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13 UNITED STATES DISTRICT COURT
14 SOUTHERN DISTRICT OF CALIFORNIA

15
16 SECURITIES AND EXCHANGE
COMMISSION,

17 Plaintiff,

18 v.

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

21 Defendants,

22 AMERICAN NATIONAL
23 INVESTMENTS, INC.,

24 Relief Defendant.
25
26
27
28

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

**RECEIVER'S TENTH 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 Tenth Interim Report and Recommendations ("Tenth 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 fourth 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 December 31, 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 fourth
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 implementation of
24 the Court-approved claims process. The Receiver also finalized the marketing, sale
25 or alternative resolution process for all of the real property assets using procedures
26 consistent with the requirements of 28 U.S.C. §§ 2001-2002 and following the
27 Court's Order Establishing Uniform Property Sale Procedures (Dkt. 219).
28

As of the date of this report, all real property and nearly all personal property assets have been monetized or otherwise resolved. The remaining personal property value is expected to be very small.

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

As discussed herein, the Receiver and her professionals have made an extraordinary amount of progress, however, work remains to be done – notably on pursuing clawback claims, pursuing claims against third parties (including the receivership estate’s claims against Chicago Title), and completing a claims and distribution process.

III. SUMMARY OF RECEIVER'S ACTIVITIES

A. Fourth Quarter 2021 Funds Recovered

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

- \$392,608 in net sale proceeds from the sale of 1775 Diamond Street.
- \$156,115 in net sale proceeds from the sale of the former Patio on Lamont liquor license.
- \$1,622,599 representing five (5) clawback settlements.¹

As discussed below, the Receiver's tangible asset sales are nearly complete, however, recovery efforts are ongoing. Additional recovery detail through the

¹ As of the date of this report, over \$4.3 million of payments, representing more than 60 clawback settlements, have been received.

fourth quarter of 2021 is included on the receipts and disbursements schedule attached hereto as Exhibit B.

B. Status of Real and Personal Property Assets

Throughout this case, the Receiver has taken significant steps to implement the Appointment Order, including managing all assets controlled, operated, leased, or owned by the Receivership Entities. Attached as Exhibit A is an updated schedule of all known real property, businesses/operations, third-party investments/loans, and liquor license assets of the Receivership Entities. This schedule has been updated to reflect the final status of those previously reported investments. Notes and applicable recoveries are included therein.

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

1. 29 real property, plus three (3) leasehold interests (with personal property), sales are completed.
2. Sales of liquor licenses and personal property associated with 10 former restaurant operations (Patio on Goldfinch, Patio 101, Chicken Pharm in Petaluma, Saska's, La Mesa Surf Rider, Ocean Beach Surf Rider, Mission Beach Surf Rider, Himmelberg's, Fireside and Patio on Lamont) are completed.
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, the Hancock Street corporate office, and the 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 million² payment to the receivership estate.

4. The Receiver has completed auctions for substantially all the personal property.

Currently, the Receiver has recovered over \$16 million from the assets in Exhibit A.³ The Receiver continues to make some progress on recovery for the assets listed as Other Investments/Loans on Exhibit A.

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

C. Property Taxes

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

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

³ This number does not include the \$1.3 million recovery from the Bandini Street Property.

1 **D. Insurance**

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

8 As previously reported, one insurance carrier submitted an invoice for
9 additional amounts due on the 2019/2020 property and general liability policy based
10 on an audit of the relevant covered property operations. After reviewing that audit,
11 the Receiver determined the increased premium was largely attributed to a mis-
12 labeled report and has provided corrected information to that carrier. The carrier is
13 reviewing the available information and we expect to provide an update in
14 subsequent reports.

15 As previously discussed, the Receiver filed a claim against the insurance
16 policy covering theft and other criminal acts arising from the actions of the former
17 Chief Financial Officer of ANI, Crispin Torres. The insurer initially denied
18 coverage with regard to the actions of Mr. Torres, however, the Receiver and the
19 insurer have since reached a monetary settlement acceptable to both parties. As
20 such, the matter has been successfully concluded.

21 **E. Debt Service**

22 As the final real property was sold, no further debt service obligations are
23 expected.

24 **F. Loans and Other Investments**

25 Through her investigation, meetings, and document review, the Receiver
26 identified numerous loans and investments made by Champion-Cain and the
27 Receivership Entities, as well as associated business interests and assets. Based
28 upon interviews with Champion-Cain and records reviewed by the Receiver, it

1 appears that millions of dollars were spent in connection with investments in various
2 enterprises and loans to third parties. The Receiver has recovered certain of these
3 items to date (see Exhibit A) and will continue efforts to do so in a cost-effective
4 manner. It is important to note that many of these investments or loans were highly
5 speculative with few cost-effective alternatives for recovery.

6 During the period, the Receiver, as a noteholder for BayMedica, a
7 cannabis/pharmaceutical company, signed documents allowing the sale of the
8 company to a publicly listed Canadian pharmaceutical company. The debt was
9 converted to equity and the Receiver has received shares in the acquiring company
10 along with a small amount of cash. The shares are restricted for six-months and
11 cash is held in escrow/restricted until 12 months. The value of the shares is
12 currently trending downward, however, based on the current share price, it is
13 anticipated that a significant portion of the funds invested will be recovered.

14 Other loans/investments appear to be significantly less likely to pay as the
15 underlying investments are the subject of litigation (Trek Partners), a product that is
16 still in the startup phase with few orders (Dash Wagon), or a festival that has been
17 unable to operate due to COVID restrictions (Wonderlust Events, LLC). The
18 Receiver's staff continues to follow-up on these investments, and the others, to
19 determine the prospects for and best approach to securing a recovery. Additional
20 notes on the status of the investments are provided in Exhibit A.

21 Finally, the Receiver reached out to three of the major partners of the Casa del
22 Zorro, a boutique hotel located in Borrego Springs, CA, to inquire if they would be
23 interested in buying out the Receivership Entities' interest. One party declined to
24 consider the purchase and the others offered to purchase the investment at a very
25 significant discount. Based on a recent discussion with the asset manager for the
26 partnership and feedback from a hotel broker, the current marketability of the asset
27 may be limited.

28

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

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

7 With respect to Chicago Title, on December 13, 2021, the Court conditionally
8 approved the Receiver's request for authority to pursue the receivership estate's
9 claims against Chicago Title. Dkt. 737. On January 7, 2022, the Receiver filed her
10 complaint against Chicago Title in the Superior Court of California, San Diego
11 County in case no. 37-2002-00000818-CU-FR-CTL.

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

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

22 The Court previously authorized the Receiver to proceed with claims to
23 recover profits, referral fees, commissions and other amounts paid to profiting
24 investors and other third parties ("Clawback Claims"). Dkt. 551. The Receiver,
25 through her counsel, has been in communication with profiting investors and other
26 third parties to discuss Clawback Claims and potential settlements. The Receiver
27 has since signed settlement agreements for more than 60 Clawback Claims and
28 anticipates that additional settlements may be reached soon. When settlements

1 within the Court-approved settlement parameters cannot be reached (and several
2 large Clawback Claims have thus far not settled), the Receiver has filed 13 related
3 Clawback actions, and is prepared to initiate additional actions, if deemed
4 appropriate, to recover on Clawback Claims.

5 The Clawback Actions that have been filed thus far have been transferred to
6 this Court as related actions. In each of these cases, an ENE with Magistrate Judge
7 Goddard has either been held or has been scheduled, or a default has been entered
8 against the Clawback Defendants. One of the cases has already settled and been
9 dismissed.

10 **H. Receivership Estate Operations**

11 The Receiver continues to occasionally engage the temporary, part-time,
12 human resources and tax specialist to assist with the wind-down of the various
13 entities and related tasks. That employee continues to work remotely and typically
14 works only a few hours a week at minimal cost on an as-needed basis. The IT
15 vendor, AMA Networks, continues to monitor the corporate network operations for
16 a minimal monthly charge and responds to requests on an as-needed basis. The
17 remaining general operational work is completed by the Receiver's staff, as needed.
18 Company servers, remaining personal property and records are held in storage at the
19 Receiver's San Diego office or in Iron Mountain document storage.

20 **I. Pending Litigation**

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

26 In the other pending case, one of the Receivership Entities, Westlink
27 Development, LLC ("Westlink"), along with other co-plaintiffs, had sued SunTrust
28 Bank in Pinellas County, Florida. Shortly before trial was scheduled, a settlement

1 was reached in the case and the Receiver filed a motion for approval of the
2 settlement, which was granted by the Court. Dkt. 736, 740.

3 **J. Claims Process & Taxes**

4 The Receiver filed her Motion for Order (1) Approving Procedures for the
5 Administration of Claims against the Receiver Estate; (2) Setting Claims Bar Date;
6 and (3) Approving Claims Bar Date Notice and Proof of Claim Forms (Dkt. No.
7 681). That motion was granted by the Court (Dkt. No. 716) on October 14, 2021.
8 Investors and creditors had until December 31, 2021 to submit their claims to the
9 Receiver (the "Claims Bar Date"). The Receiver is reviewing those claims and will
10 file a motion to approve or deny claims and seek approval of a distribution plan
11 within 150 days of the Claims Bar Date.

12 Once the foregoing process is complete and after consultation with tax
13 professionals as to the propriety of transmitting the IRS Form 1099 to investors in
14 these circumstances, the Receiver will notify the investors as to how Form 1099s
15 will be handled. In any event, it is important to note that the Receiver cannot
16 provide tax advice to investors and each investor should consult with their own tax
17 accountant or counsel regarding the appropriate tax reporting for their investments
18 in the Receivership Entities.

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

24 **K. Receipts and Disbursements**

25 The following is a summary of the cash activity in the receivership estate
26 from the inception of the receivership on September 3, 2019 through December 31,
27 2021.
28

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	\$28,888,035
5	Total Disbursements	(\$15,997,129)
6	Ending Bank Balance at 12/31/2021	\$26,018,811

7 A more detailed summary of the receipts and disbursements is attached hereto
8 as Exhibit B. Since December 31, 2021 through the date of this report, the Receiver
9 has realized more than \$1.3 million in additional third party recoveries, including
10 recoveries on Clawback 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.

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 been used to identify

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

6 **4. Continuation of Receivership**

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

10
11 Dated: February 24, 2022

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

12
13 By: s/Edward G. Fates

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

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EXHIBIT A

EXHIBIT A

Updated 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/Relief from Injunction Granted:

	Address	Asset Type or Name	Asset Status & Commentary		Value 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	Current Estimated Recovery
1	3241 Borrego Road Borrego Springs, CA 92004	La Casa Del Zorro	Continue to own an interest in hotel. Reviewing the marketability of this interest. The hotel is making capital improvements to reduce it's monthly expenses. This should improve future marketability of the asset.	1,063,750	unknown
2	Pullman Lofts II	Membership Interest	Investment not expected to proceed.	31,200	0
3	2 Budz Holding	Membership Interest	Investment through private placement offering - membership interest owned (6.3025%).	750,000	unknown
4	Wedge Water	Loan Receivable		25,000	unknown
5	M. Ferguson	Loan Receivable		48,013	unknown
6	H. Misirliogou	Loan Receivable		102,324	unknown
7	Dash Wagon	Convertible Note	Fitness accessory for car seat with minimal sales. Have UCC filing on product. Negotiating with borrower to pay off debt through sale of home.	200,000	unknown
8	Boermeester	Loan Receivable	Borrower deceased but following up with estate.	60,000	unknown
9	Employee Loan	Loan Receivable		123,000	unknown
10	nGAP	Loan Receivable		5,000	unknown
11	BSV Group, LLC	Membership Interest	Membership interest in member LLC - Distillery. Discussions with managing member indicate that the investment was dissolved.	60,000	0
12	Wonderlust Events, LLC	Membership Interest	Membership interest in member LLC - Music and Arts festival.	50,000	0
13	Trek Partners	Investment	Oil/gas related investment, operating a minimal capacity. Recovery unlikely.	90,632	unknown
14	Baymedica	Convertible Note	Note converted to equity after sale to a public company. Waiting for restricted period to end before liquidating interest. Recovery dependent on share price at the time of sale.	50,000	\$12,600 +
15	Menon Renewable Energy	Investment	Investment	105,000	unknown

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. Sale closed February 2021		0
7	2163 Abbott St.	Caterer	Included in the sale of the leasehold interest. Sale closed February 2021		0
8	3770 Mission Blvd.	On-Sale General Eating Place	Included in the sale of the leasehold interest. Sale closed May 2021		0
9	369 10th Ave.	On-Sale General Eating Place	Sold in July 2021		52,343
10	2855 Perry Rd.	On-Sale General Eating Place	Sold in August 2021		52,500
11	4445 Lamont St.	On-Sale General Eating Place	Sold in December 2021		156,114
Total Liquor License Closed Transactions Net Sales Proceeds					799,683

Other Liquor License Status:

	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)		Estimated Market Value
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
11	928 Fort Stockton Dr.	Off-Sale Beer & Wine	Deemed no value.		0
Total Estimated Market Value					0

Leased Locations Closed/Transitioned:

	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)		
1	2855 Perry Road Building 8, San Diego, CA 92106	Full Service Restaurant -- Firesire by the Patio	Closed - Valued FF&E with appraiser and turned over to lender.		
2	345 S Coast Hwy 101 Enicnintas, CA 92024	Full Service Restaurant -- Patio 101	Closed prior to Receiver's appointment but remained in possession. Valued FF&E with appraisal. Transaction for liquor license and FF&E received Court approval on January 24, 2020.		
3	4020 Goldfinch Street, San Diego, CA 92103	Full Service Restaurant -- Patio on Goldfinch	Closed. Valued FF&E with appraisal. Transaction for liquor license and FF&E Court approval received on January 24, 2020.		
4	2670 Via De La Valle, Del Mar, CA 92014	Coffee Shop -- Swell Coffee	Closed. Turned over to Landlord. Removed FF&E.		
5	928 Fort Stockton Dr., San Diego, CA 92103	Coffee Shop and Retail -- Patio Express Mission Hills	Closed. Turned over to Landlord. Removed FF&E.		
6	3232 Mission Blvd., San Diego, CA 92109	Retail Store -- Surf Life Mission Beach	Closed. Turned over to Landlord. Removed FF&E.		
7	3731 Mission Blvd., San Diego, CA 92109	Retail Store -- Mission Beach Surf Co.	Closed. Turned over to Landlord. Removed FF&E.		
8	4535 Towne Centre St., San Diego	Patio Marketplace Restaurant	Closed. Turned over to building owner.		
9	8910 University Center Ln., San Diego	Patio Marketplace Restaurant	Closed. Turned over to building owner.		
10	400 Spectrum Center Dr., Irvine CA	Patio Marketplace Restaurant	Transitioned to replacement restaurant operator effective February 1, 2020.		
11	17877 Von Karman Ave.	Patio Marketplace Restaurant	Transitioned to building owner effective February 1, 2020.		
12	3779 Mission Blvd. San Diego, CA 92109	San Jose Parking Lot Across from Saska's Steakhouse	No offers materialized and property transitioned to landlord at the end of the lease term on 12/31/2020		

SUMMARY OF EXHIBIT A

Real Property	Total Net Proceeds from Sale of Real Property	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	799,683
	Total Recovery To Date	16,080,944
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	0
Other Liquor Licenses	Total Estimated Market Value	0
	Total Recovery Pending Resolution or Sale	0
	Grand Total (SEE NOTE BELOW)	16,080,944

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 was encumbered with a mortgage. After taking into consideration brokerage fees, costs of sale, mortgage payoffs and fees, property taxes, potential recovery of other investments/loans, etc., the net sales proceeds from the portfolio reflected on this schedule are (at this time) approximately \$16 million.

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	\$1,274,945
Former Mission Beach Surf Rider Recovery	\$381,618
Former Ocean Beach Surf Rider Recovery	\$50,504
Diamond Street Property Recovery (Forfeited Earnest Money plus Net Sale Proceeds)	\$410,178
Former Himmelberg's Liquor License Recovery	\$52,343
Former Fireside Liquor License Recovery	\$52,500
Former Patio on Lamont Liquor License Recovery	\$156,114
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	\$3,254,952
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	\$233,178
Interest Income	\$101,489
D Street Escrow Recovery	\$19,746
Pre-Receiver Expenses (detail in Initial Verified Report)	(\$87,930)
Tax Settlement - Pre-Receiver (paid post)	(\$13,054)
Restaurant Expenses:	
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:	
Debt Service	(\$1,678,780)
Property Tax Expense	(\$419,956)
Operating Expenses	(\$312,044)
Keller Street Co-Work Expenses:	
Payroll and Payroll Related Expense	(\$127,597)
Operating Expense	(\$162,549)
Retail Expenses:	
Payroll and Payroll Related Expense	(\$18,087)
Operating Expense	(\$20,837)
Cost of Goods Sold	(\$1,463)
General & Administrative Expense	(\$2,175)
Corporate Expenses:	
Payroll and Payroll Related Expense (includes real property related operations)	(\$1,983,219)
Payroll - PTO	(\$217,426)
Insurance (includes real property and operations coverages)	(\$385,146)
General & Administrative Expenses	(\$744,801)
IT Expense	(\$252,045)
Rent Expense	(\$104,567)
Operating Expenses	(\$90,443)
Franchise Tax Board Expenses (approximately 40 entities)	(\$61,912)
Suntrust Expense	(\$56,464)
Grant Deed Court-Approved Settlement Payment	(\$100,000)
Vacation Rental Court-Approved Settlement Payment	(\$150,000)
Receiver Fees & Expenses [2]	(\$1,419,753)
Receiver Legal Fees & Expenses [3]	(\$1,976,852)
Ending Bank Balance at 12/31/21	\$26,018,811

[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.