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21 KRISTA FREITAG

22 UNITED STATES DISTRICT COURT
23 SOUTHERN DISTRICT OF CALIFORNIA

24 SECURITIES AND EXCHANGE
25 COMMISSION,

26 Plaintiff,

27 v.

28 GINA CHAMPION-CAIN and ANI
DEVELOPMENT, LLC,

Defendants,

AMERICAN NATIONAL
INVESTMENTS, INC.,

Relief Defendant.

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

Ctrm: 14A
Judge Hon. Larry Alan Burns

**REQUEST FOR JUDICIAL NOTICE
IN SUPPORT OF RECEIVER'S
MOTION FOR APPROVAL OF
SETTLEMENT AGREEMENT WITH
CHICAGO TITLE COMPANY AND
CHICAGO TITLE INSURANCE
COMPANY**

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

1 In support of her Motion for approval of Settlement Agreement with Chicago
 2 Title Company and Chicago Title Insurance Company, Krista Freitag, in her capacity
 3 as the Court-appointed permanent receiver for ANI Development, LLC, American
 4 National Investments, Inc., and their subsidiaries and affiliates, respectfully requests
 5 that the Court take judicial notice of the following documents (and any judicially
 6 noticeable facts therein) pursuant to Rule 201(b) of the Federal Rules of Evidence:

7 1. *Plea Agreement signed by Gina Champion-Cain in USA v. Champion-*
 8 *Cain*, Case No. 20-cr-02115-LAB-1, Dkt. 5, a true and correct copy of which is
 9 attached hereto as **Exhibit A**.

10 2. *Excerpts of Transcript of December 17, 2020 Motion Hearing Before*
 11 *the Honorable Larry Alan Burns, United State District Judge*, pp. 1-3 and 65-67, a
 12 true and correct copy of which is attached hereto as **Exhibit B**.

13 **Grounds for Judicial Notice**

14 A court may take judicial notice of any adjudicative fact "not subject to
 15 reasonable dispute" where such fact "is generally known within the trial court's
 16 territorial jurisdiction" or "can be accurately and readily determined from sources
 17 whose accuracy cannot reasonably be questioned." Fed. R. Evid. 201(b). The court
 18 "must take judicial notice if a party requests it and the court is supplied with the
 19 necessary information." Fed. R. Evid. 201(c)(2).

20 The grounds for taking judicial notice of the documents attached hereto as
 21 **Exhibits A and B** (including any judicially noticeable facts therein) are that this
 22 document is a true and correct copy of the public available documents on file in
 23 judicial proceedings before the United States District Court for the Southern District
 24 of California and the San Diego Superior Court, which are matters of public record
 25 bearing a relation to the matters at issue herein. *See Harris v. Cnty. of Orange*, 682
 26 F.2d 1126, 1132 (9th Cir. 2012) ("We may take judicial notice of undisputed matters
 27 of public record, including documents on file in federal or state courts." (citations
 28 omitted)); *United States ex rel. Robinson Rancheria Citizens Council v. Borneo, Inc.*,

1 971 F.2d 244, 248 (9th Cir. 1992) ("[W]e may take [judicial] notice of proceedings in
2 other courts, both within and without the federal judicial system, if those proceedings
3 have a direct relation to matters at issue." (citations omitted) (internal quotation
4 marks omitted)).

5
6 Dated: May 23, 2022

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

7
8 By: s/Edward G. Fates

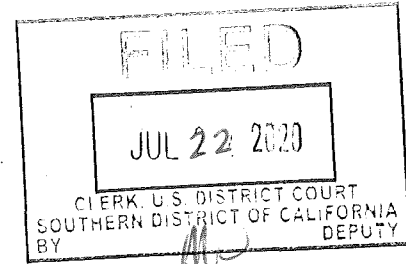
EDWARD G. FATES
Attorneys for Receiver
KRISTA FREITAG

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE NO.
Exhibit A	Plea Agreement signed by Gina Champion-Cain in <i>USA v. Champion-Cain</i> , Case No. 20-cr-02115-LAB-1, Dkt. 5	4
Exhibit B	Excerpts of Transcript of December 17, 2020 Motion Hearing Before the Honorable Larry Alan Burns, United State District Judge, pp. 1-3 and 65-67	44

EXHIBIT A

EXHIBIT A



1 ROBERT S. BREWER, JR.
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 6 Attorneys for United States of America

7
 8 **UNITED STATES DISTRICT COURT**
 9 **SOUTHERN DISTRICT OF CALIFORNIA**

10 UNITED STATES OF AMERICA,

Case No. 20cr02115-AJB

11 Plaintiff,

12 v.

PLEA AGREEMENT

13 GINA CHAMPION-CAIN,

14 Defendant.

15 IT IS HEREBY AGREED between the plaintiff, UNITED STATES OF
 16 AMERICA, through its counsel, ROBERT S. BREWER, JR., United States
 17 Attorney, and Aaron P. Arnzen and Andrew J. Galvin, Assistant U.S.
 18 Attorneys, and Defendant Gina Champion-Cain ("Defendant"), with the
 19 advice and consent of David C. Scheper, counsel for Defendant, as
 20 follows:

21 **I**

22 **THE PLEA**

23 Defendant agrees to waive indictment and plead guilty to an
 24 Information charging Defendant with securities fraud, in violation of
 25 15 U.S.C. §§ 77q and 77x; obstruction of justice, in violation of 18
 26 U.S.C. § 1505; and conspiracy to commit securities fraud and obstruct
 27 justice, in violation of 18 U.S.C. § 371.
 28

Plea Agreement

Def. Initials [signature]

CR -

Exhibit A, Page 5

1 In exchange, the Government agrees not to bring any additional
 2 charges against Defendant for conduct outlined in the "Factual Basis"
 3 section of this plea agreement, unless Defendant breaches the plea
 4 agreement or the guilty plea entered pursuant to this plea agreement is
 5 set aside for any reason. If Defendant breaches this agreement or the
 6 guilty plea is set aside, section XII below shall apply.

7 In addition, the attached financial addendum shall govern the fine,
 8 forfeiture, and restitution in this case.

9 II

10 NATURE OF THE OFFENSE

11 A. ELEMENTS EXPLAINED

12 The offenses to which Defendant is pleading guilty, and as alleged
 13 in the Information, have the following elements:

14 Securities Fraud, in violation of 15 U.S.C. §§ 77q and 77x

15 1. Defendant willfully used a scheme to defraud someone, or
 16 obtained money or property from someone by means of an untrue statement
 17 or omission of material fact;

18 2. Defendant's acts were undertaken, and her statements were
 19 made, in the offer or sale of one or more securities; and

20 3. Defendant directly or indirectly used the instruments or
 21 facilities of interstate commerce in connection with undertaking these
 22 acts and making these statements.

23 Obstruction of Justice, in violation of 18 U.S.C. § 1505

24 1. Defendant knew that a proceeding was pending before the United
 25 States Securities and Exchange Commission; and

26 2. Defendant corruptly endeavored to influence, obstruct or
 27 impede the due and proper administration of the law under which the
 28

1 proceeding before the United States Securities and Exchange Commission
2 was being conducted.

3 Conspiracy, in violation of 18 U.S.C. § 371

4 1. There was an agreement among two or more persons to commit
5 offenses, to wit, securities fraud, in violation of 15 U.S.C. §§ 77q
6 and 77xx, and obstruction of justice, in violation of 18 U.S.C. § 1505;

7 2. The defendant became a member of the conspiracy knowing of at
8 least one of its objects and intending to help accomplish it; and

9 3. One of the members of the conspiracy performed at least one
10 overt act for the purpose of carrying out the conspiracy.

11 B. ELEMENTS UNDERSTOOD AND ADMITTED - FACTUAL BASIS

12 Defendant has fully discussed the facts of this case with defense
13 counsel. Defendant has committed each element of the crime and admits
14 that there is a factual basis for this guilty plea. The following facts
15 are true and undisputed:

16 **Introduction**

17 1. Defendant played a central role in perpetrating a fraudulent
18 Ponzi scheme by convincing investors that she would use their money to
19 make loans to individuals and entities attempting to purchase California
20 liquor licenses. From 2012 - 2019, approximately \$400 million flowed
21 into the scheme based on Defendant's false statements to investors that,
22 among other things, she would use their money to fund these loans; the
23 investors' money would be safe in an escrow holding account; and the
24 invested funds would and could only be returned to the specific investor
25 who deposited the funds or his/her intermediary.

26 2. Defendant knew these representations and omissions were
27 false. She never used the funds to make liquor license loans. Instead,
28

1 Defendant and her co-conspirators simply used investor funds to pay
2 back other investors whose investments would soon be redeemed, and
3 embezzled funds to support her other businesses (some of which were
4 failing) and her lifestyle.

5 3. Defendant and her co-conspirators succeeded in defrauding
6 investors by, among other things, fabricating documents, forging
7 signatures, and telling investors lies through fake email accounts so
8 that when investors attempted to double-check on their investments with
9 third parties, they were really communicating with Defendant or her
10 employees.

11 4. When Defendant and her co-conspirators learned of a
12 government investigation into her scheme, they destroyed evidence that
13 they knew was incriminating.

14 **Relevant Individuals and Entities**

15 5. Defendant Gina Champion-Cain is a resident of San Diego,
16 California. Defendant owns, manages, and/or controls a significant
17 number of small businesses located, and that operate, in San Diego.

18 6. American National Investments, Inc. ("American National
19 Investments") is a California corporation based in San Diego. Defendant
20 is the founder and was the CEO of American National Investments.
21 American National Investments was a real estate development company,
22 and the parent company of a large number of small businesses, which
23 operated primarily in the real estate, retail, and restaurant sectors.

24 7. ANI Development, LLC ("ANI Development"), is a California
25 limited liability company located in San Diego, and a subsidiary of
26 American National Investments. Defendant was the managing member of
27 ANI Development. ANI Development's business consisted primarily of
28

1 running a fake lending program (the "Lending Program") surrounding the
2 transfer of California liquor licenses, as described more fully below.

3 **Liquor License Transfers in California**

4 8. Under California law, an applicant who wishes to purchase a
5 California liquor license from an existing licensee must place in an
6 escrow account an amount of money equal to the purchase price of the
7 license.

8 9. This escrow account must be established and funded within 30
9 days of applying for the license, and the money deposited must be
10 maintained in escrow until the California Department of Alcoholic
11 Beverage Control (the "ABC") either (a) approves the application and
12 the purchase of the license is completed, or (b) declines the
13 application, at which point the escrowed funds are returned to the
14 depositor.

15 **Champion-Cain's First Solicitation of Investments**
16 **in the Lending Program**

17 10. Beginning in or around 2012, Defendant solicited an
18 individual based in San Diego ("Investor 1") to invest in the Lending
19 Program. On the phone, and by email, Defendant described to Investor
20 1 important aspects of the supposed Lending Program, including the
21 following:

- 22 a. Many applicants who wished to acquire a California liquor
23 license did not have sufficient funds to deposit the
24 license's full purchase price in an escrow account for the
25 time period that the ABC takes to review a transfer
26 application. Because of their lack of liquid funds, these
27 applicants were willing to pay relatively high rates of
28

1 interest on short-term loans that would fund the escrow
2 account.

3 b. An attorney ("Attorney A") whose practice area involves
4 California liquor license transactions had identified for
5 Defendant applicants who wished to acquire liquor licenses
6 and were seeking a loan to fund the related escrow
7 accounts. The Defendant and Attorney A would negotiate
8 the terms of such loans with these applicants.

9 c. Under the terms negotiated by Defendant and Attorney A,
10 Investor 1 would provide loans to the applicants pursuant
11 to an escrow agreement (the "Purported Escrow Agreement")
12 with a well-known financial services company (the "Escrow
13 Company").

14 d. The Purported Escrow Agreement would reduce the apparent
15 risk of the investment to Investor 1. Under its terms,
16 Investor 1's money would be deposited into a master escrow
17 account at the Escrow Company and be tied to a specific
18 liquor license application. The escrowed funds could only
19 be withdrawn by Investor 1 after the ABC accepted or
20 declined the corresponding transfer application.

21 e. The applicant would pay the transfer price plus interest
22 if and when the ABC granted the related liquor license
23 application. Investor 1 would then receive the amount of
24 his original deposit, and Defendant and Investor 1 would
25 split the interest proceeds, with 80% going to Investor 1
26 and 20% going to Defendant.

1 f. Defendant would provide a list created by Attorney A of
2 applicants seeking loans and Investor 1 could choose
3 applications to fund.

4 g. These arrangements would be documented in a funding
5 agreement between ANI Development and Investor 1, or one
6 or more single purpose entities created by Investor 1 as a
7 means to invest in the Lending Program.

8 11. Based on Defendant's description of the Lending Program,
9 Investor 1 entered into a series of funding agreements, and invested
10 tens of millions of dollars into the program. Investor 1 invested these
11 funds, in many cases, by means of interstate wire transfers.

12 **Champion-Cain's Solicitation of Additional Investors**

13 12. Defendant made, directly or indirectly, substantially the
14 same representations about the Lending Program to investors other than
15 Investor 1. Defendant knew that Investor 1 had passed on her
16 representations about the Lending Program to a significant number of
17 individuals and entities. Based on their understanding of Defendant's
18 representations, these individuals and entities invested indirectly in
19 the Lending Program by loaning money to Investor 1's single purpose
20 entities. In turn, this money was intended to fund large numbers of
21 loans associated with specific liquor license applications through the
22 Lending Program, pursuant to funding agreements.

23 13. Investor 1 shared Attorney A's supposed lists of liquor
24 license applicants seeking loans with these additional investors, who
25 chose which applications they were willing to fund and invested the
26 corresponding amounts.

1 liquor licenses, and none of them had sought loans associated with
2 liquor license transfers through Defendant or Defendant's entities.

3 19. Defendant misrepresented the Purported Escrow Agreements.
4 These Purported Escrow Agreements, which controlled the receipt,
5 maintenance, and distribution of investor funds, were never operative.
6 Defendant and certain American National Investment employees agreed to
7 and did forge the signatures of Escrow Company employees on the
8 Purported Escrow Agreements. Later, Defendant persuaded an employee of
9 the Escrow Company to knowingly sign more than 20 Purported Escrow
10 Agreements in order to convince investors that the escrow accounts were
11 governed by the Purported Escrow Agreements when, in fact, the escrow
12 accounts were administered pursuant to other agreements that did not
13 provide the same protections over investor funds.

14 20. Defendant also lied about investor funds being tied to
15 specific liquor license loan applications. Instead, investor funds
16 were pooled in large, general purpose accounts established at the Escrow
17 Company, which were not connected to specific liquor license loan
18 applications.

19 21. The actual escrow agreements that governed these general
20 purpose accounts (the "Actual Escrow Agreements") contained terms that
21 allowed Defendant to perpetrate her Ponzi scheme. Specifically, while
22 the Purported Escrow Agreements allowed escrowed funds to be used only
23 to pay investors their principal and interest, the Actual Escrow
24 Agreements allowed Defendant and her entities to withdraw money for any
25 reason without any meaningful limitations. Defendant concealed the
26 terms of the Actual Escrow Agreements from investors.

1 22. Defendant misrepresented to investors that she would invest
2 their funds in the Lending Program. She never, directly or indirectly,
3 instructed that investor funds be used in connection with the transfer
4 of any liquor licenses. Instead, Defendant and America National
5 Investments employees agreed to and did (a) use incoming investor funds
6 to make principal and interest payments based on investments that could
7 soon be redeemed in the Lending Program, and (b) embezzle investor funds
8 to finance and support some of Defendant's and American National
9 Investments' other businesses (some of which were failing), and to fund
10 Defendant's lifestyle.

11 23. Defendant and, at her instruction, one or more America
12 National Investments employees exaggerated Defendant's creditworthiness
13 to a financial institution by sending a fabricated personal brokerage
14 statement to a bank for the purpose of soliciting an investment in the
15 Lending Program from the bank. These financial documents included an
16 April 30, 2019 brokerage statement falsely showing that Defendant owned
17 over \$4.3 million dollars of stock in one publicly traded company when,
18 in fact, she owned just over \$400,000 worth of that stock.

19 **Champion-Cain's Receipt and Use of Investor Funds**

20 24. As a result of Defendant's scheme and fraudulent
21 misrepresentations and omissions, between 2012 and 2019, over 100
22 investors invested over \$400 million in the Lending Program, including
23 through revolving lines of credit. At least one of the victims was a
24 financial institution that invested, and lost, over \$1 million in the
25 Lending Program.

26 25. In order to lull her investors, Defendant and her co-
27 conspirators agreed to and did cause principal and supposed interest
28

1 payments to be made to the investors of over \$200 million. These
2 payments were made so that investors would continue to believe the
3 Lending Program was legitimate, which aided Defendant's efforts to
4 perpetuate the Ponzi scheme and recruit new investor victims.

5 26. As described above, Defendant owned businesses with no direct
6 connection with the Lending Program, including a restaurant chain,
7 vacation rentals, a coffee shop, a juice bar, and a surf-themed clothing
8 store. Many of these businesses were failing and/or had negative cash
9 flows. From 2012 through 2019, Defendant and her co-conspirators agreed
10 to and did use at least \$60 million of investor funds to meet expenses,
11 including payroll, incurred by these business.

12 27. Defendant also used investor funds to pay for personal
13 expenses, including the following:

14 a. Defendant's Personal Residences - Defendant used hundreds
15 of thousands of dollars of investor funds to pay for two
16 residences owned by American National Investments and/or
17 one of its affiliates and used by Defendant, including a
18 house in Rancho Mirage, California, and a home in the
19 Mission Beach area of San Diego.

20 b. Salary and Distributions Paid to Defendant - Defendant used
21 at least \$2 million of investor funds to pay her own salary
22 from American National Investments, ANI Development, and
23 other businesses that were illicitly financed through
24 investor funds. For example, Defendant's 2018 gross salary
25 amounted to approximately \$480,000.

26 c. Sporting Events - Defendant used hundreds of thousands of
27 dollars of investor funds to pay for her own and others'
28

1 attendance at sporting events. For example, Defendant paid
2 over \$640,000 for box seats at San Diego Padres games from
3 2015 through 2019, and over \$200,000 for box seats at San
4 Diego Chargers games from 2013-2016.

5 d. Automobiles - Defendant used investor funds to pay for
6 automobiles for herself and her family, including
7 \$79,337.86 for a BMW automobile for a family member.

8 e. Credit Cards - Defendant or others at ANI used at least
9 \$745,000 of investor funds to satisfy credit card
10 obligations from 2012 through 2019.

11 f. Jewelry - Defendant spent over \$200,000 (a significant
12 portion of which came from investor funds) to pay for
13 jewelry at Tiffany & Co., and other jewelry stores.

14 g. Miscellaneous Expenses - Defendant used investor funds to
15 pay for various other items, such as \$21,850 for a golf
16 cart in 2017 for the Rancho Mirage home owned by American
17 National Investments and used by Defendant; \$20,000 for
18 donations to the university she attended; \$12,399 for
19 airline tickets to Florence, Italy; and contributions to
20 political campaigns.

21 **Champion-Cain's Efforts to Conceal the Ponzi Scheme**

22 28. Defendant and her co-conspirators agreed to and did make
23 repeated, concerted efforts to conceal her fraudulent scheme.

24 29. Defendant dissuaded investors from contacting Escrow Company
25 personnel about the Lending Program or the Purported Escrow Agreements,
26 and dissuaded Escrow Company personnel from answering questions from
27 investors. For example:
28

1 a. On or about March 20, 2015, Defendant sent an email to
2 Escrow Company personnel regarding an investor who
3 attempted to contact the Escrow Company about a recent
4 deposit. Defendant's email stated, in part, "I have always
5 promised you I would shelter you from my crazy investors
6 and I will continue to do so. If any one of them bug you
7 as they are too stupid to understand the program, they are
8 'fired' as an investor. I have plenty of dudes dying to
9 give me money, honey!!! Ahahahahahahahaha. :-D Love you
10 ladies!"

11 b. On or about July 18, 2017, Defendant sent an email to
12 Escrow Company personnel regarding another investor
13 attempting to contact the Escrow Company about the Lending
14 Program. Defendant's email stated, in part, "I told them
15 NEVER to call and bother you ladies," and "if they call
16 asking about escrow agreements and alcohol licenses, blah,
17 blah, blah ... just say 'SURE WHATEVER NOW SHOW ME THE MONEY
18 ... HAHAAHAHA.'"

19 c. On or about April 17, 2018, Defendant and an employee of
20 the Escrow Company exchanged emails about whether Defendant
21 should be present for a call with an investor in the Lending
22 Program. Defendant concluded that her presence was not
23 required: "no need love as I am sure you will just brush
24 them off quickly."

25 30. Defendant and her co-conspirators agreed to and did forge or
26 falsify a large number of documents related to the Lending Program.
27 For example:
28

1 a. Defendant had signature stamps imprinted with the
2 signatures of Escrow Company personnel. Defendant and
3 certain employees of American National Investments used
4 the stamps to falsely sign documents related to the Lending
5 Program, including the Purported Escrow Agreements.

6 b. Defendant later requested that certain employees of the
7 Escrow Company sign copies of the Purported Escrow
8 Agreements that, as Defendant and the Escrow Company
9 employee knew, did not govern the treatment of investor
10 funds.

11 c. The Escrow Company prepared periodic third-party deposit
12 statements for investors to indicate they understood that
13 ANI Development could access the escrowed funds related to
14 the Lending Program without substantial limitations.
15 Defendant instructed one or more American National
16 Investments employees to forge investor signatures on these
17 third-party deposit statements and return the statements
18 to the Escrow Company. Defendant concealed the forms and
19 their content from investors.

20 31. Defendant lied, and instructed or requested that others lie,
21 to auditors working on behalf of investors. Among other things, these
22 auditors were attempting to confirm the investors' balances and activity
23 in the Lending Program.

24 32. Defendant established phony email accounts so that investors
25 would think they were corresponding with other parties involved, or
26 supposedly involved, in the Lending Program. For example, Defendant
27 established email accounts with slight variations on the usernames and
28

1 domain names of actual email addresses used by specific Escrow Company
2 personnel. Defendant also established an email account with a username
3 and domain name that falsely suggested it belonged to Attorney A, and
4 she created and maintained a website that supposedly belonged to
5 Attorney A. Defendant used these email accounts to answer questions
6 posed by investors and confirm investor balances on deposit with the
7 Lending Program, and used these email accounts and website to otherwise
8 convince investors that the Lending Program was legitimate.

9 33. Defendant and her co-conspirators agreed to and did establish
10 bank accounts with account holder names that were similar to the name
11 of the Escrow Company. Defendant did so in order to create the
12 appearance that the Escrow Company administered investor funds that
13 were deposited in these bank accounts, but, in fact, the Escrow Company
14 had no connection with the accounts. When investor funds were deposited
15 into these accounts, Defendant instructed American National Investments
16 employees to fabricate a receipt from the Escrow Company, falsely using
17 the Escrow Company's name and logo.

18 **Champion Cain's Obstruction of Government Investigations**

19 34. Defendant learned that the United States Securities and
20 Exchange Commission (the "SEC") was conducting an investigation into
21 the Lending Program in May 2019, and learned that the FBI was conducting
22 a parallel investigation on August 29, 2019. Defendant and her co-
23 conspirators agreed to and did obstruct these investigations.

24 35. In July 2019, in response to a subpoena issued by the SEC,
25 Defendant instructed information systems personnel at American National
26 Investments to change the company's email document retention policy to
27 twenty-four hours for email accounts used by Defendant and two employees
28

1 who worked on the Lending Program. Defendant knew that this would have
2 the effect of deleting a significant volume of emails that were
3 responsive to the SEC's subpoena, many of which Defendant knew to be
4 incriminating.

5 36. Also in July 2019, in response to the same SEC subpoena,
6 Defendant instructed information systems personnel at American National
7 Investments to refrain from producing to the SEC electronic calendar,
8 messaging, and trash files, even though such files should have been
9 produced in response to the subpoena. As Defendant knew, many of these
10 materials were incriminating.

11 37. On or about August 22, 2019, Defendant agreed to join the
12 SEC's motion for preliminary relief in *SEC v. Champion-Cain, et al.*,
13 19VC1628 (the "SEC Case"), which was filed on August 28, 2019. In that
14 case, the SEC alleged that Defendant had committed fraud in connection
15 with the Lending Program. The preliminary relief included an asset
16 freeze and the appointment of a receiver over American National
17 Investments and ANI Development.

18 38. Even after reaching this agreement with the SEC, and after
19 the Court entered the related order, Defendant continued to obstruct
20 the SEC's investigations.

21 39. On or about August 26, 2019, Defendant instructed accounting
22 personnel at American National Investments to alter aspects of the
23 company's accounting records related to Defendant's personal
24 expenditures. The result was that the document hid the fact that
25 investor funds paid for her personal expenses.

26 40. On or about August 27, 2019, Defendant unsuccessfully
27 attempted to solicit up to \$150 million of additional investments in
28

1 the Lending Program. Defendant intended to use these funds to pay
2 existing Lending Program investors and support her other businesses,
3 because the bank accounts associated with the Lending Program were
4 running very low on cash. As Defendant knew, her receipt of these funds
5 would hide the size and scope of the Ponzi scheme.

6 41. On or about August 28, 2019, Defendant instructed accounting
7 personnel at American National Investments to delete certain electronic
8 accounting files that reflected activity in the escrow accounts related
9 to the Lending Program. On the same day, Defendant instructed certain
10 American National Investments employees to shred large volumes of hard
11 copy documents related to the Lending Program. Defendant knew that
12 these materials were incriminating.

13 42. On or about September 15, 2019, in order to destroy
14 potentially incriminating evidence, Defendant instructed an information
15 systems contractor to delete all content, by means of a factory reset,
16 from the personal computer Defendant kept at one of the residences owned
17 by American National Investments that Defendant used. On the same day,
18 Defendant also instructed the contractor to delete all of the contents,
19 including video files, that were stored on the electronic hard drive
20 connected to the security system at that residence.

21 43. Despite Defendant's efforts, investigators were able to
22 recover a significant volume of the evidence Defendant attempted to
23 destroy.

24 **Investors' Interests in the Lending Program were Securities**

25 44. The investors' interest in the Lending Program were
26 securities because, among other things:

27 a. Investor funds were pooled in escrow accounts.
28

1 b. Investors' profits from their investments depended on the
2 success of the Lending Program.

3 c. Defendant's efforts were critical to the success of the
4 Lending Program, and most investors played no role in the
5 Lending Program's management or operation.

6 **Loss Attributable to Defendant's Criminal Conduct**

7 45. The loss attributable to Defendant's criminal conduct amounts
8 to between \$65 million and \$150 million, but the parties agree that the
9 amount could be greater. The parties will continue to gather facts and
10 analyze the appropriate measure of loss, and will make corresponding
11 recommendations to the Court at the time of sentencing. The parties
12 agree that the appropriate loss amount, as contemplated by USSG §
13 2B1.1(b)(1), is more than \$65 million.

14 **III**

15 **PENALTIES**

16 The crimes to which Defendant is pleading guilty carries the
17 following penalties:

- 18 A. Consecutive sentences of a maximum of (i) 5 years in prison
19 for securities fraud, (ii) 5 years in prison for obstruction
20 of justice, and (iii) 5 years in prison for conspiracy, for
21 a total maximum of 15 years in prison;
- 22 B. a maximum fine based on the greater of twice the gross loss
23 caused to persons by the offense, or \$250,000;
- 24 C. a mandatory special assessment of \$100 per count;
- 25 D. a term of supervised release of up to 3 years. Failure to
26 comply with any condition of supervised release may result in
27 revocation of supervised release, requiring Defendant to
28

1 serve in prison, upon revocation, all or part of the statutory
2 maximum term of supervised release;

3 E. an order from the Court pursuant to 18 U.S.C. § 3663 that
4 Defendant make restitution to the victim(s) of the offense of
5 conviction, or the estate(s) of the victims(s). Defendant
6 understands that the Court may also order, if agreed to by
7 the parties in this plea agreement, restitution to persons
8 other than the victim(s) of the offense of conviction.

9 F. forfeiture of any property, real or personal, which
10 constitutes or is derived from proceeds traceable to
11 Defendant's crime, pursuant to 18 U.S.C. § 981(a)(1)(C).

12 IV

13 **DEFENDANT'S WAIVER OF TRIAL RIGHTS AND**
UNDERSTANDING OF CONSEQUENCES

14 This guilty plea waives Defendant's right at trial to:

- 15 A. Continue to plead not guilty and require the Government to
16 prove the elements of the crime beyond a reasonable doubt;
17 B. A speedy and public trial by jury;
18 C. The assistance of counsel at all stages;
19 D. Confront and cross-examine adverse witnesses;
20 E. Testify and present evidence and to have witnesses testify on
21 behalf of Defendant; and,
22 F. Not testify or have any adverse inferences drawn from the
23 failure to testify.

24 V

25 **DEFENDANT ACKNOWLEDGES NO PRETRIAL RIGHT TO BE**
PROVIDED WITH IMPEACHMENT AND AFFIRMATIVE DEFENSE INFORMATION

26 Any information establishing the factual innocence of Defendant
27 known to the undersigned prosecutor in this case has been turned over
28

1 to Defendant. The Government will continue to provide such information
2 establishing the factual innocence of Defendant.

3 If this case proceeded to trial, the Government would be required
4 to provide impeachment information for its witnesses. In addition, if
5 Defendant raised an affirmative defense, the Government would be
6 required to provide information in its possession that supports such a
7 defense. By pleading guilty Defendant will not be provided this
8 information, if any, and Defendant waives any right to this information.
9 Defendant will not attempt to withdraw the guilty plea or to file a
10 collateral attack based on the existence of this information.

11 VI

12 **DEFENDANT'S REPRESENTATION THAT GUILTY**
13 **PLEA IS KNOWING AND VOLUNTARY**

14 Defendant represents that:

- 15 A. Defendant has had a full opportunity to discuss all the facts
16 and circumstances of this case with defense counsel and has
17 a clear understanding of the charges and the consequences of
18 this plea. By pleading guilty, Defendant may be giving up,
19 and rendered ineligible to receive, valuable government
20 benefits and civic rights, such as the right to vote, the
21 right to possess a firearm, the right to hold office, and the
22 right to serve on a jury. The conviction in this case may
23 subject Defendant to various collateral consequences,
24 including but not limited to revocation of probation, parole,
25 or supervised release in another case; debarment from
26 government contracting; and suspension or revocation of a
27 professional license, none of which can serve as grounds to
28 withdraw Defendant's guilty plea.
- 29 B. No one has made any promises or offered any rewards in return
30 for this guilty plea, other than those contained in this
31 agreement or otherwise disclosed to the Court.
- 32 C. No one has threatened Defendant or Defendant's family to
33 induce this guilty plea.
- 34 D. Defendant is pleading guilty because Defendant is guilty and
35 for no other reason.

VII

**AGREEMENT LIMITED TO U.S. ATTORNEY'S OFFICE
SOUTHERN DISTRICT OF CALIFORNIA**

This plea agreement is limited to the United States Attorney's Office for the Southern District of California, and cannot bind any other authorities in any type of matter, although the Government will bring this plea agreement to the attention of other authorities if requested by Defendant.

VIII

APPLICABILITY OF SENTENCING GUIDELINES

The sentence imposed will be based on the factors set forth in 18 U.S.C. § 3553(a). In imposing the sentence, the sentencing judge must consult the United States Sentencing Guidelines (Guidelines) and take them into account. Defendant has discussed the Guidelines with defense counsel and understands that the Guidelines are only advisory, not mandatory. The Court may impose a sentence more severe or less severe than otherwise applicable under the Guidelines, up to the maximum in the statute of conviction. The sentence cannot be determined until a presentence report is prepared by the U.S. Probation Office and defense counsel and the Government have an opportunity to review and challenge the presentence report. Nothing in this plea agreement limits the Government's duty to provide complete and accurate facts to the district court and the U.S. Probation Office.

IX

SENTENCE IS WITHIN SOLE DISCRETION OF JUDGE

This plea agreement is made pursuant to Federal Rule of Criminal Procedure 11(c)(1)(B). The sentence is within the sole discretion of the sentencing judge who may impose the maximum sentence provided by

statute. It is uncertain at this time what Defendant's sentence will be. The Government has not made and will not make any representation about what sentence Defendant will receive. Any estimate of the probable sentence by defense counsel is not a promise and is not binding on the Court. Any recommendation by the Government at sentencing also is not binding on the Court. If the sentencing judge does not follow any of the parties' sentencing recommendations, Defendant will not withdraw the plea.

X

PARTIES' SENTENCING RECOMMENDATIONS

A. SENTENCING GUIDELINE CALCULATIONS

Although the Guidelines are only advisory and just one factor the Court will consider under 18 U.S.C. § 3553(a) in imposing a sentence, the parties will jointly recommend the following Base Offense Level, Specific Offense Characteristics, Adjustments, and Departures:

- | | |
|---|--------------------------|
| 1. Base Offense Level [§ 2B1.1]: | +6 |
| 2. Gain [§ 2B1.1(b)(1)]: | +24 or more ¹ |
| 3. More than 10 Victims [§ 2B1.1(b)(2)(A)]: | +2 |
| 4. Sophisticated Means [§ 2B1.1(b)(10)]: | +2 |
| 5. Gross Receipts from Financial
Inst'n > \$1,000,000 [§ 2B1.1(b)(17)(A)]: | +2 |
| 6. Organizer, Leader [§ 3B1.1(c)] | +2 |
| 7. Obstruction of Justice [§ 3C1.1] | +2 |
| 8. Acceptance of Responsibility [§ 3E1.1] | -3 |
| 9. Departure/Variance* [§ 5K2.0/§ 3553(a)]: | -1 |

¹ As set forth in Paragraph 45, the parties agree that the appropriate loss amount, as contemplated by USSG § 2B1.1(b)(1), is more than \$65 million. The parties may argue that the loss amount exceeds \$65 million and recommend a corresponding increase in the specific offense characteristic under USSG § 2B1.1(b)(1).

1 *The parties agree that the Government's recommendation for a one-
2 point deduction for a combination of circumstances takes into
3 consideration Defendant's history and characteristics and the nature of
4 this case. The recommendation specifically takes into account, *inter*
5 *alia*, the fact that Defendant accepted responsibility when first
6 approached by criminal authorities regarding the facts stated above,
7 and has saved resources the Government would have otherwise spent
8 prosecuting the case.

9 B. ACCEPTANCE OF RESPONSIBILITY

10 Despite paragraph A above, the Government need not recommend an
11 adjustment for Acceptance of Responsibility if Defendant engages in
12 conduct inconsistent with acceptance of responsibility including, but
13 not limited to, the following:

- 14 1. Fails to truthfully admit a complete factual basis as
15 stated in the plea at the time the plea is entered, or
16 falsely denies, or makes a statement inconsistent with,
17 the factual basis set forth in this agreement;
- 18 2. Falsely denies prior criminal conduct or convictions;
- 19 3. Is untruthful with the Government, the Court or
20 probation officer; or
- 21 4. Breaches this plea agreement in any way.

22 C. FURTHER ADJUSTMENTS AND SENTENCE REDUCTIONS INCLUDING THOSE
23 UNDER 18 U.S.C. § 3553

24 Defendant may request or recommend additional downward
25 adjustments, departures, or variances from the Sentencing Guidelines
26 under 18 U.S.C. § 3553. The Government may oppose any downward
27 adjustments, departures, or variances not set forth in Section X,
28 paragraph A above.

1 D. NO AGREEMENT AS TO CRIMINAL HISTORY CATEGORY

2 The parties have **no** agreement as to Defendant's Criminal History
3 Category.

4 E. "FACTUAL BASIS" AND "RELEVANT CONDUCT" INFORMATION

5 The facts in the "factual basis" paragraph of this agreement are
6 true and may be considered as "relevant conduct" under USSG § 1B1.3 and
7 as the nature and circumstances of the offense under 18 U.S.C.
8 § 3553(a)(1).

9 F. PARTIES' RECOMMENDATIONS REGARDING CUSTODY

10 The Government will recommend that Defendant be sentenced within
11 the advisory guideline range recommended by the Government at
12 sentencing.

13 G. SUPERVISED RELEASE

14 If the Court imposes a term of supervised release, Defendant will
15 not seek to reduce or terminate early the term of supervised release
16 until Defendant has served at least 2/3 of the term of supervised
17 release and has fully paid and satisfied any special assessments, fine,
18 criminal forfeiture judgment, and restitution judgment.

19 **XI.**

20 **DEFENDANT WAIVES APPEAL AND COLLATERAL ATTACK**

21 Defendant waives (gives up) all rights to appeal and to
22 collaterally attack every aspect of the conviction and sentence,
23 including any restitution order. The only exceptions are 1) Defendant
24 may appeal a custodial sentence above the high end of the guideline
25 range recommended by the Government at sentencing, and 2) Defendant may
26 collaterally attack the conviction or sentence on the basis that
27 Defendant received ineffective assistance of counsel. If Defendant
28

1 appeals, the Government may support on appeal the sentence or
2 restitution order actually imposed.

3 XII

4 BREACH OF THE PLEA AGREEMENT

5 Defendant and Defendant's attorney know the terms of this agreement
6 and shall raise, before the sentencing hearing is complete, any claim
7 that the Government has not complied with this agreement. Otherwise,
8 such claims shall be deemed waived (that is, deliberately not raised
9 despite awareness that the claim could be raised), cannot later be made
10 to any court, and if later made to a court, shall constitute a breach
11 of this agreement.

12 Defendant breaches this agreement if Defendant violates or fails
13 to perform any obligation under this agreement. The following are non-
14 exhaustive examples of acts constituting a breach:

- 15 1. Failing to plead guilty pursuant to this agreement;
- 16 2. Failing to fully accept responsibility as established in
17 Section X, paragraph B, above;
- 18 3. Failing to appear in court;
- 19 4. Attempting to withdraw the plea;
- 20 5. Failing to abide by any court order related to this case;
- 21 6. Appealing (which occurs if a notice of appeal is filed)
22 or collaterally attacking the conviction or sentence in
23 violation of Section XI of this plea agreement; or
- 24 7. Engaging in additional criminal conduct from the time of
25 arrest until the time of sentencing.

26 If Defendant breaches this plea agreement, Defendant will not be
27 able to enforce any provisions, and the Government will be relieved of
28

1 all its obligations under this plea agreement. For example, the
2 Government may proceed to sentencing but recommend a different sentence
3 than what it agreed to recommend above. Or the Government may pursue
4 any charges including those that were dismissed, promised to be
5 dismissed, or not filed as a result of this agreement (Defendant agrees
6 that any statute of limitations relating to such charges is tolled
7 indefinitely as of the date all parties have signed this agreement;
8 Defendant also waives any double jeopardy defense to such charges). In
9 addition, the Government may move to set aside Defendant's guilty plea.
10 Defendant may not withdraw the guilty plea based on the Government's
11 pursuit of remedies for Defendant's breach.

12 Additionally, if Defendant breaches this plea agreement: (i) any
13 statements made by Defendant, under oath, at the guilty plea hearing
14 (before either a Magistrate Judge or a District Judge); (ii) the factual
15 basis statement in Section II.B in this agreement; and (iii) any
16 evidence derived from such statements, are admissible against Defendant
17 in any prosecution of, or any action against, Defendant. This includes
18 the prosecution of the charge(s) that is the subject of this plea
19 agreement or any charge(s) that the prosecution agreed to dismiss or
20 not file as part of this agreement, but later pursues because of a
21 breach by the Defendant. Additionally, Defendant knowingly,
22 voluntarily, and intelligently waives any argument that the statements
23 and any evidence derived from the statements should be suppressed,
24 cannot be used by the Government, or are inadmissible under the United
25 States Constitution, any statute, Rule 410 of the Federal Rules of
26 Evidence, Rule 11(f) of the Federal Rules of Criminal Procedure, and
27 any other federal rule.

XIII

CONTENTS AND MODIFICATION OF AGREEMENT

This plea agreement embodies the entire agreement between the parties and supersedes any other agreement, written or oral. No modification of this plea agreement shall be effective unless in writing signed by all parties.

XIV

DEFENDANT AND COUNSEL FULLY UNDERSTAND AGREEMENT

By signing this agreement, Defendant certifies that Defendant has read it (or that it has been read to Defendant in Defendant's native language). Defendant has discussed the terms of this agreement with defense counsel and fully understands its meaning and effect.

/ /

/ /

XV

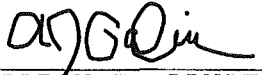
DEFENDANT SATISFIED WITH COUNSEL

Defendant has consulted with counsel and is satisfied with counsel's representation. This is Defendant's independent opinion, and Defendant's counsel did not advise Defendant about what to say in this regard.

ROBERT S. BREWER, JR.
United States Attorney

July 19, 2020

DATED

 for
AARON P. ARNZEN
ANDREW J. GALVIN
Assistant U.S. Attorneys

April 14, 2020


DATED


DAVID SCHEPER
Defense Counsel

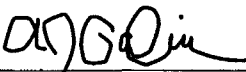
IN ADDITION TO THE FOREGOING PROVISIONS TO WHICH I AGREE, I SWEAR UNDER PENALTY OF PERJURY THAT THE FACTS IN THE "FACTUAL BASIS" SECTION ABOVE ARE TRUE.

4-14-2020

DATED


GINA CHAMPION-CAIN
Defendant

Approved By:

 for
EMILY ALLEN
Assistant U.S. Attorney

1 United States v. GINA CHAMPION-CAIN, Case No. 20CR2115-AJB

2 FINANCIAL ADDENDUM

3 1. Defendant's conviction may include financial penalties such as a
4 forfeiture, fine, and restitution. This Financial Addendum is incor-
5 porated into and part of Defendant's plea agreement, and the additional
6 terms and warnings below apply.

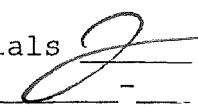
7 **A. Forfeiture**

8 i. In addition to the penalties outlined in the plea agree-
9 ment, federal law states Defendant must forfeit to the United States
10 all property, real and personal, which constitutes or is derived from
11 proceeds obtained directly or indirectly from the offense to which
12 Defendant is pleading guilty.

13 ii. The money judgment against Defendant represents monies
14 subject to forfeiture to the United States as proceeds of illegal con-
15 duct in violation of 15 U.S.C. §§ 77q and 77x and is subject to for-
16 feiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and
17 28 U.S.C. § 2461(c).

18 iii. Defendant consents and agrees to the immediate entry of
19 an order of forfeiture upon entry of the guilty plea. Defendant agrees
20 that upon entry of the order of forfeiture, such order shall be final
21 as to Defendant. Defendant agrees to immediately withdraw any claims in
22 pending administrative or civil forfeiture proceedings to properties
23 seized in connection with this case that are directly or indirectly
24 related to the criminal conduct. Defendant agrees to execute all docu-
25 ments requested by the Government to facilitate or complete the for-
26 feiture process. Defendant further agrees not to contest, or to assist
27 any other person or entity in contesting, the forfeiture of property
28 seized in connection with this case. Contesting or assisting others in

Financial Addendum

Def. Initials 

1 contesting the forfeiture shall constitute a material breach of the
2 plea agreement, relieving the Government of all its obligations under
3 the agreement including but not limited to its agreement to recommend
4 an adjustment for Acceptance of Responsibility. Defendant agrees that
5 the criminal forfeiture money judgment imposed by the Court will be (i)
6 subject to immediate enforcement, and (ii) submitted to the Treasury
7 Offset Program so that any federal payment or transfer of returned
8 property the Defendant receives may be offset and applied to the out-
9 standing balance on the forfeiture judgment. Defendant consents to the
10 entry of the forfeiture judgment into the Treasury Offset Program and
11 waives all demands for payment, notices of offset, and waives all rights
12 to contest offsets.

13 iv. Defendant consents and agrees to the entry of orders of
14 forfeiture for such property and waives the requirements of Federal
15 Rules of Criminal Procedure 32.2 and 43(a) regarding notice of the
16 forfeiture in the charging instrument, announcement of the forfeiture
17 at sentencing, and incorporation of the forfeiture in the judgment.
18 Defendant understands that the forfeiture of assets is part of the
19 sentence that may be imposed in this case and waives any failure by the
20 Court to advise defendant of this, pursuant to Rule 11(b)(1)(J), at the
21 time the Court accepts the guilty plea(s).

22 v. Defendant agrees to take all steps as requested by the
23 United States to pass clear title to forfeitable assets to the United
24 States and to testify truthfully in any judicial forfeiture proceeding.

25 vii. Defendant agrees that the forfeiture provisions of this
26 plea agreement are intended to, and will, survive defendant, notwith-
27 standing the abatement of any underlying criminal conviction after the
28

1 execution of this agreement. The forfeitability of any particular prop-
2 erty pursuant to this agreement shall be determined as if defendant had
3 survived, and that determination shall be binding upon defendant's
4 heirs, successors and assigns until the agreed forfeiture, including
5 any agreed money judgment amount, is collected in full.

6 viii. Defendant acknowledges and agrees that the forfeiture
7 in this case includes entry of a personal money judgment against
8 Defendant, and that interest shall accrue on the judgment from the date
9 of entry of the Order of Forfeiture in accordance with 18 U.S.C.
10 § 3612(f) and 28 U.S.C. § 1961. The Defendant agrees that the United
11 States may take all actions available to it to collect the full amount
12 of the judgment, including enforcement of the judgment against
13 substitute assets as provided in 21 U.S.C. § 853(p) and actions
14 available under the Federal Debt Collections Procedure Act.

15 **B. Restitution**

16 i. The crime to which Defendant is pleading guilty requires
17 an order from the Court pursuant to 18 U.S.C. § 3663A that Defendant
18 make mandatory restitution to the victim(s) of the offense of conviction
19 or the estate(s) of the victims(s).

20 ii. The amount of restitution ordered by the Court shall
21 include restitution to any person directly harmed by the Defendant's
22 criminal conduct in the course of the scheme, conspiracy, or pattern.
23 The Court may also order restitution to persons other than the victims
24 of the offense of conviction. Restitution may include losses arising
25 from counts dismissed and charges not prosecuted as well as all relevant
26 conduct in connection with those counts and charges.

1 iii. Defendant understands that the Court may impose resti-
2 tution of any amount, including an amount up to or exceeding \$160
3 million. Defendant agrees that a restitution award in an unanticipated
4 amount is not grounds to withdraw Defendant's guilty plea. The defend-
5 ant also agrees that nothing in this plea agreement or restitution
6 addendum limits the Government's duty to provide complete and accurate
7 facts to the district court and the U.S. Probation Office to calculate
8 restitution.

9 iv. The parties agree to recommend to the Court that Defend-
10 ant receive credit toward the restitution judgment for actual amounts
11 of payments made to victims of the violation alleged in the Securities
12 and Exchange Commission's complaint in *SEC v. Champion-Cain, et al.*,
13 19VC1628.

14 v. Any payment schedule imposed by the Court establishes
15 only a minimum obligation, and does not foreclose the United States
16 from exercising all legal actions, remedies, and process available to
17 collect the restitution judgment, including but not limited to remedies
18 pursuant to 18 U.S.C. §§ 3613 and 3664(m)(1)(A). Defendant will make
19 a good faith effort to pay the full restitution. Notwithstanding any
20 Court order, Defendant agrees the full amount of restitution is due
21 forthwith and delinquent until paid in full. Defendant consents to the
22 entry of the restitution order into the Treasury Offset Program and
23 waives all demands for payment, notices of offset, and waives all rights
24 to contest offsets.

25 **C. Fine**

26 i. The parties agree to recommend that the Court refrain
27 from imposing a fine, and that money or property that would have been
28

1 used to pay a fine be used instead to meet Defendant's restitution
2 obligations.

3 2. Defendant agrees to waive all constitutional and statutory chal-
4 lenges (including direct appeal, habeas corpus, or any other means) to
5 and forfeiture carried out and any restitution or fine ordered pursuant
6 to this agreement, including any claim that the forfeiture, restitution,
7 or fine constitutes an excessive fine or punishment under the United
8 States Constitution.

9 3. The United States may run credit and other financial reports on
10 Defendant using public and non-public databases and share such infor-
11 mation with the Court and the U.S. Probation Office. Defendant also
12 authorizes the Internal Revenue Service to transmit to the United States
13 Attorney's Office copies of Defendant's tax returns until the fine and
14 restitution is paid in full and forfeiture proceedings are completed,
15 and Defendant will promptly execute any documents necessary to carry
16 out this authorization.

17 4. Not later than 30 days after execution of the plea agreement,
18 Defendant shall complete and provide to the United States, under penalty
19 of perjury, a financial disclosure form listing all Defendant's current
20 and projected assets and financial interests valued at more than \$1,000.
21 These include all assets and financial interests in which Defendant has
22 an interest (or had an interest prior to May 1, 2019), direct or indi-
23 rect, whether held in Defendant's name or in the name of another, in
24 any property, real or personal, including marital and community prop-
25 erty. Defendant shall also identify all assets valued at more than
26 \$5,000 which have been transferred to any third party since May 1, 2019,
27 including the location of the assets, the identity of the third party
28

1 or parties, and the amount of consideration received by the Defendant
2 for the transferred assets.

3 5. From the date this plea agreement is executed until the fine and/or
4 restitution is paid in full and forfeiture proceedings are completed,
5 Defendant shall notify the Asset Recovery Section of the United States
6 Attorney's Office of (i) any interest in property worth more than \$1,000
7 that Defendant obtains, directly or indirectly, and (ii) any interest
8 in property owned directly or indirectly by Defendant worth over \$1,000
9 that Defendant intends to transfer. This obligation covers any interest
10 in property obtained under any other name or entity, including a trust,
11 partnership or corporation. The parties will jointly recommend that
12 this requirement also be imposed as a condition of supervised release.

13 6. Defendant understands that the fine and/or restitution is delin-
14 quent until paid in full. Until the fine and/or restitution is paid in
15 full, Defendant shall immediately notify the Asset Recovery Section,
16 United States Attorney's Office, of any material change in Defendant's
17 financial condition. All financial obligations ordered by the Court
18 will be referred to the Treasury Offset Program so that any federal
19 payment or transfer of returned property to Defendant will be offset
20 and applied to pay Defendant's unpaid restitution, forfeiture judgment
21 and fine.

22 7. Any fine and restitution shall be paid through the Office of the
23 Clerk of the District Court by bank or cashier's check or money order
24 referencing the criminal case number and made payable to the "Clerk,
25 United States District Court."

26 *****
27
28

1 Defendant understands that the main plea agreement and this
2 financial addendum embody the entire plea agreement between the parties
3 and supersedes any other agreement, written or oral.


4
5 4.14-2020

6 Date


7 **GINA CHAMPION-CAIN**
8 Defendant

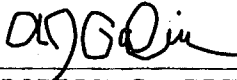
9 April 14, 2020

10 Date


11 **DAVID C. SCHEPER**
12 Defense Counsel

13 July 19, 2020

14 Date

 for
15 **ROBERT S. BREWER, JR.**
16 United States Attorney
17 **AARON P. ARNZEN**
18 **ANDREW J. GALVIN**
19 Assistant U.S. Attorney
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ADDENDUM TO PLEA AGREEMENT


(United States v. GINA CHAMPION-CAIN, 20 CR 2115-AJB)

COOPERATION

Defendant understands and agrees that this addendum to the plea agreement will be filed under seal with the Court at the same time as the filing of the main plea agreement. The Court at the time of the Fed. R. Crim. P. Rule 11 plea colloquy will have both the main plea agreement and this addendum before the Court, and any reference during the hearing to the "plea agreement" will be understood to be a reference to the main plea agreement together with this addendum. Both parties will ensure that the Court is aware of and is considering both the plea agreement and this addendum at the Rule 11 hearing. If this issue is not raised by either party at the Rule 11 hearing, any objection relating to that issue will be considered waived.

I, GINA CHAMPION-CAIN, the defendant, certify that I have read the preceding paragraph (or it has been read to me in my native language), and that I have discussed it with my counsel and fully understand its meaning and effect. I am satisfied with counsel's representation.

4-14-2020
Date


GINA CHAMPION-CAIN
Defendant

Acknowledgment by defense counsel:

April 14, 2020
Date


DAVID C. SCHEPER
Defense Counsel

1 A. Defendant has expressed a desire to provide substantial
2 assistance to the Government in the investigation and prosecution of
3 others. The Government has made no evaluation whether the cooperation,
4 if any, will be "substantial," or whether it will merit a downward
5 departure from the Sentencing Guidelines.

6 B. Defendant agrees to be interviewed by federal law enforcement
7 agents and attorneys and to tell everything defendant knows about every
8 person involved presently or in the past in a scheme involving a
9 purported lending program for purposes of funding liquor license escrow
10 accounts, as well as other violations of law. Defendant also agrees to
11 produce all documents and other evidence in defendant's possession or
12 control related to these violations.

13 C. Defendant agrees not to do any undercover work or tape record
14 any conversations or gather evidence unless instructed by the agent
15 assigned to defendant. Defendant can be prosecuted for any criminal
16 activity undertaken without instructions.

17 D. Defendant agrees to provide statements under penalty of
18 perjury and to testify before any federal or state grand jury, and at
19 any pretrial, trial or post-trial proceedings, at the Government's
20 request. Defendant will provide complete, truthful and accurate
21 information and testimony. Defendant agrees to submit to a polygraph
22 examination to test the truthfulness of defendant's statements, upon
23 request by the Government.

24 E. The Government agrees that, if defendant fully complies with
25 this plea agreement, it will not use any statements made by defendant
26 during the period of post-plea cooperation in any further prosecution
27 of defendant for any offense, or in defendant's sentencing as provided
28 in Guideline § 1B1.8. If defendant does not fully comply with this plea

1 agreement, all statements made by defendant before, during and after
2 this plea agreement, and any leads or evidence derived from such
3 statements can be used against defendant and are admissible in court.

4 F. If at any time the court asks the Government a direct question
5 about information defendant disclosed under this agreement or any
6 proffer agreements, the prosecution must truthfully answer the
7 question. The answer shall not constitute a breach of this plea or
8 cooperation agreement.

9 G. Statements made by defendant pursuant to this plea agreement
10 are not statements "made in the course of any proceedings under Rule
11 11 of the Federal Rules of Criminal Procedure" and are not statements
12 "made in the course of plea discussions."

13 H. If the United States Attorney's Office decides that defendant
14 has provided substantial assistance, and has fully complied with this
15 plea agreement, it will file a motion for a downward departure under
16 18 U.S.C. § 3553, or § 5K1.1 of the Sentencing Guidelines. Defendant
17 acknowledges that even if the Government makes a motion, the Court may
18 reject the Government's motion and recommendation for departure and
19 refuse to depart downward, and defendant would not be allowed to
20 withdraw his guilty plea.


21 I. If the United States Attorney's Office decides to make a
22 substantial assistance motion, it will inform the sentencing judge of:
23 (1) this plea agreement; (2) the nature and extent of defendant's
24 activities in this case; (3) the full nature and extent of defendant's
25 cooperation with the Government and the date when such cooperation
26 commenced; and (4) all information in the possession of the Government
27 relevant to sentencing, which may include information defendant
28 disclosed under this agreement or any proffer agreements. Disclosure

1 of such information in the substantial assistance motion shall not
2 constitute a breach of this plea or cooperation agreement.

3 J. If defendant provides materially false, incomplete, or
4 misleading testimony or information, or breaches this plea agreement
5 in any other way, the Government may prosecute defendant in connection
6 with all federal criminal violations of which it is aware, including
7 false statements, perjury and obstruction of justice, and defendant's
8 sentencing guidelines may be adjusted for making false statements
9 (e.g., § 3C1.1 and § 3E1.1). In addition, the Government may move to
10 set aside this plea agreement, and prosecute defendant on all charges
11 in the indictment in this case. However, if the Government elects not
12 to set aside the plea agreement, defendant agrees that the Government
13 may recommend any lawful sentence without restriction by this plea
14 agreement. Any prosecution and sentence resulting from a breach of this
15 plea agreement may be based on information provided by defendant.

16 The defendant understands that the main plea agreement and this
17 addendum embody the entire plea agreement between the parties and
18 supersedes any other plea agreement, written or oral.

19
20 4-14-2020
21 Date


22 GINA CHAMPION-CAIN
23 Defendant

24 Acknowledgment by defense counsel:

25 April 14, 2020
26 Date


27 DAVID C. SCHEPER
28 Defense Counsel

July 19, 2020
Date

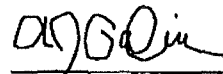
 for
AARON P. ARNZEN
ANDREW J. GALVIN
Assistant U.S. Attorneys

EXHIBIT B

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1 UNITED STATES DISTRICT COURT
 2 FOR THE SOUTHERN DISTRICT OF CALIFORNIA
 3

4 SECURITIES AND EXCHANGE)
 COMMISSION,)
 5) No. 19-CV-1628-LAB-AHG
 Plaintiff,)
 6) December 17, 2020
 v.)
 7) 9:56 a.m.
 GINA CHAMPION-CAIN, et al.,)
 8) San Diego, California
 Defendants.)
 9

10 TRANSCRIPT OF MOTION HEARING
 11 BEFORE THE HONORABLE LARRY ALAN BURNS
 12 UNITED STATES DISTRICT JUDGE

13 APPEARANCES:

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25 Recorded by Stenography, Transcribed by Computer

1 SAN DIEGO, CALIFORNIA, DECEMBER 17, 2020, 9:56 A.M.

2 * * * *

3 THE CLERK: Calling number one on the calendar,
4 19-CV-1628, Securities and Exchange Commission versus
5 Champion-Cain, et al.

6 If counsel could please state their name for the
7 record, please. Starting in the courtroom, please.

8 THE COURT: Good morning.

9 MR. FATES: Good morning, Your Honor. Ted Fates, of
10 Allen Matkins, on behalf of Krista Freitag, the receiver.

11 THE COURT: All right. Good morning.

12 MR. GALDSTON: Good morning, Your Honor. It's
13 Benjamin Galdston, of Berger Montague, on behalf of the Allred
14 plaintiffs in the related case.

15 THE COURT: All right. Good morning.

16 MR. STRAUSS: Good morning, Your Honor. Steve Strauss
17 for Chicago Title.

18 THE COURT: Good morning, Mr. Strauss.

19 MR. PILMER: Good morning, Your Honor. Alex Pilmer on
20 behalf of Ovation Finance and Banc of California.

21 THE COURT: Good morning.

22 MR. CRAMER: Good morning, Your Honor. Mark Cramer,
23 from Buchalter, representing the Atherton plaintiffs in the
24 state court action, who are interested.

25 THE COURT: All right.

1 THE COURT: Sure. Go ahead.

2 MR. STRAUSS: So I understand that we're going to
3 continue this to a new date. But you've said that you're
4 inclined to grant, and so I think it's important for everybody,
5 you know, to give us some guidance, if you would. And I would
6 think the guidance would be consistent with what you've said
7 before, what you said at the last hearing and what you said in
8 the Ovation and in the Allred orders, that in the event that
9 you do that, you'll stay the other actions.

10 THE COURT: I would, yeah.

11 MR. PILMER: Your Honor, Your Honor --

12 THE COURT: Yes.

13 MR. PILMER: -- Alex Pilmer, again, for Ovation.

14 You've also expressed the view that you would give
15 parties -- because we've not had the opportunity to brief and
16 have a full hearing on whether or not you had the authority,
17 whether it would be appropriate for Your Honor to stay the
18 state court litigation.

19 THE COURT: You can oppose it, yeah. Before I grant
20 that motion, I'll allow you to -- I looked into this. It
21 wasn't clear to me. I'm going to look at the two cases that
22 Mr. Strauss cited, the Wencke case and then the Isaiah case
23 from the Fifth Circuit.

24 Are those the two that you mentioned, Mr. Strauss?

25 MR. STRAUSS: Yes, Your Honor.

1 THE COURT: Yeah, Wencke and Isaiah.

2 But if you oppose it, I'll certainly give you an
3 opportunity to file. And, you know, that goes for the other
4 plaintiffs' counsel representing -- independently representing
5 investors now and having brought state court actions or other
6 claims.

7 MR. PILMER: And, Your Honor, the point being, as
8 we've discussed, this is all about the unrepresented investors.
9 The represented investors are trying really hard to litigate
10 their cases and resolve them. And if you were to stay that,
11 then we can't resolve the cases.

12 THE COURT: Well, I'm not going to do that now. I'm
13 going to give you four months. But, you know, you need to make
14 hay while the sun shines. And I would tell your clients that
15 too, that, you know, you're operating under a deadline here to
16 make decisions and --

17 MR. PILMER: I understand that. But then, of course,
18 that gives substantial bargaining power to Chicago Title to
19 say, well, take my number or your case gets stayed. And
20 that's, I think, inappropriate under these circumstances.

21 THE COURT: I'll consider your arguments at such time
22 they're ripe.

23 MR. CRAMER: Thank you, Your Honor.

24 THE COURT: I'm thinking April 12th. That's a Monday.

25 MR. STRAUSS: Let me just check, Your Honor.

1 THE COURT: Sure. April 12th at -- shall we say 3 in
2 the afternoon, Monday? Let's hope we're all done with the
3 masks by then. Everybody's vaccinated, and this pandemic is in
4 retreat.

5 MR. STRAUSS: That works for Chicago Title, Your
6 Honor.

7 THE COURT: I'll do a written order that follows up on
8 the oral pronouncement that I've made today.

9 But, again, to recap, the clawback motion is granted.
10 And the other motion I'm inclined to grant, but I'm going to
11 postpone one last time, with admonition to the settling parties
12 to get back to work and try to settle the claims so we can get
13 the number down to an identifiable number, that then I would be
14 inclined to let the receiver pursue the claims of those and the
15 class.

16 Okay. Thank you very much. Happy holidays to all of
17 you. I appreciate the briefing. I appreciate the courtesy
18 extended. And I'll see you in April.

19 Included in the order will be a date for you to set up
20 with Judge Goddard too. I want to make sure that we get these
21 numbers reconciled. I think that's very important to getting
22 this case resolved.

23 (The proceedings concluded at 11:24 a.m., December 17, 2020.)
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