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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 NINTH 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 Ninth Interim Report and Recommendations ("Ninth 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"). This quarterly report
9 covers the Receiver's activities during the third quarter of 2021 and reflects the
10 status of certain assets as of the date of this report, if material activity has occurred
11 between September 30, 2021 and the date of this report.

12 **II. EXECUTIVE SUMMARY**

13 As previously reported, the receivership estate assets were primarily
14 comprised of cash, 33 commercial and residential properties, 27 restaurant and retail
15 operations, not including commissary kitchen operations (both owned and leased
16 properties), voluminous personal property (including restaurant equipment, product
17 inventory, retail merchandise, liquor licenses and intellectual property associated
18 with the operations of the enterprise), various notes receivable or equity investments
19 made by the Receivership Entities, and potential causes of action. During the third
20 quarter of 2021, the Receiver continued to make steady progress in marshalling the
21 Receivership Entities' assets, and otherwise discharging her duties. Those efforts
22 include participating in Court-ordered settlement conferences, pursuing significant
23 clawback recoveries and associated documentation review, and continued
24 preparation for implementation of the claims process. The Receiver also continued
25 the marketing, sale or alternative resolution process for all of the real property assets
26 using procedures consistent with the requirements of 28 U.S.C. §§ 2001-2002 and
27 following the Court's Order Establishing Uniform Property Sale Procedures
28 (Dkt. 219).

1 As of the date of this report, all real property and nearly all personal property
 2 assets have been monetized or otherwise resolved. The remaining personal property
 3 value is expected to be negligible and consists of a few art pieces that have been
 4 difficult to sell and electronic assets that are being held out of abundance of caution
 5 until it is determined that they are no longer needed. During the period, the
 6 Receiver re-listed 1775 Diamond, negotiated an offer and sought Court approval for
 7 the sale. That sale was recently closed after the Court's approval of the sale motion
 8 (Dkt. 720). Finally, two liquor license sales were finalized and a third is currently in
 9 escrow.

10 To date, the Receiver has closed sales of real properties and leasehold
 11 interests (including associated liquor licenses) with an aggregate gross sale price of
 12 over \$40 million. As previously discussed, all but one real property was
 13 encumbered with significant debt. In connection with the Court-approved sale
 14 closings, the Receiver paid off nearly \$24 million in secured debt through escrow,
 15 thereby eliminating those secured claims against the receivership estate.

16 As discussed herein, the Receiver and her professionals have made an
 17 extraordinary amount of progress, however, work remains to be done – notably on
 18 the settling of or filing complaints on clawback claims, pursuing causes of action
 19 against third parties, and completing a claims and distribution process.

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

21 **A. Third Quarter 2021 Funds Recovered**

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

- 25 • \$104,843 recovered in the sale of the liquor licenses associated with the
 26 former Himmelberg's and Fireside restaurants.

- 1 • \$554,487 recovered in the Court-approved settlement with William
- 2 Adams and his law firm, Norton Moore & Adams (“Adams Parties”).¹
- 3 • \$1,130,336 representing 36 clawback settlements.²

4 As discussed below, the Receiver's tangible asset sales are nearly complete,
5 however, recovery efforts are ongoing.

6 Additional recovery detail through the third quarter of 2021 is included on the
7 receipts and disbursements schedule attached hereto as Exhibit B.

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

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

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

- 17 1. 29 real property, and three (3) leasehold interest (with personal
- 18 property), sales have been completed.
- 19 2. Sales of liquor licenses and personal property associated with eight (8)
- 20 former restaurant operations (Patio on Goldfinch, Patio 101, Chicken
- 21 Pharm in Petaluma, La Mesa Surf Rider, Ocean Beach Surf Rider,
- 22 Mission Beach Surf Rider, Himmelberg's and Fireside) have been

25 ¹ The Receiver expects to recover additional funds under the settlement agreement
26 with the Adams Parties -- \$150,000 of insurance proceeds were held by the
27 insurance carrier in reserve for one year and are to be released to the Receiver at
28 the end of that period, unless such funds have been used to defend claims made
against the Adams Parties.

² As of the date of this report, over \$3.2 million of payments, representing 56
clawback settlements, have been received.

completed. One (1) liquor license sale (Patio on Lamont) is currently pending ABC approval.

3. Seven (7) joint motions concerning real properties (for which limited ownership-related expenses have been paid by the receivership estate on a net, aggregate basis) were filed and approved by the Court for limited relief from the Receivership stay order.

a. Three (3) foreclosures have occurred – the former Patio on Lamont, Hancock Street corporate office, and former Himmelberg's (also known as 10th and J Street) properties.

b. One (1) property is in the process of being resolved by the interested parties, *i.e.*, general contractor and lender (301 D. Street Property).

c. Two (2) properties were sold by the Receiver (in lieu of foreclosure); these transactions closed on October 30, 2020 (7569-7571 University Property) and January 22, 2021 (901 – 915 West Washington Property).

d. The Bandini Street property, which was owned by Ms. Champion-Cain and her husband Steven Cain, was refinanced with Court approval, resulting in a \$1.3 million³ payment to the receivership estate.

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

Based upon the best information currently available, the Receiver currently estimates the total net sales proceeds from the assets listed on Exhibit A to be approximately \$16 million⁴. To date, over \$15.9 million has been recovered and an additional \$165,000 is currently in escrow.

³ This number has never been included on Exhibit A or in the Receiver's net sale recovery estimates.

⁴ 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 \$16 million estimate does not
6 and has never included any amounts associated with potential recoveries from
7 clawback claims, causes of action or third-party recoveries not reflected specifically
8 on Exhibit A hereto (discussed further below). It also is reflective of actual net sales
9 proceeds and does not reflect revenue or expenses associated with the listed assets
10 leading up to the sale thereof.

11 **C. Property Taxes**

12 As the final real property was sold, no further property tax obligations are
13 expected.

14 **D. Insurance**

15 As the final real property was sold, the final property and general liability
16 policy was cancelled. As no employees remain, the related insurance policies (e.g.,
17 health insurance and worker's compensation) have been cancelled; however, a one-
18 year tail on the EPLI claims made policy has been purchased. The worker's
19 compensation insurance final audit has been completed, resulting in a refund during
20 the period.

21 As previously discussed, the Receiver filed a claim against the insurance
22 policy covering theft and other criminal acts arising from the actions of the former
23 Chief Financial Officer of ANI, Crispin Torres. The claim has been denied;
24 however, the Receiver has not accepted such denial and continues to pursue the
25 claim with the carrier.

26 **E. Debt Service**

27 Since appointment, the Receiver maintained effective working relationships
28 with the various lenders. As a result of these efforts, two properties that were

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

6 **F. Loans and Other Investments**

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

16 During the period, the Receiver, as a noteholder for BayMedica, a
17 cannabis/pharmaceutical company, signed documents allowing the sale of the
18 company to a publicly listed Canadian pharmaceutical company. The debt was
19 converted to equity and the Receiver has received shares in the acquiring company
20 along with a small amount of cash. The shares and cash are held in escrow until the
21 fourth quarter of 2022, however, based on the current share price, it is anticipated
22 that the funds invested will be substantially recovered.

23 Other loans/investments appear to be significantly less likely to pay as the
24 underlying investments are the subject of litigation (Trek Partners), or a product that
25 is still in the startup phase with few orders (Dash Wagon). The Receiver continues
26 to make progress reaching out to other investments to assess the likelihood of
27 recovery.

28

1 Finally, the Receiver reached out to two of the major co-owners of the
2 Receivership Entities largest investment, Casa del Zorro, to inquire if either investor
3 would be interested in buying out the Receivership Entities interest. One party
4 declined to consider the purchase and the other offered to purchase the investment at
5 a significant discount.

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

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

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

17 The Receiver has also been in contact with other third parties who had a role
18 in the ANI scheme regarding claims held by the receivership estate. This includes
19 professionals engaged by the Receivership Entities prior to the Receiver's
20 appointment. The Receiver negotiated and completed a settlement with one such
21 former professional (William Adams); her motion for approval of this settlement
22 was approved by the Court. Dkt. 682.

23 The Receiver attended a mediation in May 2021 and agreed to attend a
24 follow-up mediation in September 2021 with another former professional. To the
25 extent the discussions with other third parties do not result in settlement, the
26 Receiver will seek authority to pursue claims against them.

27 The Receiver has also received authorization to proceed with claims to
28 recover profits, referral fees, commissions and other amounts paid to profiting

1 investors and other third parties ("Clawback Claims"). Dkt. 551. The Receiver,
2 through her counsel, has been in communication with profiting investors and other
3 third parties to discuss Clawback Claims and potential settlements. The Receiver
4 has since signed settlement agreements for 56 Clawback Claims and anticipates that
5 additional settlements may be reached soon. When settlements within the Court-
6 approved settlement parameters cannot be reached (and several large Clawback
7 Claims have thus far not settled), the Receiver has filed 11 Clawback actions, and is
8 prepared to initiate additional actions, if deemed appropriate, to recover on
9 Clawback Claims.

10 The Clawback Actions that have been filed thus far have been transferred to
11 this Court as related actions. The Receiver's counsel has been in communication
12 with Magistrate Judge Goddard's chambers to schedule ENE conferences in these
13 actions.

14 **H. Receivership Estate Operations**

15 The Receiver continues to engage the temporary, part-time, human resources
16 and tax specialist to assist with the wind-down of the various entities and related
17 tasks. That employee continues to work remotely and typically works only a few
18 hours a week at minimal cost. The IT vendor, AMA Networks, continues to
19 monitor the corporate network operations for a minimal monthly charge and
20 responds to requests on an as-needed basis. The remaining general operational work
21 is completed by the Receiver's staff, as needed.

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

26 **I. Pending Litigation**

27 At the time of the Receiver's Appointment, there were two pending litigation
28 matters involving the Receivership Entities. In one of these matters, one of the

1 Receivership Entities had been sued in San Diego Superior Court by a former
2 employee. This case has been stayed because of the litigation stay contained in the
3 Appointment Order.

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

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

18 **J. Claims Process & Taxes**

19 The Receiver filed her Motion for Order (1) Approving Procedures for the
20 Administration of Claims against the Receiver Estate; (2) Setting Claims Bar Date;
21 and (3) Approving Claims Bar Date Notice and Proof of Claim Forms (Dkt. No.
22 681). That motion was granted by the Court (Dkt. No. 716) on October 14, 2021.
23 Primarily on November 2, 2021, the Receiver sent out the relevant proof of claim
24 form packages to known investors and creditors of the Receivership Entities.
25 Investors and creditors must submit their claims back to the Receiver so they are
26 received on or before December 31, 2021 (the "Claims Bar Date"). The Receiver is
27 to file a motion to approve or deny claims and seek approval of a distribution plan
28 within 150 days of the Claims Bar Date.

Once the foregoing process is complete and after consultation with tax professionals as to the propriety of transmitting the IRS Form 1099 to investors in these circumstances, the Receiver will notify the investors as to how Form 1099s will be handled.

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

Regarding the Receivership Entities' tax returns, the Receiver continues to make progress on the tax returns for 70 separate entities. A significant number of prior year returns (2016, 2017 & 2018) had not been completed at the time of the Receiver's appointment. The Receiver will continue to file Receivership Entity tax returns, as necessary, in the most cost-effective and efficient manner possible.

K. Receipts and Disbursements

The following reflects the cash activity in the receivership estate from the inception of the receivership on September 3, 2019 through September 30, 2021. A summary of the receipts and disbursements is as follows:

Bank Balance at 09/03/2019 ⁵ (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	\$26,681,393
Total Disbursements	(\$14,999,397)
Ending Bank Balance at 09/30/2021	\$24,809,902

A more detailed summary of the receipts and disbursements is attached hereto as Exhibit B. As noted above, since September 30, 2021 through the date of this

⁵ 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 report, the Receiver has realized more than \$1.9 million in additional net sales
2 proceeds and third party recoveries, including recoveries on Clawback Claims.

3 **L. Investor/Creditor Communications**

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

14 The Receiver has provided communications directing all investors and
15 creditors to the receivership website for further notices, information, and updates,
16 and notifies them of the opportunity to subscribe to the receive automatic periodic e-
17 mail updates with links to reports and other relevant documents filed with the Court.
18 Investors and creditors are reminded of the importance of maintaining current
19 contact information with the Receiver's office to ensure receipt of important
20 information relating to the claims approval process, distributions, and other
21 important updates.

22 **IV. CONCLUSION**

23 The Receiver's efforts to marshal and recover assets and relevant
24 Receivership Entity documents and records are ongoing. The Receiver and her
25 professionals make the following recommendations regarding the continued
26 administration of the receivership.

1 **1. Document Recovery Efforts**

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

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

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

14 **3. Accounting**

15 The Receiver and her staff have completed the forensic accounting report; a
16 preliminary investor-specific report was filed on December 1, 2020 (Dkt. No. 516-
17 1), an updated investor-specific report was filed on March 31, 2021 (Dkt. No. 630),
18 and the Receiver's Forensic Accounting Report was filed on April 30, 2021 (Dkt.
19 No. 659). As previously mentioned, this accounting has and will continue to be
20 used to identify receivership assets, and to establish where the funds obtained by the
21 Receivership Entities came from and where they went after they were received by
22 the Receivership Entities. The accounting is the foundation for the Receiver's
23 review and analysis of investor/lender and other creditor claims, as well as
24 Clawback Claims.

1 **4. Continuation of Receivership**

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

5 Dated: November 15, 2021

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

7 By: s/Edward G. Fates

8 EDWARD G. FATES
9 Attorneys for Receiver
KRISTA FREITAG

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 \$1,272,380 (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
32	1775 Diamond Street, #301, San Diego, CA 92111	Condo	Closed 11/15/2021 - sale price \$425,000. Receiver previously collected \$12,570 in deposit forfeit from the previous buyer.	410,178
Total Net Sales Proceeds (Plus reduction of loans payable of \$3.188 million for Items 1-3)				13,601,701

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
8	369 10th Ave.	On-Sale General Eating Place	Sold in July 2021	52,343
9	2855 Perry Rd.	On-Sale General Eating Place	Sold in August 2021	52,500
Total Liquor License Closed Transactions Net Sales Proceeds				643,569
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
9	4445 Lamont St.	On-Sale General Eating Place	Under Contract.	165,000
10	928 Fort Stockton Dr.	Off-Sale Beer & Wine	Deemed no value.	0
Total Estimated Market Value				165,000
Leased Locations Closed/Transitioned:				
	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)	
1	2855 Perry Road Building 8, San Diego, CA 92106	Full Service Restaurant -- Firesire by the Patio	Closed - Valued FF&E with appraiser and turned over to lender.	
2	345 S Coast Hwy 101 Encinitas, CA 92024	Full Service Restaurant -- Patio 101	Closed prior to Receiver's appointment but remained in possession. Valued FF&E with appraisal. Transaction for liquor license and FF&E received Court approval on January 24, 2020.	
3	4020 Goldfinch Street, San Diego, CA 92103	Full Service Restaurant -- Patio on Goldfinch	Closed. Valued FF&E with appraisal. Transaction for liquor license and FF&E Court approval received on January 24, 2020.	
4	2670 Via De La Valle, Del Mar, CA 92014	Coffee Shop -- Swell Coffee	Closed. Turned over to Landlord. Removed FF&E.	
5	928 Fort Stockton Dr., San Diego, CA 92103	Coffee Shop and Retail -- Patio Express Mission Hills	Closed. Turned over to Landlord. Removed FF&E.	
6	3232 Mission Blvd., San Diego, CA 92109	Retail Store -- Surf Life Mission Beach	Closed. Turned over to Landlord. Removed FF&E.	
7	3731 Mission Blvd., San Diego, CA 92109	Retail Store -- Mission Beach Surf Co.	Closed. Turned over to Landlord. Removed FF&E.	
8	4535 Towne Centre St., San Diego	Patio Marketplace Restaurant	Closed. Turned over to building owner.	
9	8910 University Center Ln., San Diego	Patio Marketplace Restaurant	Closed. Turned over to building owner.	
10	400 Spectrum Center Dr., Irvine CA	Patio Marketplace Restaurant	Transitioned to replacement restaurant operator effective February 1, 2020.	
11	17877 Von Karman Ave.	Patio Marketplace Restaurant	Transitioned to building owner effective February 1, 2020.	
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	13,601,701
Other Investments/Loans		Total Recovery To Date	1,679,560
Liquor Licenses		Total Liquor License Transactions Closings Net Sales Proceeds To Date	643,569
		Total Recovery To Date	15,924,830
Real Property		Total Est Net Sales Proceeds for Properties Pending Sale Closings	0
		Total Estimated Net Sales Proceeds for Transactions Pending Completion	0
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	165,000
		Total Recovery Pending Resolution or Sale	2,928,919
Grand Total (SEE NOTE BELOW)			18,853,749
<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 approximately \$16 million.</p>			

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	\$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 plus New Earnest Money)	\$17,570
Former Himmelberg's Liquor License Recovery	\$52,343
Former Fireside Liquor License Recovery	\$52,500
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
Adams Settlement Recovery	\$554,487

Clawback Recovery	\$1,632,352
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	\$232,618
Interest Income	\$89,040
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	(\$1,232,580)
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	(\$310,336)
Keller Street Co-Work Expenses:	\$0
Payroll and Payroll Related Expense	(\$127,597)
Operating Expense	(\$159,984)
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)	(\$1,984,738)
Payroll - PTO	(\$217,426)
Insurance (includes real property and operations coverages)	(\$385,208)
General & Administrative Expenses	(\$735,025)
IT Expense	(\$230,812)
Rent Expense	(\$104,567)
Operating Expenses	(\$90,443)
Franchise Tax Board Expenses (approximately 40 entities)	(\$56,226)
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 09/30/2021	\$24,809,902

[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.