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12 KRISTA FREITAG

13 UNITED STATES DISTRICT COURT  
14 SOUTHERN DISTRICT OF CALIFORNIA  
15

16 SECURITIES AND EXCHANGE  
COMMISSION,

17 Plaintiff,

18 v.

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

21 Defendants,

22 AMERICAN NATIONAL  
INVESTMENTS, INC.,

23 Relief Defendant.  
24  
25  
26  
27  
28

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

**RECEIVER'S TWELFTH 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 Twelfth Interim Report and Recommendations ("Twelfth  
5 Report").

## 6 I. BACKGROUND

7 This equity receivership involves a large, complex, and wide-ranging group  
8 of enterprises and assets which are the subject of the Complaint filed by the  
9 Securities and Exchange Commission ("Commission"). This quarterly report covers  
10 the Receiver's activities during the second quarter of 2022 and reflects the status of  
11 certain assets as of the date of this report, if material activity has occurred between  
12 June 30, 2022 and the date of this report.

## 13 II. EXECUTIVE SUMMARY

14 As previously reported, the receivership estate assets were primarily  
15 comprised of cash, 33 commercial and residential properties, 27 restaurant and retail  
16 operations, not including commissary kitchen operations (both owned and leased  
17 properties), voluminous personal property (including restaurant equipment, product  
18 inventory, retail merchandise, liquor licenses and intellectual property associated  
19 with the operations of the enterprise), various notes receivable or equity investments  
20 made by the Receivership Entities, and potential causes of action. During the  
21 second quarter of 2022, the Receiver continued to make steady progress in  
22 marshalling the Receivership Entities' assets, resolving litigation matters and  
23 otherwise discharging her duties. Those efforts include participating in Court-  
24 ordered settlement conferences, pursuing significant clawback recoveries and  
25 associated documentation review, and implementation of the Court-approved claims  
26 process.

27 As of the date of this report, all owned real property and nearly all personal  
28 property assets have been monetized or otherwise resolved. The remaining assets

1 consist of a few items of personal property/office equipment and some investments  
 2 summarized as "Other Investments/Loans" in the attached Exhibit A asset chart.  
 3 The remaining recovery from these assets is unknown and is not expected to  
 4 materially increase the total receivership estate funds.

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

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

### 16 **III. SUMMARY OF RECEIVER'S ACTIVITIES**

#### 17 **A. Second Quarter 2022 Funds Recovered**

18 As discussed below, the Receiver's tangible asset sales are nearly complete,  
 19 however, recovery efforts are ongoing. A few recovery highlights during the second  
 20 quarter of 2022 include:

- 21 • \$2,571,540 representing four (4) new clawback settlements plus  
 22 installment payments from six (6) existing settlements.<sup>1</sup>

23 Additional recovery detail through the second quarter of 2022 is included on  
 24 the receipts and disbursements schedule attached hereto as Exhibit B.

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28 <sup>1</sup> As of the date of this report, over \$7.2 million of payments, representing  
 approximately 75 clawback settlements, have been received.

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

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

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

- 9 1. 29 real property, plus three (3) leasehold interests (with personal  
 10 property), sales are completed.
- 11 2. Sales of liquor licenses and personal property associated with 10  
 12 former restaurant operations (Patio on Goldfinch, Patio 101, Chicken  
 13 Pharm in Petaluma, Saska's, La Mesa Surf Rider, Ocean Beach Surf  
 14 Rider, Mission Beach Surf Rider, Himmelberg's, Fireside and Patio on  
 15 Lamont) are completed.
- 16 3. Seven (7) joint motions concerning real properties (for which limited  
 17 ownership-related expenses have been paid by the receivership estate  
 18 on a net, aggregate basis) were filed and approved by the Court for  
 19 limited relief from the receivership stay order.
  - 20 a. Three (3) foreclosures have occurred – the former Patio on  
 21 Lamont, the Hancock Street corporate office, and the former  
 22 Himmelberg's (also known as 10<sup>th</sup> and J Street) properties.
  - 23 b. One (1) property is in the process of being resolved by the  
 24 interested parties, *i.e.*, general contractor and lender (301 D.  
 25 Street Property).
  - 26 c. Two (2) properties were sold by the Receiver (in lieu of  
 27 foreclosure); these transactions closed on October 30, 2020  
 28

(7569-7571 University Property) and January 22, 2021 (901 – 915 West Washington Property).

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

The Receiver has recovered over \$16 million from the assets in Exhibit A. In addition, 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 million recovery for the receivership estate. 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. Those efforts are discussed in further detail below. Exhibit A is also 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 in the receivership was sold, no further property tax obligations are expected.

**D. Insurance**

As the final real property was sold, no property and general liability policies remain. As no employees remain, the related insurance policies (e.g., health insurance and worker's compensation) have been cancelled. A one-year tail on the EPLI claims made policy was purchased and is expected to expire shortly without any additional claims to date. The worker's compensation insurance final audit was completed, resulting in a refund in late 2021.

1 **E. Debt Service**

2 As the final real property in the receivership was sold, no further debt service  
3 obligations are expected.

4 **F. Loans and Other Investments**

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

14 In previous periods, the investment in BayMedica, a cannabis/pharmaceutical  
15 company, was converted into shares and cash in InMed, a publicly traded Canadian  
16 pharmaceutical company as part of a sale transaction. Once the cash becomes  
17 unrestricted, the cash will be recovered, and the stock will likely be sold. The value  
18 of the shares have lost over 80% of their value this year. The recovery will likely be  
19 a little less than half of the value of the initial investment.

20 Other loans/investments appear to be significantly less likely to lead to any  
21 recovery. The underlying investments are the subject of complex litigation (Trek  
22 Partners), a product that is still in the startup phase with few orders (Dash Wagon),  
23 and an investment in a startup fish based agricultural feed company (Menon  
24 Renewable Energy) that has no near-term exit strategy. The Receiver's staff  
25 continues to follow-up on these investments, and the others, to determine the  
26 prospects for and best approach to securing a recovery. Additional notes on the  
27 status of the investments are provided in Exhibit A.

28

1       The Receiver maintains a watchful eye on the investment in Casa del Zorro, a  
2 boutique hotel located in Borrego Springs, California. Previously, the Receiver  
3 reached out to three of the major partners to inquire if they would be interested in  
4 buying out the Receivership Entities' interest. One party declined to consider the  
5 purchase and the others offered to purchase the investment at a very significant  
6 discount. A recent capital improvement project has modestly improved the long-  
7 term outlook for the asset. Moreover, the ownership group voted to hire a  
8 professional management team to operate and market the hotel for guest visits.  
9 These efforts will likely improve the recovery efforts for the long-term owners.  
10 However, in the short term, the recovery from this asset remains unknown.

11 **G. Third-Party Claims**

12       The receivership estate has significant claims against third parties for the  
13 substantial losses suffered by the Receivership Entities and the amounts owed to  
14 investors and creditors of the Receivership Entities. The Receiver has identified  
15 certain third parties who directly or indirectly aided and abetted the principals of the  
16 receivership entities in wrongful conduct resulting in tens of millions of dollars of  
17 losses.

18       With respect to Chicago Title, on December 13, 2021, the Court conditionally  
19 approved the Receiver's request for authority to pursue the receivership estate's  
20 claims against Chicago Title. Dkt. 737. On January 7, 2022, the Receiver filed her  
21 complaint against Chicago Title in the Superior Court of California, San Diego  
22 County in case no. 37-2002-00000818-CU-FR-CTL. After two mediations  
23 involving the Receiver, the plaintiff investors, and Chicago Title, the Receiver  
24 reached a proposed settlement with Chicago Title in April, to which 7 of the 14  
25 remaining investors who had not settled with Chicago Title then joined in May. The  
26 Receiver's motion for approval of the proposed settlement was filed on May 23,  
27 2022 ("Settlement Approval Motion") and a hearing was held on August 31, 2022,  
28



1 at which the Court tentatively approved the settlement and allowed the parties to  
2 submit supplemental briefing on one issue. Dkt. 795, 812, 877.

3 The Receiver has also been in contact with other third parties who had a role  
4 in the ANI scheme regarding claims held by the receivership estate. This includes  
5 professionals engaged by the Receivership Entities prior to the Receiver's  
6 appointment. Previously, the Receiver negotiated and completed a settlement with  
7 one such former professional (William Adams); and her motion for approval of this  
8 settlement was approved by the Court. Dkt. 682. As of the date of this report, all  
9 funds associated with this settlement have been collected.

10 The Receiver attended a mediation in May 2021 and agreed to attend a  
11 follow-up mediation in September 2021 with another former professional (Randolph  
12 Houts); the Receiver just filed a motion for approval of the settlement and bar order  
13 associated therewith.<sup>2</sup> Dkt. 879.

14 The Court previously authorized the Receiver to proceed with claims to  
15 recover profits, referral fees, commissions and other amounts paid to profiting  
16 investors and other third parties ("Clawback Claims"). Dkt. 551. The Receiver,  
17 through her counsel, has been in communication with profiting investors and other  
18 third parties to discuss Clawback Claims and potential settlements. The Receiver  
19 has signed settlement agreements for approximately 75 Clawback Claims and  
20 anticipates that additional settlements may be reached soon. When settlements  
21 within the Court-approved settlement parameters cannot be reached (and several  
22 large Clawback Claims have thus far not settled), the Receiver has filed 13 related  
23 Clawback actions to recover on Clawback Claims.

24 The Clawback Claims that have been filed thus far have been transferred to  
25 this Court as related actions. In each of these cases, an ENE with Magistrate Judge  
26

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27 <sup>2</sup> The Receiver seeks approval of a Clawback Settlement with Merit Financial and  
28 Ilan Awerbuch, including the associated bar order, as part of the same motion  
seeking approval of the settlement with Randolph Houts.

1 Goddard has either been held or has been scheduled (in some cases, multiple ENE  
2 sessions have been held), or a default has been entered against the Clawback  
3 Defendants. Five of the cases have already settled, two have applications for default  
4 judgments pending, one has settled pending Court approval of the settlement, and  
5 another has partially settled with certain defendants pending Court approval of the  
6 settlement.

7       Regarding the Clawback Claim against Kim Peterson and related entities, the  
8 Receiver sought and was granted authority by the Court to expand the claims in her  
9 complaint to include additional tort claims for additional damages. The Receiver's  
10 First Amended Complaint was filed on May 18, 2022 and the Defendants' answer  
11 was filed on June 27, 2022.

#### 12 **H. Receivership Estate Operations**

13       The remaining operations of the Receivership Entities are very limited at this  
14 stage. The IT vendor, AMA Networks, continues to monitor the corporate network  
15 operations for a minimal monthly charge and responds to requests on an as-needed  
16 basis. The remaining general operational work is completed by the Receiver's staff,  
17 as needed. Company servers, remaining personal property and records are held in  
18 storage at the Receiver's San Diego office or in Iron Mountain document storage.

#### 19 **I. Pending Litigation**

20       At the time of the Receiver's Appointment, there were two pending litigation  
21 matters involving the Receivership Entities. One of these matters, a lawsuit filed by  
22 a former employee was stayed because of the litigation stay contained in the  
23 Appointment Order. The other case involved a lawsuit filed by one of the  
24 Receivership Entities, Westlink Development, LLC ("Westlink"), along with other  
25 co-plaintiffs, against SunTrust Bank in Pinellas County, Florida. A settlement in  
26 that case has been completed as approved by the Court. Dkt. 736, 740.

1 **J. Claims Process & Taxes**

2 The Receiver filed her Motion for Order (1) Approving Procedures for the  
3 Administration of Claims against the Receiver Estate; (2) Setting Claims Bar Date;  
4 and (3) Approving Claims Bar Date Notice and Proof of Claim Forms (Dkt. No.  
5 681). That motion was granted by the Court (Dkt. No. 716) on October 14, 2021.  
6 Investors and creditors had until December 31, 2021, to submit their claims to the  
7 Receiver (the "Claims Bar Date"). The Receiver has now concluded the process as  
8 set forth therein, and on May 31, 2022, filed her Motion for Order: (1) Approving  
9 Receiver's Recommended Treatment of Claims (Allowed, Disallowed, Disputed);  
10 (2) Approving Distribution Methodology; and (3) Approving Proposed Distribution  
11 Plan ("Claims Allowance and Plan Motion"). (Dkt. 807) At the Court's direction,  
12 on May 26, 2022, the Receiver filed a proposed plan for providing notice of the  
13 Claims Allowance and Plan Motion, as well as the Settlement Approval Motion,  
14 including a proposed briefing schedule for the motions. Dkt. 797. The Court  
15 approved the plan for providing notice and held the Claims Allowance and Plan  
16 Motion for hearing on August 31, 2022. Dkt. 812. At the conclusion of the August  
17 31, 2022 hearing, the Court stated that an order would be forthcoming concurrent  
18 with the Court's written order regarding the Chicago Title Settlement, which the  
19 Court tentatively approved, while allowing the parties to submit supplemental  
20 briefing on one issue.

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

26 **K. Receipts and Disbursements**

27 The following is a summary of the cash activity in the receivership estate  
28 from the inception of the receivership on September 3, 2019 through June 30, 2022.

Bank Balance at 09/03/2019 <sup>3</sup> (accounts listed in Appointment Order)	\$368,614
Additional Bank Account Recoveries post-takeover	\$1,447,947
Chicago Title Funds Received	\$11,311,344
Total Receipts	\$33,111,768
Total Disbursements	(\$17,332,001)
<b>Ending Bank Balance at 06/30/2022</b>	<b>\$28,907,672</b>

A more detailed summary of the receipts and disbursements is attached hereto as Exhibit B. Since June 30, 2022 through the date of this report, the Receiver has realized more than \$200,000 in additional third party recoveries, including recoveries on Clawback Claims.

**L. Investor/Creditor Communications**

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

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

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<sup>3</sup> While September 3, 2019 is the date of the Appointment Order, the order was entered late in the afternoon, and the takeover occurred on September 4, 2019, so certain bank activity occurred (including certain September rents and debt service payments) on September 3rd, prior to the freeze order taking effect.

1 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. Asset Investigation and Recovery Efforts**

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

##### 17 **2. Accounting**

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

1                   **3.     Continuation of Receivership**

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

5  
6 Dated: September 2, 2022

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP

7  
8  
9 By:           s/Edward G. Fates          

EDWARD G. FATES  
Attorneys for Receiver  
KRISTA FREITAG

**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
<b>Total Net Sales Proceeds (Plus reduction of loans payable of \$3.188 million for Items 1-3)</b>					<b>13,601,701</b>

**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
<b>Total Other Investments/Loans - Recovery To Date</b>					<b>1,679,560</b>

**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. Co-owners recently voted to bring in a professional manager in a multi-year plan to improve the asset's marketability.	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 that continues to be listed.	200,000	unknown
8	Boormeester	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. Underlying product is a New Zealand based vodka 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 due to various legal challenges.	90,632	unknown
14	Baymedica	Convertible Note	Note converted to equity after sale to a public company. Stock is unrestricted and will likely be sold in Q2 2022. Cash is restricted, but will help recovery.	50,000	\$12,600+
15	Menon Renewable Energy	Investment	Investment in renewable agricultural feed source. There doesn't appear to be any near term exit strategy for this investment. Recovery is unlikely.	105,000	0

**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
<b>Total Liquor License Closed Transactions Net Sales Proceeds</b>					<b>799,683</b>

**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
<b>Total Estimated Market Value</b>					<b>0</b>



**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
<b>Total Recovery To Date</b>		<b>16,080,944</b>
Real Property	Total Est Net Sales Proceeds for Properties Pending Sale Closings	0
<b>Total Estimated Net Sales Proceeds for Transactions Pending Completion</b>		<b>0</b>
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
<b>Total Recovery Pending Resolution or Sale</b>		<b>0</b>
<b>Grand Total (SEE NOTE BELOW)</b>		<b>16,080,944</b>

**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 were 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. Notably, other Investments/Loans were highly speculative and recovery is expected to be nominal.**

# EXHIBIT B

# EXHIBIT B

<b>Beginning Balance at 09/03/2019 (accounts listed in Appointment Order)</b>	<b>\$368,614</b>
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	\$7,220,596
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	\$237,504
Settlements	\$216,667
Interest Income	\$138,587
D Street Escrow Recovery	\$19,746
Pre-Receiver Expenses (detail in Initial Verified Report)	(\$87,930)
Tax Settlement - Pre-Receiver (paid post)	(\$13,054)
<b>Restaurant Expenses:</b>	
Payroll and Payroll Related Expense	(\$2,217,260)
Operating Expenses	(\$1,243,840)
Cost of Goods Sold	(\$1,255,981)
Management Fees	(\$336,666)
BOE – Sales Tax	(\$341,169)
Rent Expense	(\$191,016)
Merchant and Bank Fees	(\$37,185)
<b>Real Property Related Expenses:</b>	
Debt Service	(\$1,678,780)
Property Tax Expense	(\$419,956)
Operating Expenses	(\$316,044)
<b>Keller Street Co-Work Expenses:</b>	
Payroll and Payroll Related Expense	(\$127,597)
Operating Expense	(\$162,549)
<b>Retail Expenses:</b>	
Payroll and Payroll Related Expense	(\$18,087)
Operating Expense	(\$20,837)
Cost of Goods Sold	(\$1,463)
General & Administrative Expense	(\$2,175)
<b>Corporate Expenses:</b>	
Payroll and Payroll Related Expense (includes real property related operations)	(\$1,983,808)
Payroll - PTO	(\$217,426)
Insurance (includes real property and operations coverages)	(\$385,146)
General & Administrative Expenses	(\$817,794)
IT Expense	(\$294,859)
Rent Expense	(\$104,567)
Operating Expenses	(\$90,443)
Franchise Tax Board Expenses (approximately 40 entities)	(\$83,103)
Suntrust Expense	(\$57,405)
Grant Deed Court-Approved Settlement Payment	(\$100,000)
Vacation Rental Court-Approved Settlement Payment	(\$150,000)
Receiver Fees & Expenses [2]	(\$1,998,347)
Receiver Legal Fees & Expenses [3]	(\$2,577,515)
<b>Ending Bank Balance at 06/30/2022</b>	<b>\$28,907,672</b>



[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. Total reflects interim fee applications approved through 3/31/2021.

[3] Includes credit for Rancho Mirage Property buyer's request for supplemental Court approval - \$4,990. Total reflects interim fee applications approved through 3/31/2021.