt. 551. The Receiver,
16 through her counsel, has been in communication with profiting investors and other
17 third parties to discuss Clawback Claims and potential settlements. The Receiver
18 has since signed settlement agreements for 41 Clawback Claims and anticipates that
19 additional settlements will be reached soon. When settlements within the Court-
20 approved settlement parameters cannot be reached (and several large Clawback
21 Claims have thus far not settled), the Receiver is preparing to initiate actions to
22 recover on Clawback Claims.

23 **H. Receivership Estate Operations**

24 The Receiver continues to engage the temporary, part-time, human resources
25 and tax specialist to assist with the wind-down of the various entities and related
26 tasks. That employee continues to work remotely and typically works only a few
27 hours a week at minimal cost. The IT vendor, AMA Networks, continues to
28 monitor the corporate network operations for a minimal monthly charge and

1 responds to requests on an as-needed basis. The remaining general operational work
2 is completed by the Receiver's staff, as needed.

3 Concurrent with the sale of the 3816 Mission Blvd/733 Salem Court property
4 and the resignation of the final employee, the Receiver closed the corporate office of
5 the Receivership Entities and transferred servers, related IT, records and the
6 remaining assets to the Receiver's San Diego office or to Iron Mountain storage.

7 **I. Pending Litigation**

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

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

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

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1 **J. Claims Process & Taxes**

2 The Receiver filed her Motion for Order (1) Approving Procedures for the
3 Administration of Claims against the Receiver Estate; (2) Setting Claims Bar Date;
4 and (3) Approving Claims Bar Date Notice and Proof of Claim Forms (Dkt. No.
5 681), which motion is now under submission after there was no opposition and the
6 hearing was taken off calendar. Upon receipt of Court approval, the Receiver will
7 commence the claim process as approved by the Court. Once the foregoing process
8 is complete and after consultation with tax professionals as to the propriety of
9 transmitting the IRS Form 1099 to investors in these circumstances, the Receiver
10 will notify the investors as to how Form 1099s will be handled.

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

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

20 **K. Receipts and Disbursements**

21 The following reflects the cash activity in the receivership estate from the
22 inception of the receivership on September 3, 2019 through June 30, 2021. A
23 summary of the receipts and disbursements is as follows:
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1	Bank Balance at 09/03/2019 ⁴ (accounts listed in Appointment Order)	\$368,614
2	Additional Bank Account Recoveries post-takeover	\$1,447,947
3	Chicago Title Funds Received	\$11,311,344
4	Total Receipts	\$24,878,241
5	Total Disbursements	(\$14,888,134)
6	Ending Bank Balance at 06/30/2021	\$23.118.012

7 A more detailed summary of the receipts and disbursements is attached hereto
8 as Exhibit B. As noted above, since June 30, 2021 through the date of this report,
9 the Receiver has realized more than \$1.4 million in additional third party recoveries,
10 including clawbacks and other third party claims.

11 **L. Investor/Creditor Communications**

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

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

26 _____
27 ⁴ While September 3, 2019 is the date of the Appointment Order, the order was
28 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 Investors and creditors are reminded of the importance of maintaining current
2 contact information with the Receiver's office to ensure receipt of important
3 information relating to the claims approval process, distributions, and other
4 important updates.

5 **IV. CONCLUSION**

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

10 **1. Document Recovery Efforts**

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

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

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

23 **3. Accounting**

24 The Receiver and her staff have completed the forensic accounting report; a
25 preliminary investor-specific report was filed on December 1, 2020 (Dkt. No. 516-
26 1), an updated investor-specific report was filed on March 31, 2021 (Dkt. No. 630),
27 and the Receiver's Forensic Accounting Report was filed on April 30, 2021 (Dkt.
28 No. 659). As previously mentioned, this accounting has and will continue to be

1 used to identify receivership assets, and to establish where the funds obtained by the
2 Receivership Entities came from and where they went after they were received by
3 the Receivership Entities. The accounting is the foundation for the Receiver's
4 review and analysis of investor/lender and other creditor claims, as well as
5 Clawback Claims.

6 **4. 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.

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Dated: August 20, 2021

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By: s/Edward G. Fates

EDWARD G. FATES
Attorneys for Receiver
KRISTA FREITAG

*Securities and Exchange Commission v. Gina Champion-Cain
and ANI Development, LLC*

USDC, Southern District of California, Case No. 3:19-cv-01628-LAB-AHG

INDEX OF EXHIBITS

Exhibit	Description	Page
A	All Known Real Property Receivership Assets	17
B	Schedule of Receipts and Disbursements of Actual Sales Recoveries	22

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 Q21).	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 \$1,272,380 (includes a \$271.22 lender escrow refund received after reporting net proceeds to the Court). An additional \$2,565.08 was received in a post sale true-up in July 2021.	1,274,945
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
31	3816 Mission Blvd./733 Salem Court, San Diego, CA 92109	Mixed Use - Surf Shop Ground Floor Apartment Loft Rented	Closed 6/3/21 - sale price \$1,360,000. Net sale proceeds are \$826,924.73. Lender paid \$485,616.77. Additionally, the receiver collected \$105,000 in forfeited deposits from two prior approved buyers who failed to close.	931,925
Total Net Sales Proceeds (Plus reduction of loans payable of \$3.188 million for Items 1-3)				13,191,523
Properties Pending Sale Closing:				
	Address	Asset Type or Name	Asset Status & Commentary	Estimated Net Sale Proceeds
32	1775 Diamond Street, #301, San Diego, CA 92111	Condo	Property was approved to close, however buyer did not perform and forfeited his deposit. The Property has been relisted for sale.	398,000
Total Estimated Net Sales Proceeds for Transaction Pending Closing				398,000

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.	0
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.	0
3	369 10th Avenue, San Diego, CA 92101	Real Estate Condo Envelope	Former Himmelberg's restaurant/bar. Foreclosure was completed in December 2020.	0
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.	0
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
6	Endeavor Bank		Gina Champion Cain's shares sold	271,963
Total Other Investments/Loans - Recovery To Date				1,679,560
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	Trek Partners		Oil/gas related investment - recovery not anticipated.	90,632
14	Baymedica		Convertible Note	50,000
15	Menon Renewable Energy		Investment	105,000
Total Other Investments/Loans				2,763,919

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	Under Contract	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 Enicintas, 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	13,191,523
Other Investments/Loans		Total Recovery To Date	1,679,560
Liquor Licenses		Total Liquor License Transactions Closings Net Sales Proceeds To Date	538,726
		Total Recovery To Date	15,409,809
Real Property		Total Est Net Sales Proceeds for Properties Pending Sale Closings	398,000
		Total Estimated Net Sales Proceeds for Transactions Pending Completion	398,000
Real Property		Total Estimated Market Value/Contract Sale Price of Unsold Real Property	0
Other Investments/Loans		Total Other Investments/Loans Unresolved	2,763,919
Other Liquor Licenses		Total Estimated Market Value	210,000
		Total Recovery Pending Resolution or Sale	2,973,919
		Grand Total (SEE NOTE BELOW)	18,781,728
<p>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.</p>			

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	\$931,925
Bandini Property Recovery	\$1,300,000
140 Keller Street Property Recovery	\$1,272,380
Former Mission Beach Surf Rider Recovery	\$381,618
Former Ocean Beach Surf Rider Recovery	\$50,504
Diamond Street Property Recovery (Forfeited Earnest Money)	\$13,850
Endeavor CD Recovery	\$234,669
Endeavor Bank Share Sale Recovery	\$271,963
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	\$377,362

Clawback Recovery	\$502,016
Restaurant Receipts (includes Patio Marketplace pre-opening expense receivables collection)	\$5,305,037
Real Estate Rental Receipts	\$805,739
Keller Street Co-Work Receipts	\$404,118
Retail Receipts (includes post-closing product sales (pre-auction))	\$111,487
ANI Miscellaneous Contract Refunds/Recoveries/Receipts	\$232,525
Interest Income	\$79,367
Pre-Receiver Expenses (detail in Initial Verified Report)	(\$87,930)
Tax Settlement - Pre-Receiver (paid post)	(\$13,054)
Restaurant Expenses:	\$0
Payroll and Payroll Related Expense	(\$2,217,260)
Operating Expenses	(\$1,231,888)
Cost of Goods Sold	(\$1,254,154)
Management Fees	(\$336,666)
BOE – Sales Tax	(\$341,169)
Rent Expense	(\$191,016)
Merchant and Bank Fees	(\$37,185)
Real Property Related Expenses:	\$0
Debt Service	(\$1,678,780)
Property Tax Expense	(\$419,956)
Operating Expenses	(\$308,555)
Keller Street Co-Work Expenses:	\$0
Payroll and Payroll Related Expense	(\$127,597)
Operating Expense	(\$163,191)
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)	(\$1,990,239)
Payroll - PTO	(\$217,426)
Insurance (includes real property and operations coverages)	(\$356,354)
General & Administrative Expenses	(\$724,933)
IT Expense	(\$208,659)
Rent Expense	(\$104,567)
Operating Expenses	(\$90,273)
Grant Deed Settlement Payment	(\$100,000)
Receiver Fees & Expenses [2]	(\$1,144,428)
Receiver Legal Fees & Expenses [3]	(\$1,500,293)
Ending Bank Balance at 06/30/2021	\$23,118,012

[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.