

**SEC v. CHAMPION-CAIN et al., Case No. 19-cv-01628-LAB-AHG**  
**United States District Court, Southern District of California**

To all Investors, Creditors and other Interested Parties,

The Court-appointed receiver, Krista L. Freitag (“Receiver”), hereby provides notice of the following two motions that have been filed with Court.

1. RECEIVER’S MOTION FOR APPROVAL OF SETTLEMENT WITH CHICAGO TITLE COMPANY AND CHICAGO TITLE INSURANCE COMPANY (“**SETTLEMENT APPROVAL MOTION**”)

2. RECEIVER’S MOTION FOR ORDER: (1) APPROVING RECOMMENDED CLAIM AMOUNTS (ALLOWED, DISALLOWED, AND DISPUTED); (2) APPROVING RISING TIDE DISTRIBUTION METHODOLOGY; AND (3) APPROVING PROPOSED DISTRIBUTION PLAN (“**CLAIMS ALLOWANCE AND PLAN MOTION**”)

Electronic copies of these motions and related documents can be viewed and downloaded from the receivership website, [www.anireceivership.com](http://www.anireceivership.com).

**This notice is being provided for your information. If you do not oppose the motions and have not disputed your proposed allowed claim amount (for investors, your MIMO net loss), you do not need to take any action. If you do oppose either or both motions, you will need to file your opposition with the Court no later than July 25, 2022, and mail a copy to the Receiver’s office:**

Krista L. Freitag, Receiver for ANI  
501 W. Broadway, Suite 290  
San Diego, CA 92101

A hearing on the motions has been set by the Court for August 29, 2022 at 11:30 a.m.

**Summary of Settlement Approval Motion**

This motion asks the Court to approve a settlement between the Receiver and Chicago Title Company and Chicago Title Insurance Company (together, “CTC”). Under the proposed settlement, CTC will pay approximately \$24 million to the receivership estate, the majority of which funds (about \$22 million) will then be distributed from the receivership to specific investors with pending lawsuits against CTC, such that they each receive 100% of their net losses from the Ponzi scheme. The remainder of the settlement funds (about \$2 million) will be available for distribution to all holders of allowed claims.

If the settlement is approved and her recommended allowed claim amounts are also approved as part of the Claims Allowance and Plan Motion, the Receiver expects that all claimants with allowed claims will recover at least 90% of their money in-money out (MIMO) net losses, and likely closer to 95%.

The settlement is conditioned on Court approval as well as entry of an order that permanently enjoins or bars all claims against CTC arising from the Ponzi scheme that is the subject of this case. This is known as a “Bar Order.” CTC will also release all claims against the receivership estate, as well as Kim Peterson and his entities.

If the settlement is approved, CTC will have the right to participate in certain distributions from the receivership estate (not including distributions of funds CTC is paying to the receivership estate under the proposed settlement). If her recommended allowed claim amounts are approved, the Receiver estimates CTC will receive between \$2.5 million and \$3.8 million from the receivership estate on account of this “Participation Right.”

The Settlement Agreement is attached to the Declaration of Krista L. Freitag in support of the motion and a further summary of the settlement terms is provided in the memorandum of points and authorities in support of the motion. As noted above, all of these documents are available at the receivership website, [www.anireceivership.com](http://www.anireceivership.com).

CTC / Nossaman Settlement. CTC has entered into a settlement with the law firm Nossaman LLP. Nossaman will pay \$4.75 million to CTC to resolve the claims CTC has asserted against Nossaman arising from the Ponzi scheme and related litigation. The settlement is conditioned on a Bar Order in favor of Nossaman. CTC has asked the Court to approve the Bar Order, and the Receiver supports the request. The CTC / Nossaman settlement also includes a mutual release of claims by and between the receivership estate and Nossaman.

### **Summary of Claims Allowance and Plan Motion**

This motion asks the Court to approve the Receiver’s recommended allowed amounts of all claims against the receivership estate. Lists of the claims and the Receiver’s recommended allowed claim amounts are provided with the Receiver’s declaration in support of the motion.

Note, if you are an investor who submitted a claim to the Receiver’s office, the claim had a unique identifier assigned to it. Investor claims are identified on the exhibits to the Receiver’s declaration by these numbers, so you will need your claim number to locate your claim on the applicable list. If you have questions, please contact [ani@ethreadvisors.com](mailto:ani@ethreadvisors.com).

Although most claim amounts are not disputed, certain claims that have been made against the receivership estate are disputed by the Receiver. The motion asks the Court to resolve these disputes and approve the Receiver’s recommended allowed amounts of disputed claims.

The motion also asks the Court to approve a plan of distributing funds held in the receivership estate to the holders of allowed claims. The Receiver proposes to use the “rising tide” method of distribution, which is described in the motion. The proposed distribution plan, which also provides for a process to interim distribution of receivership funds, is attached to the Receiver’s declaration in support of the motion.

As noted above, the motion documents (for both motions) are available at the receivership website, [www.anireceivership.com](http://www.anireceivership.com). Please review the documents before contacting the Receiver’s office with questions.