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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 THIRTEENTH
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 Thirteenth Interim Report and Recommendations ("Thirteenth
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 third 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 September 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 third
21 quarter of 2022, the Receiver continued to make steady progress in marshalling the
22 Receivership Entities' assets, resolving litigation matters and otherwise discharging
23 her duties. Those efforts include participating in Court-ordered settlement
24 conferences, pursuing significant clawback recoveries and associated documentation
25 review, and implementation of the Court-approved claims process.

26 As of the date of this report, all owned real property and nearly all personal
27 property assets have been monetized or otherwise resolved. The remaining assets
28 consist of a few items of personal property/office equipment and some investments

1 summarized as “Other Investments/Loans” in the attached Exhibit A asset chart.
 2 The remaining recovery from these assets is largely unknown and is not expected to
 3 materially increase the total receivership estate funds.

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

10 As discussed herein, the Receiver and her professionals have made an
 11 extraordinary amount of progress; however, work remains to be done – notably on
 12 pursuing a few remaining clawback claims and completing the claims and
 13 distribution process.

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

15 **A. Third Quarter 2022 Funds Recovered**

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

- 19 • \$632,414 representing three (3) new clawback settlement payments
 20 plus installment payments from four (4) existing settlements.¹
- 21 • \$148,714 from the final William Adams Settlement payment.

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

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

25 Throughout this case, the Receiver took significant steps to implement the
 26 Appointment Order, including previously managing all assets controlled, operated,
 27

28 ¹ As of the date of this report, over \$8.0 million of payments, representing
 approximately 75 clawback settlements, have been received.

1 leased, or owned by the Receivership Entities. Exhibit A is an updated schedule of
2 all known real property, businesses/operations, third-party investments/loans, and
3 liquor license assets of the Receivership Entities. The following summarizes the
4 Receiver's previous efforts on real and personal property asset dispositions:

- 5 1. 29 real property, plus three (3) leasehold interests (with personal
6 property), sales are completed.
- 7 2. Sales of liquor licenses and personal property associated with 10
8 former restaurant operations (Patio on Goldfinch, Patio 101, Chicken
9 Pharm in Petaluma, Saska's, La Mesa Surf Rider, Ocean Beach Surf
10 Rider, Mission Beach Surf Rider, Himmelberg's, Fireside and Patio on
11 Lamont) are completed.
- 12 3. Seven (7) joint motions concerning real properties (for which limited
13 ownership-related expenses have been paid by the receivership estate
14 on a net, aggregate basis) were filed and approved by the Court for
15 limited relief from the receivership stay order.
 - 16 a. Three (3) foreclosures have occurred – the former Patio on
17 Lamont, the Hancock Street corporate office, and the former
18 Himmelberg's (also known as 10th and J Street) properties.
 - 19 b. One (1) property is in the process of being resolved by the
20 interested parties, *i.e.*, general contractor and lender (301 D.
21 Street Property).
 - 22 c. Two (2) properties were sold by the Receiver (in lieu of
23 foreclosure); these transactions closed on October 30, 2020
24 (7569-7571 University Property) and January 22, 2021 (901 –
25 915 West Washington Property).
- 26 4. The Receiver completed auctions for substantially all the personal
27 property. The remaining personal property is negligible and will likely
28

1 be sold, or disposed of, via a final auction prior to a final distribution in
2 the case.

3 The Receiver has recovered over \$16 million from the assets in Exhibit A. In
4 addition, the Bandini Street Property, which was owned by Ms. Champion-Cain and
5 her husband Steven Cain, was refinanced with Court approval, resulting in a
6 \$1.3 million recovery for the receivership estate. The Receiver continues to work
7 on recovery for the assets listed as "Other Investments/Loans" on Exhibit A.

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

14 **C. Property Taxes**

15 As the final real property in the receivership was sold, no further property tax
16 obligations are expected.

17 **D. Insurance**

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

24 **E. Debt Service**

25 All real property in the receivership was sold, and no further debt service
26 payments have been made or are expected.

1 **F. Loans and Other Investments**

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

11 In previous periods, the investment in BayMedica, a cannabis/pharmaceutical
12 company, was converted into shares and cash in InMed, a publicly traded Canadian
13 pharmaceutical company as part of a sale transaction. This sale was beneficial in
14 that almost a year after the sale closed, InMed announced that it was abandoning the
15 purpose of the BayMedica purchase and would be re-focusing its efforts elsewhere.
16 Consequently, the sale to InMed was likely the best outcome for those assets.
17 During the quarter, the cash compensation became unrestricted and is available for
18 transfer. The Receiver is reviewing options to recover the cash and sell the stock
19 during the fourth quarter of 2022. The shares have lost over 80% of their value this
20 year; however, the shares are recently trading higher than the low. The recovery
21 will likely be a little less than half of the value of the initial investment.

22 The Receiver has continued discussions with Illa Designs, a company that
23 made the “Dash Wagon”, a startup fitness/maternity product that never appeared to
24 make significant progress in the marketplace. American National Investments, Inc.
25 made a \$200,000 loan to Illa Designs, which was guaranteed by its principals, and
26 which matured in July 2022. Through various discussions, the Receiver is working
27 with the borrower and its principals to collect this debt. If an agreement is unable to
28

1 be reached, the Receiver will soon bring an action against the borrower and its
2 principals to enforce the loan and personal guaranty.

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

14 Other loans/investments appear to be significantly less likely to lead to any
15 recovery. The underlying investments are the subject of complex litigation (Trek
16 Partners), a liquor distribution investment that never materialized (BSV Group,
17 LLC), and an investment in a startup fish based agricultural feed company (Menon
18 Renewable Energy) that has no near-term exit strategy. The Receiver's staff
19 continues to follow-up on these investments, and the others, to determine the
20 prospects for and best approach to securing a recovery. As part of the claims
21 approval motion, the Receiver has recommended that one purported investment
22 (2Budz Holding) be resolved as part of the allowed amount of 2Budz Holding's
23 claim in the receivership. Dkt 807. Additional notes on the status of the investments
24 are provided in Exhibit A.

25 **G. Third-Party Claims**

26 The receivership estate made significant claims against third parties for the
27 substantial losses suffered by the Receivership Entities and the amounts owed to
28 investors and creditors of the Receivership Entities. The Receiver identified certain

1 third parties who directly or indirectly aided and abetted the principals of the
2 receivership entities in wrongful conduct resulting in tens of millions of dollars of
3 losses.

4 With respect to Chicago Title, on December 13, 2021, the Court conditionally
5 approved the Receiver's request for authority to pursue the receivership estate's
6 claims against Chicago Title. Dkt. 737. On January 7, 2022, the Receiver filed her
7 complaint against Chicago Title in the Superior Court of California, San Diego
8 County in case no. 37-2002-00000818-CU-FR-CTL. After two mediations
9 involving the Receiver, the plaintiff investors, and Chicago Title, the Receiver
10 reached a proposed settlement with Chicago Title in April, to which 7 of the 14
11 remaining investors who had not settled with Chicago Title then joined in May. The
12 Receiver's motion for approval of the proposed settlement was filed on May 23,
13 2022 ("Settlement Approval Motion") and a hearing was held on August 31, 2022;
14 after supplemental briefing, which was allowed subsequent to the August 31, 2022
15 hearing, on November 22, 2022, the Court approved the settlement. Dkt. 795, 812,
16 877, 927.

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

24 The Receiver attended a mediation in May 2021 and agreed to attend a
25 follow-up mediation in September 2021 with another former professional (Randolph
26 Houts). The Receiver subsequently reached a settlement with Mr. Houts and filed a
27
28

1 motion for approval of the settlement and bar order associated therewith.² Dkt. 879.
2 The motion was granted on November 16, 2022. Dkt 925. And as of the date of
3 this report, the settlement funds have been collected.

4 The Court previously authorized the Receiver to proceed with claims to
5 recover profits, referral fees, commissions and other amounts paid to profiting
6 investors and other third parties ("Clawback Claims"). Dkt. 551. The Receiver,
7 through her counsel, has been in communication with profiting investors and other
8 third parties to discuss Clawback Claims and potential settlements. The Receiver
9 has signed settlement agreements for approximately 75 Clawback Claims, several of
10 which the Court recently approved and for which, the Receiver is awaiting payment.
11 When settlements within the Court-approved settlement parameters cannot be
12 reached (and several large Clawback Claims have thus far not settled), the Receiver
13 has filed 13 related Clawback actions to recover on Clawback Claims.

14 The Clawback Claims that have been filed thus far have been transferred to
15 this Court as related actions. In each of these cases, an ENE with Magistrate Judge
16 Goddard has either been held or has been scheduled (in some cases, multiple ENE
17 sessions have been held), or a default has been entered against the Clawback
18 Defendants. Most of the Clawback cases have now been resolved through
19 settlement, default judgment, or in one instance, a bankruptcy filed by the clawback
20 defendant. Only five (5) active Clawback cases remain.

21 Regarding the Clawback Claim against Kim Peterson and related entities, the
22 Receiver sought and was granted authority by the Court to expand the claims in her
23 complaint to include additional tort claims for additional damages. The Receiver's
24 First Amended Complaint was filed on May 18, 2022 and the Defendants' answer
25
26

27 ² The Receiver sought approval of a Clawback Settlement with Merit Financial
28 and Ilan Awerbuch, including the associated bar order, as part of the same
motion seeking approval of the settlement with Randolph Houts, which
settlement and bar order were also approved.

1 was filed on June 27, 2022. A scheduling order was entered by the Court on
2 August 1, 2022, and the parties are currently engaged in discovery.

3 **H. Receivership Estate Operations**

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

10 **I. Pending Litigation**

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

18 **J. Claims Process & Taxes**

19 The Receiver filed her Motion for Order (1) Approving Procedures for the
20 Administration of Claims against the Receiver Estate; (2) Setting Claims Bar Date;
21 and (3) Approving Claims Bar Date Notice and Proof of Claim Forms (Dkt. No.
22 681). That motion was granted by the Court (Dkt. No. 716) on October 14, 2021.
23 Investors and creditors had until December 31, 2021, to submit their claims to the
24 Receiver (the "Claims Bar Date"). The Receiver concluded the process as set forth
25 therein, and on May 31, 2022, filed her Motion for Order: (1) Approving Receiver's
26 Recommended Treatment of Claims (Allowed, Disallowed, Disputed); (2)
27 Approving Distribution Methodology; and (3) Approving Proposed Distribution
28 Plan ("Claims Allowance and Plan Motion"). (Dkt. 807) At the Court's direction,

on May 26, 2022, the Receiver filed a proposed plan for providing notice of the Claims Allowance and Plan Motion, as well as the Settlement Approval Motion, including a proposed briefing schedule for the motions. Dkt. 797. The Court approved the plan for providing notice and held the Claims Allowance and Plan Motion for hearing on August 31, 2022. Dkt. 812. At the conclusion of the August 31, 2022 hearing, the Court stated that an order would be forthcoming concurrent with the Court's written order regarding the Chicago Title Settlement, which the Court tentatively approved, while allowing the parties to submit supplemental briefing on one issue. As previously noted, the Court recently approved the Chicago Title Settlement on November 22, 2022.

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

K. Receipts and Disbursements

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

Bank Balance at 09/03/2019 ³ (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	\$33,939,890
Total Disbursements	(\$17,392,215)
Ending Bank Balance at 09/30/2022	\$29,675,580

³ 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 A more detailed summary of the receipts and disbursements is attached hereto
2 as Exhibit B. Since September 30, 2022 through the date of this report, the Receiver
3 has realized more than \$475,000 in additional third party recoveries, including
4 recoveries on Clawback Claims.

5 **L. Investor/Creditor Communications**

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

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

24 **IV. CONCLUSION**

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

1 **1. Asset Investigation and Recovery Efforts**

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

8 **2. Accounting**

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

18 **3. Continuation of Receivership**

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

22
23 Dated: December 14, 2022

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

24
25 By: s/Edward G. Fates

26 EDWARD G. FATES
27 Attorneys for Receiver
28 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
Total Net Sales Proceeds (Plus reduction of loans payable of \$3.188 million for Items 1-3)					13,601,701

Properties Foreclosed/Relief from Injunction Granted:					
	Address	Asset Type or Name	Asset Status & Commentary		Value to be Realized
1	3515 Hancock Street San Diego, CA 92110	Commercial Use - Main Office and Parking Lot	Former HQ office space. Foreclosure was completed in December 2020.		0
2	4437-4445 Lamont Street, San Diego, CA 92109	Commercial Use - Restaurant (4439 is 2-story building used as storage and office for Lamont operations)	Former Patio on Lamont Restaurant; operations closed as a result of COVID. Foreclosure was completed in November 2020.		0
3	369 10th Avenue, San Diego, CA 92101	Real Estate Condo Envelope	Former Himmelberg's restaurant/bar. Foreclosure was completed in December 2020.		0
4	301-317 D Street, Sacramento, CA 95605	Partially constructed 40 unit apartment building.	Partially developed apartment building. Construction ceased just prior to Receiver's appointment. Project secured, insured (insurance transitioning to lender force placed) and weatherized. Project encumbered by a construction loan, mechanic's liens and a stop notice, all of which must be addressed. After significant effort to effectuate a deal, Receiver has agreed to limited relief to allow the lienholders to exercise their limited rights/remedies.		0
Other Investments/Loans - Recovery to Date:					
1	Tourmaline Equity, LLC		\$300K Investment in real estate development in Bentonville, Arkansas.		347,040
2	Dan Champion		\$275K Loan on single family residence with estimated value of \$686,020 based on online market data only. Additional \$79,338 payment made with no value received in return. To prevent legal costs associated with fraudulent transfer claim, Receiver negotiated settlement of \$330K (93% recovery on payments); the Court approved this transaction and it funded on May 12, 2020.		330,000
3	Pullman Lofts I		Investment in membership interest which was intended to develop a 72 unit apartment complex in Santa Rosa. Invested \$758,273 per company records. Negotiated buyout of nearly \$471K. Transaction closed in third quarter.		470,888
4	JB Resources		Funds advanced pre-Receiver with no value received. Buyout of Pullman Lofts I includes assignment of the rights to collect on this transfer. Transaction closed in third quarter.		25,000
5	Endeavor Bank (CBB Venture Group)		CD, MM Recovered December 2020		234,669
6	Endeavor Bank		Gina Champion Cain's shares sold		271,963
Total Other Investments/Loans - Recovery To Date					1,679,560

Other Investments/Loans - General Information and Status:					
	Address/Name	Asset Type or Name	Asset Status & Commentary	Total Invested or Loaned	Current Estimated Recovery
1	3241 Borrego Road Borrego Springs, CA 92004	La Casa Del Zorro	An interest in a hotel. Recently ownership has installed solar panels to reduce costs significantly and has hired a third-party 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	Purported investment through private placement offering - membership interest owned (6.3025%). Previously reported as a \$750,000 investment, Receiver is attempting to resolve this as part of the claim from the underlying interest holders.	0	0
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 and personal guarantee from borrower. Negotiating with same to place a lien on their personal home to resolve the debt. Home was previously listed and borrower intends to relist the home in the Spring of 2023.	200,000	unknown
8	Boermeester	Loan Receivable	Borrower deceased but following up with estate.	60,000	unknown
9	Employee Loan	Loan Receivable		123,000	unknown
10	nGAP	Loan Receivable		5,000	unknown
11	BSV Group, LLC	Membership Interest	Membership interest in member LLC. 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	0
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
				2,013,919	
Liquor License Closed Transactions:					
	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)		Net Sales Proceeds
1	4020 Goldfinch St.	On-Sale General Eating Place	Sale to landlord approved by the Court on January 24, 2020. Sale closed August 2020.		142,990
2	3768 Mission Blvd.	On-Sale General Eating Place	Included with sale of real property. Sale closed August 2020.		79,398
3	345 S. Coast Highway 101	On-Sale General Eating Place	Sale to landlord approved by the Court on January 24, 2020. Sale closed June 2020; funds received in Q320.		117,145
4	Petaluma	On-Sale General Eating Place.	Included with sale of real property. Sale closed August 2020.		150,000
5	8381 La Mesa Blvd.	On-Sale General Eating Place	Included in the sale of the real property. Sale closed November 2020.		49,193
6	2163 Abbott St.	On-Sale Beer & Wine - Eating Place	Included in the sale of the leasehold interest. Sale closed February 2021		0
7	2163 Abbott St.	Caterer	Included in the sale of the leasehold interest. Sale closed February 2021		0
8	3770 Mission Blvd.	On-Sale General Eating Place	Included in the sale of the leasehold interest. Sale closed May 2021		0
9	369 10th Ave.	On-Sale General Eating Place	Sold in July 2021		52,343
10	2855 Perry Rd.	On-Sale General Eating Place	Sold in August 2021		52,500
11	4445 Lamont St.	On-Sale General Eating Place	Sold in December 2021		156,114
Total Liquor License Closed Transactions Net Sales Proceeds					799,683
Other Liquor License Status:					
	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)		Estimated Market Value
9	4535 Towne Centre Ct.	On-Sale Beer & Wine - Eating Place	To be transferred to new operator or building owner, who previously paid for same.		0
10	8910 University Center Ln.	On-Sale Beer & Wine - Eating Place	To be transferred to new operator or building owner, who previously paid for same.		0
11	400 Spectrum Center Dr.	On-Sale Beer & Wine - Eating Place	Transferred to new operator or building owner, who previously paid for same.		0

12	17877 Von Karman Ave.	On-Sale General Eating Place	Transferred to new operator or building owner, who previously paid for same.		0
11	928 Fort Stockton Dr.	Off-Sale Beer & Wine	Deemed no value.		0
Total Estimated Market Value					0

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

SUMMARY OF EXHIBIT A

Real Property	Total Net Proceeds from Sale of Real Property	13,601,701
Other Investments/Loans	Total Recovery To Date	1,679,560
Liquor Licenses	Total Liquor License Transactions Closings Net Sales Proceeds To Date	799,683
	Total Recovery To Date	16,080,944
Real Property	Total Est Net Sales Proceeds for Properties Pending Sale Closings	0
	Total Estimated Net Sales Proceeds for Transactions Pending Completion	0
Real Property	Total Estimated Market Value/Contract Sale Price of Unsold Real Property	0
Other Investments/Loans	Total Other Investments/Loans Unresolved	0
Other Liquor Licenses	Total Estimated Market Value	0
	Total Recovery Pending Resolution or Sale	0
	Grand Total (SEE NOTE BELOW)	16,080,944

NOTE: The numbers reflected are as noted and are being provided as a courtesy for the reader's reference purposes only. All, except one, of the real properties 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

Beginning Balance at 09/03/2019 (accounts listed in Appointment Order)	\$368,614
Additional Bank Account Recoveries post-takeover	\$1,447,947
Line of Credit Withdrawal – 9/3 pre-Receiver	\$80,000
Chicago Title Funds Received November 19, 2019	\$11,311,344
Rancho Mirage Property Recovery	\$1,271,093
Thomas Avenue Property Recovery	\$224,740
Carmel Property Recovery	\$534,153
Zanzibar Property Recovery	\$258,776
Former Swell Property Recovery [1]	\$129,306
Saska's and Parking Lot Recoveries	\$1,099,272
Bao Recovery	\$19,592
Ingraham Property Recovery	\$400,618
3415 Mission Property Recovery	\$273,811
Tennyson Property Recovery	\$271,948
7569-7571 University Property Recovery	\$261,418
Bella Pacific Property Recovery	\$41,161
809 San Rafael Property Recovery	\$252,962
Former Patio 101 Liquor License, Personal Property Recovery	\$117,145
Former Chicken Pharm Liquor License Recovery	\$150,000
Former Goldfinch Liquor License, Personal Property Recovery	\$142,990
Windemere Property Recovery	\$1,349,216
8381 La Mesa Blvd (SRLM) Property Recovery	\$75,558
University Condo #9 Property Recovery	\$25,450
Randolph Property Recovery	\$467,303
W. Washington Property Recovery	\$367,551
812 San Rafael Property Recovery	\$1,552,795
Valle Vista Property Recovery	\$106,736
Camino Degrazia Property Recovery	\$41,323
Yarmouth Property Recovery	\$1,292,325
3792 Mission Blvd Property Recovery	\$364,014
3816 Mission Blvd Property Recovery	\$931,925
Bandini Property Recovery	\$1,300,000
140 Keller Street Property Recovery	\$1,274,945
Former Mission Beach Surf Rider Recovery	\$381,618
Former Ocean Beach Surf Rider Recovery	\$50,504
Diamond Street Property Recovery (Forfeited Earnest Money plus Net Sale Proceeds)	\$410,178
Former Himmelberg's Liquor License Recovery	\$52,343
Former Fireside Liquor License Recovery	\$52,500
Former Patio on Lamont Liquor License Recovery	\$156,114
Endeavor CD Recovery	\$234,669
Endeavor Bank Share Sale Recovery	\$271,963
Legal Retainer Recovery	\$183,204
Tourmaline Investment Recovery	\$347,040
City National Bank CD Recovery	\$76,296
D. Champion Settlement Recovery	\$330,000
Pullman Lofts Earnest Money Deposit Recovery	\$495,888
Personal Property Recovery	\$377,362
Adams Settlement Recovery	\$703,201

Clawback Recovery	\$7,853,010
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	\$185,580
D Street Escrow Recovery	\$19,746
Pre-Receiver Expenses (detail in Initial Verified Report)	(\$87,930)
Tax Settlement - Pre-Receiver (paid post)	(\$13,054)
Restaurant Expenses:	
Payroll and Payroll Related Expense	(\$2,217,260)
Operating Expenses	(\$1,243,840)
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)
Real Property Related Expenses:	
Debt Service	(\$1,678,780)
Property Tax Expense	(\$419,956)
Operating Expenses	(\$316,044)
Keller Street Co-Work Expenses:	
Payroll and Payroll Related Expense	(\$127,597)
Operating Expense	(\$162,549)
Retail Expenses:	
Payroll and Payroll Related Expense	(\$18,087)
Operating Expense	(\$20,837)
Cost of Goods Sold	(\$1,463)
General & Administrative Expense	(\$2,175)
Corporate Expenses:	
Payroll and Payroll Related Expense (includes real property related operations)	(\$1,983,808)
Payroll - PTO	(\$217,426)
Insurance (includes real property and operations coverages)	(\$385,146)
General & Administrative Expenses	(\$847,167)
IT Expense	(\$316,372)
Rent Expense	(\$104,567)
Operating Expenses	(\$90,443)
Franchise Tax Board Expenses (approximately 40 entities)	(\$91,430)
Suntrust Expense	(\$57,405)
Grant Deed Court-Approved Settlement Payment	(\$100,000)
Vacation Rental Court-Approved Settlement Payment	(\$150,000)
Receiver Fees & Expenses [2]	(\$1,999,347)
Receiver Legal Fees & Expenses [3]	(\$2,577,515)
Ending Bank Balance at 09/30/2022	\$29,675,580

[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.