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13 UNITED STATES DISTRICT COURT  
14 SOUTHERN DISTRICT OF CALIFORNIA  
15

16 SECURITIES AND EXCHANGE  
COMMISSION,

17 Plaintiff,

18 v.

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

21 Defendants,

22 AMERICAN NATIONAL  
INVESTMENTS, INC.,

23 Relief Defendant.  
24  
25  
26  
27  
28

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

Ctrm: 14A  
Judge Hon. Larry Alan Burns

**NOTICE OF MOTION AND  
MOTION FOR ORDER IN AID OF  
RECEIVERSHIP**

Date: November 18, 2019  
Time: 11:15 a.m.  
Ctrm: 14A  
Judge: Hon. Larry Alan Burns

**TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:**

**NOTICE IS HEREBY GIVEN** that on November 18, 2019, at 11:15 a.m. in Courtroom 14A of the United States District Court, Southern District of California, located at 221 West Broadway, San Diego, California 92101, Krista Freitag ("Receiver"), the Court-appointed permanent receiver for Defendant ANI Development, LLC, Relief Defendant American National Investments, Inc., and their subsidiaries and affiliates ("Receivership Entities"), hereby moves this Court for an Order in Aid of Receivership ("Motion"). The Receiver also provides her initial report, recommendations, and petition for further instructions pursuant to Local Rule 66.1.e. ("Report"), which are included with the concurrently filed Memorandum of Points and Authorities.

The Motion is made on the grounds that in order to discharge her duties as defined by this Court's Order; Granting the Parties' Joint Motion and Stipulated Request by All Parties for a Preliminary Injunction Order and Order (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; and (4) Appointing a Permanent Receiver ("Appointment Order"), the Receiver seeks certain relief regarding the administration of the receivership estate. Specifically, the Receiver requests an order as follows:

- Confirming that notice provided to interested parties via the website established for the receivership and by email satisfies the requirements of Local Rule 66.1.f.;
- Confirming her authority to engage licensed and qualified brokers to list and market receivership estate real properties and restaurants, subject to Court approval of sales and broker commissions via noticed motions;
- Confirming her employment of Allen Matkins Leck Gamble Mallory & Natsis LLP ("Allen Matkins") as the Receiver's legal counsel;

- 1 • Approving her proposal to file interim reports and interim fee
- 2 applications on a quarterly basis; and
- 3 • Approving her preliminary recommendations set forth in Section III.L.
- 4 of the Report.

5 This Motion is based on this Notice of Motion and Motion, the accompanying  
6 Memorandum of Points and Authorities, the documents and pleadings already on  
7 file in this action, and upon such further oral and documentary evidence as may be  
8 presented at the time of hearing.

9 **Procedural Requirements:** If you oppose the Motion, you are required to  
10 file your written opposition with the Office of the Clerk, United States District  
11 Court, Southern District of California, 333 West Broadway, Suite 420, San Diego,  
12 California 92101, and serve the same on the undersigned no later than 14 calendar  
13 days prior to the hearing date. An opposing party's failure to file an opposition to  
14 any motion may be construed as consent to the granting of the motion pursuant to  
15 Civil Local Rule 7.1(f)(3)(c).

16  
17 Dated: October 3, 2019

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14 SOUTHERN DISTRICT OF CALIFORNIA  
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23 Relief Defendant.  
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Case No. 3:19-cv-01628-LAB-AHG

Ctrm: 14A  
Judge Hon. Larry Alan Burns

**MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
MOTION FOR ORDER IN AID OF  
RECEIVERSHIP;**

**RECEIVER'S VERIFIED INITIAL  
REPORT, RECOMMENDATIONS,  
AND PETITION FOR FURTHER  
INSTRUCTIONS PURSUANT TO  
LOCAL RULE 66.1.E.**

Date: November 18, 2019  
Time: 11:15 a.m.  
Ctrm: 14A  
Judge: Hon. Larry Alan Burns

## **TABLE OF CONTENTS**

		<b><u>Page</u></b>
1		
2		
3	I. INTRODUCTION .....	5
4	II. PROCEDURAL HISTORY AND FACTUAL BACKGROUND .....	8
5	A. The Complaint.....	8
6	B. The Appointment Order .....	8
7	C. Ex Parte Application for OSC Against Chicago Title .....	10
8	III. INITIAL REPORT ON RECEIVER'S ACTIVITIES TO	
9	IMPLEMENT APPOINTMENT ORDER.....	11
10	A. Executive Summary .....	12
11	B. Securing and Taking Control of Real Property .....	13
12	C. Restaurant and Retail Operations.....	14
13	D. Funds Recovered to Date .....	16
14	E. Control Over Electronic Data, Computer Hardware and	
15	Software, and Documents .....	16
16	F. Meetings with Employees, Assessing Business Operations.....	17
17	G. Affiliated Entities .....	18
18	H. Loans and Other Investments.....	18
19	I. Receipts and Disbursements .....	19
20	J. Territorial Jurisdiction Over Receivership Assets .....	20
21	K. Investor/Creditor Communications.....	21
22	L. Preliminary Recommendations .....	22
23	1. Document Recovery Efforts .....	22
24	2. Asset Investigation and Recovery Efforts .....	22
25	3. Accounting.....	23
26	4. Restaurant Operations.....	23
27	5. Sale Procedures.....	23
28	6. Continuation of Receivership .....	24
	IV. MOTION FOR ORDER IN AID OF RECEIVERSHIP: RELIEF	
	REQUESTED.....	24

1		<b><u>Page</u></b>
2	V. LEGAL AUTHORITY.....	24
3	A. District Courts Have Broad Equitable Powers to	
4	Administer Receivership Matters .....	24
5	B. Electronic Noticing Procedures Satisfy the Requirements	
6	of Due Process.....	25
7	VI. DISCUSSION.....	26
8	A. Notices via Receivership Website and E-Mail .....	26
9	B. Engagement of Licensed Brokers to List Real Properties .....	27
10	C. Employment of Allen Matkins.....	28
11	D. Interim Reports and Fee Applications .....	30
12	VII. CONCLUSION .....	31

12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
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27  
28

**TABLE OF AUTHORITIES****Page(s)****Cases**

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<i>In re Int'l Telemedia Assocs., Inc.</i> , 245 B.R. 719 (Bankr. N.D. Ga. 2000).....	26
<i>Matthews v. Eldridge</i> , 424 U.S. 319 (1976) .....	25
<i>Mullane v. Cent. Hanover Bank &amp; Trust Co.</i> , 339 U.S. 306 (1950) .....	26
<i>SEC v. Capital Consultants, LLC</i> , 397 F.3d 733 (9th Cir. 2005).....	25
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<i>SEC v. Wencke</i> , 622 F.2d 1363 (9th Cir. 1980).....	24
<i>Yahoo!, Inc. v. Yahooautos.com and 1865 Other Domain Names</i> , 2006 U.S. Dist. LEXIS 54902 (E.D. Va. August 8, 2006) .....	26

**Statutes**

28 U.S.C. § 754.....	20
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**Rules**

S.D. Cal., Local Rule 66.1.e. ....	5, 14, 22, 24, 26, 27, 30
S.D. Cal., Local Rule 66.1.f.....	5, 6, 22, 31

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 this Memorandum of Points and Authorities in Support of her  
 5 Motion for Order in Aid of Receivership ("Motion") and provides her initial report,  
 6 recommendations, and petition for further instructions pursuant to Local  
 7 Rule 66.1.e.

## 8 **I. INTRODUCTION**

9 In accordance with the Appointment Order<sup>1</sup> and the law governing federal  
 10 equity receiverships, the Receiver moved promptly upon her appointment to secure  
 11 and investigate the assets of the Receivership Entities. Based on her investigation to  
 12 date, the Receiver believes the following relief is necessary and appropriate to assist  
 13 in the efficient and cost-effective administration of the receivership estate:

14 **Local Rule 66.1.f.** Local Rule 66.1.f. requires the Receiver to provide  
 15 notices to all interested parties of:

- 16 (a) Petitions for the payment of dividends to creditors;
- 17 (b) Petitions for confirmation of sales of property;
- 18 (c) Reports of the receiver;
- 19 (d) Applications for fees of the receiver or of any attorney, accountant or  
 20 investigator, the notice to state the services performed and the fee requested; and,
- 21 (e) Applications for discharge of the receiver.

22 Local Rule 66.1.f. does not specify the manner in which notices to interested  
 23 parties should be provided. Although the number of investors<sup>2</sup> and other potential  
 24

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25 <sup>1</sup> Defined terms used herein shall have the meaning ascribed to them in the Motion  
 26 filed herewith.

27 <sup>2</sup> The Receiver's references to investors and/or lenders generally is not intended to  
 28 pre-judge the nature of how funds were paid into the receivership estate entities  
 or the nature of the transactions and any associated claims. For clarity in  
 discussion, the Receiver will use the term "investor" collectively throughout this  
 report.



1 creditors is not known at this time, it is clear that there are many interested parties.  
2 Mailing hard copy notices to all such persons and entities of each of the above  
3 filings would likely cost the receivership estate tens of thousands of dollars over the  
4 course of the receivership.

5 Accordingly, the Receiver requests confirmation that providing notices via  
6 the receivership website and email is sufficient under these circumstances. The  
7 Receiver has established a website that is dedicated to this receivership  
8 ([www.anireceivership.com](http://www.anireceivership.com)). She is in the process of mailing and has emailed a  
9 letter to all known investors advising them of her appointment as Receiver and  
10 directing them to the receivership website for additional information and updates  
11 about the case. Investors can subscribe on the website to receive direct email  
12 updates. The Receiver will post all motions, petitions, reports, and applications  
13 provided for under Local Rule 66.1.f. (as well as other Court documents relevant to  
14 investors) on the website so investors can easily access and review them. The  
15 Receiver also plans to add answers to Frequently Asked Questions to the website in  
16 the near future. Finally, investors who prefer to receive hard copies of documents in  
17 the mail can email the Receiver's office at ([ani@ethreadvisors.com](mailto:ani@ethreadvisors.com)) [mailto:](mailto:ani@ethreadvisors.com)and  
18 request hard copies, which will then be mailed to them.

19 Accordingly, the Receiver submits that notice to investors via the website,  
20 including emails to investors who subscribe to receive them, is reasonable and  
21 sufficient to apprise investors of developments in the case and will conserve  
22 receivership estate resources for their benefit.

23 **Engagement of Licensed and Qualified Real Estate Brokers to List Real**  
24 **Properties.** The Receiver requests confirmation of her authority to engage licensed  
25 and qualified real estate brokers to list and market receivership estate real properties.  
26 Many of the real properties included in the receivership estate generate very little  
27 income and have substantial expenses associated with them, including mortgage  
28 payments, property taxes, and insurance premiums. These properties should be

1 listed with licensed brokers and marketed in the short-term. The Receiver will  
2 select brokers with experience and expertise selling properties in the applicable  
3 neighborhoods and asset classes, and will negotiate for reduced commissions. No  
4 actual sales will occur or broker commissions will be paid, however, without further  
5 and express approval from the Court.

6 **Employment of Legal Counsel.** The Appointment Order authorizes the  
7 Receiver to engage counsel. The Receiver is not an attorney and does not have  
8 attorneys on staff at her company, E3 Realty Advisors, Inc. Considering the  
9 complexity and urgency of the numerous legal issues facing the Receivership  
10 Entities, upon her appointment, the Receiver immediately engaged the law firm of  
11 Allen Matkins to serve as her general receivership counsel. Nevertheless, the  
12 Receiver seeks Court confirmation of her engagement of Allen Matkins, which is  
13 very experienced in federal equity receivership matters and well qualified to assist  
14 her with this complex receivership and in other applicable areas of law, as  
15 necessary, including real estate, finance, tax, employment, and litigation matters.

16 **Interim Reports and Fee Applications.** The Receiver submits that filing  
17 interim reports and fee applications on a quarterly basis strikes the appropriate  
18 balance between (a) keeping the Court and interested parties regularly informed of  
19 her activities and (b) conserving receivership estate resources. Accordingly, the  
20 Receiver recommends that interim reports and fee applications be filed on a  
21 quarterly basis. Interim reports and fee applications of the Receiver and Allen  
22 Matkins would therefore be filed approximately 30 days following the conclusion of  
23 each calendar quarter, commencing with the fourth quarter of 2019 (which will  
24 include the partial month of September 2019). The Receiver, however, intends to  
25 provide investors and others who subscribe to the receivership website with monthly  
26 email updates on her activities in between her quarterly report filings.

27

28

## II. PROCEDURAL HISTORY AND FACTUAL BACKGROUND

### A. The Complaint

The Commission filed its Complaint on August 28, 2019. Dkt. 1. The Complaint alleges Defendants Gina Champion-Cain and ANI Development, LLC perpetrated a large-scale fraud, raising over \$300 million from investors since 2012, and over \$100 million in the past year, for purported short-term, high-interest loans to parties seeking to acquire liquor licenses. The Commission alleges the purported loans were a sham and the Defendants were using monies raised from investors to support the business operations of Defendants' affiliated entities and to make sham interest payments to earlier investors.

Defendants agreed to the appointment of a permanent receiver by way of a Joint Motion and Stipulated Request filed concurrently with the Complaint. Dkt. 2. On September 3, 2019, the Court (the Hon. Marilyn Huff) granted the Joint Motion and entered the Appointment Order. Dkt. 6.

### B. The Appointment Order

The Appointment Order confers broad duties and responsibilities on the Receiver, which are summarized as follows:

- A. to have access to and to collect and take custody, control, possession, and charge of all funds, assets" and other property of the Receivership Entities, "with full power to sue, foreclose, marshal, collect, receive, and take into possession all such Assets . . . ;"
- B. "to assume full control of [the Receivership Entities] by removing . . . any director, officer, . . . or agent of any of [the Receivership Entities], including any named Defendant, from control of, management of, or participation in, the affairs of [the Receivership Entities];"
- C. "to have control of, and to be added as the sole authorized signatory for, all accounts of the entities in receivership, including all accounts at any

1 bank, title company, escrow agent, financial institution or brokerage firm  
2 which has possession, custody or control of any Assets . . . ;"

3 D. "to conduct such investigation and discovery as may be necessary to  
4 locate and account for all of the assets" and other property of or managed  
5 by the Receivership Entities "and to engage and employ attorneys,  
6 accountants and other persons to assist in such investigation and  
7 discovery;"

8 E. "to take such action as is necessary and appropriate to preserve and take  
9 control of and to prevent the dissipation, concealment, or disposition of  
10 any Assets;"

11 F. "to choose, engage, and employ attorneys, accountants, appraisers, and  
12 other independent contractors and technical specialists, as the receiver  
13 deems advisable or necessary in the performance of duties and  
14 responsibilities under the authority granted by this Order;"

15 G. "to make an accounting, as soon as practicable, to this Court and the SEC  
16 of the assets and financial condition of [the Receivership Entities], and to  
17 file the accounting with the Court and deliver copies thereof to all  
18 parties;"

19 H. "to make such payments and disbursements from the Assets taken into  
20 custody, control, and possession or thereafter received by him or her, and  
21 to incur, or authorize the making of, such agreements as may be  
22 necessary and advisable in discharging her duties as permanent receiver;"

23 I. "to investigate and, where appropriate, to institute, pursue, and prosecute  
24 all claims and causes of action of whatever kind and nature that may now  
25 or hereafter exist as a result of the activities of present or past employees  
26 or agents of [the Receivership Entities];"

27  
28

J. "to institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal, or foreign courts . . . ;" and

K. "to have access to and monitor all mail, electronic mail, and video phone of the entities in receivership . . . ."

Dkt. No. 145, Section III.

The Appointment Order, among other things, also includes provisions (a) requiring the Receivership Entities to give access and control of all property of or managed by the Receivership Entities to the Receiver, (b) prohibiting officers, employees, and other agents from taking any action on behalf of the Receivership Entities, (c) restraining and enjoining legal actions against the Receivership Entities and interference with the Receiver's performance of her duties, (d) ordering Defendants and their agents to cooperate with and assist the Receiver and prohibiting them from taking any actions to obstruct or interfere with the Receiver or her professionals, and (e) requiring the fees and costs of the Receiver and her professionals be paid by the Receivership Entities. *Id.* at Sections XI-XV.

**C. Ex Parte Application for OSC Against Chicago Title**

During the first week of the receivership, the Receiver's counsel contacted Chicago Title to secure turnover of the funds contained in Receivership Entity accounts at Chicago Title. Chicago Title, through its counsel, refused to turn over the funds, which totaled over \$11 million. The Receiver, through counsel, met and conferred with Chicago Title on the issue, but Chicago Title still refused to comply unless the stay of legal proceedings against the Receivership Entities contained in the Appointment Order was extended to cover financial institutions, including Chicago Title. The Receiver and the Commission explained to Chicago Title that there was no basis to stay non-party investors from suing Chicago Title because Chicago Title is not in receivership. Chicago Title still refused to comply with the turnover and cooperation requirements of the Appointment Order.

1 On September 13, 2019, the Receiver filed an Ex Parte Application for Order  
 2 to Show Cause Why Chicago Title Should Not Be Held in Civil Contempt ("Ex  
 3 Parte Application"). Dkt. 15. After the Hon. Marilyn Huff recused herself from the  
 4 case and the case was reassigned to this Court, the Court referred the Ex Parte  
 5 Application to the Magistrate Judge assigned to the case, the Hon. Allison Goddard,  
 6 for a report and recommendation. Dkt. 19, 26. Judge Goddard received briefing  
 7 and held a hearing on September 25, 2019. Dkt. 31, 34, 35, 40, 41, 45, 46, 50, 55.  
 8 On September 26, 2019, Judge Goddard issued her report and recommendation,  
 9 recommending that the Court grant the Ex Parte Application and issue sanctions  
 10 against Chicago Title for its failure to comply with the Appointment Order. Dkt. 54.  
 11 Objections to the report and recommendation are due on October 3, 2019 and replies  
 12 thereto are due October 10, 2019. *Id.*

13 **III. INITIAL REPORT ON RECEIVER'S ACTIVITIES TO IMPLEMENT**  
 14 **APPOINTMENT ORDER**

15 Due to the large number of entities in receivership (approximately 70), the  
 16 number of operating businesses and business interests involved (over 60 real  
 17 properties and operating businesses at the time of the Receiver's appointment), the  
 18 vast amount of electronic data and information gathered to date, the short amount of  
 19 time between appointment and receipt of the information and the date of this report,  
 20 the complexity of the matters analyzed, the number of bank accounts used (over 50),  
 21 and the need for significant additional information, this report is preliminary. Its  
 22 contents may need to be materially modified after further investigation and  
 23 consideration. Nothing herein shall be construed as an offer or admission, but  
 24 simply reflects the Receiver's compilation of data received as of the date of the  
 25 report. As discussed below, although the Receiver and her professionals have made  
 26 significant progress in a very short period of time, a great deal of work remains to be  
 27 done. In Section III.L. below, the Receiver has set out her preliminary  
 28 recommendations for proceeding if the receivership is to continue.

1           **A. Executive Summary**

2           This receivership involves a complex and wide-ranging group of enterprises  
3 and assets which appear to have been funded, at least partially, with monies raised in  
4 connection with the fundraising scheme described in the action filed by the  
5 Securities and Exchange Commission (the "Commission"). The Receiver has taken  
6 control of bank accounts identified in the Appointment Order as well as additional  
7 accounts identified through an investigation of documents and information found in  
8 the Receivership Entities' books and records. Based on the Receiver's investigation  
9 of documents, computer records, and interviews with Gina Champion-Cain and  
10 others, the Receiver was able to identify and take control of approximately  
11 \$1.8 million in cash, 33 commercial and residential properties,<sup>3</sup> 27 restaurant and  
12 retail operations (not including commissary kitchen operations), voluminous  
13 personal property (including restaurant equipment, product inventory, liquor  
14 licenses and trademarks associated with the operations of the enterprise) and various  
15 miscellaneous equity investments made by the Receivership Entities and/or notes  
16 receivable that may be recovered.

17           At this point, the Receiver has not had sufficient time to identify the entire  
18 scope of the receivership enterprise, the identity of all investors, or the specific  
19 amounts they invested or received in returns. It appears from the documents and  
20 records of the Receivership Entities and other sources that some investors may not  
21 have invested or loaned their funds directly with ANI, but instead transferred their  
22 funds to one or more intermediaries who aggregated and/or forwarded the funds on  
23 to ANI. It will take time to determine which investors transferred funds directly to  
24 ANI and which did not. Once that task is completed, the Receiver will address  
25 implications or conclusions to be drawn from the accounting and claims analysis.

26  
27  
28 <sup>3</sup> Certain of the commercial and residential properties have rental operations. The  
Receiver is not counting Defendant Champion-Cain's personal residence.



Attached as Exhibit A is a schedule of real estate, investments/loans, and liquor license assets of the Receivership Entities, along with preliminary value estimates for most of the assets. As the schedule reflects, *and without ascribing estimated market or net asset values for eight commercial real properties (four of which include operating businesses)*, there is material net asset value for the estate in the Receivership Entities' assets – the Receiver's preliminary estimate is in the range of approximately \$12 million to \$14 million. What is also clear, however, is that preserving and realizing the value of those assets (as well as the other real property assets, operating businesses, furniture, fixtures, and equipment, trademarks, and other assets) for the benefits of investors and creditors will involve considerable expense in the short-term. If the receivership estate continues to be deprived of cash as a result of the actions of Chicago Title, the Receiver will be forced to cease operations and simply liquidate assets in a matter of weeks. This outcome would dramatically reduce the recoveries from receivership assets and therefore the amounts that would ultimately be available to distribute to investors and creditors.

As discussed in Section III.L. below, the Receiver believes the receivership should continue in order to preserve the assets of the Receivership Entities and return as much as possible to those who were victimized by this alleged scheme.

#### **B. Securing and Taking Control of Real Property**

Immediately upon entry of the Appointment Order, the Receiver began steps to implement the order, including assuming control over all operations controlled by and premises leased or owned by the Receivership Entities, including those provided on **Exhibit A** attached hereto. It is important to note that Exhibit A does not present the dozens of trademarks (both registered and pending) held by the Receivership Entities; the Receiver is in the process of identifying which of such trademarks may have value to the estate. Also, not included in the Exhibit is personal property assets, including furniture, fixtures, and equipment associated with the Receivership Entities' real properties and operations. While the Receiver has been gathering such



1 inventories and information, considering the large number of restaurants, retail  
2 stores and other properties/operations, she has not had sufficient time yet to fully  
3 analyze or vet those inventories for accuracy; the Receiver plans to include this  
4 information in her next report.

5 With regard to each of the real properties, the Receiver has taken physical  
6 control over the real properties, changed the locks (as appropriate) or otherwise  
7 secured or is working to secure the premises. The Receiver has also taken steps to  
8 make sure each of the properties and operations have proper insurance; although  
9 certain of these efforts are ongoing. The portfolio of insurance primarily related to  
10 the vast majority of the operations and associated real estate expired approximately  
11 one week after the Receiver's appointment. Under the circumstances, it was and  
12 continues to be challenging to obtain cost effective coverages for certain aspects of  
13 the portfolio. The Receiver is working closely with the Receivership Entities'  
14 insurance broker to obtain the best and most cost-effective coverage possible.

15 Finally, with respect to the requirement in Local Rule 66.1.e. that "appraised  
16 values" be included with the Receiver's initial inventory of assets, considering the  
17 large number of real properties and extensive amount of personal property assets  
18 (including FF&E, investments, loans, trademarks, etc.), to obtain appraisals of all  
19 assets would involve an enormous amount of time and expense for the receivership  
20 estate. The Receiver submits that such a large expenditure of time and resources is  
21 not warranted. The Receiver believes the better course of action is to obtain  
22 appraisals on a case-by-case basis, depending on the asset, and as appropriate for  
23 determining the best course of action to maximize each asset's value.

24 **C. Restaurant and Retail Operations**

25 The Receivership Entities generally do not have business plans, budgets or  
26 industry standard financials from which to work. This problem, along with the  
27 acute shortage of cash, caused in part by Chicago Title's refusal to turn over the  
28

1 more than \$11 million in Receivership Entity accounts,<sup>4</sup> and based upon historical  
 2 financial information (of which the Receiver did not have time to audit the  
 3 integrity), forced the Receiver to delay payments and make quick decisions  
 4 regarding the closure of certain restaurants. These decisions were made based on  
 5 the need to promptly cut expenses rather than on a reasoned evaluation of the  
 6 businesses and their potential value. Such actions are reflected on Exhibit A. Over  
 7 the past several weeks, the Receiver has closed five retail locations and nine food  
 8 and beverage establishments. The amount of work necessary to complete this  
 9 process, while preserving the value of the associated assets, has been substantial.

10        Given the significant media coverage of this case, including of the closure of  
 11 restaurants, to ensure improvement of and stability of operations, as well as to  
 12 improve stability for personnel associated therewith, the Receiver interviewed two  
 13 prospective restaurant consultants/operators and elected to have Cohn Restaurant  
 14 Group ("CRG") provide operational assistance and guidance for the four restaurants  
 15 that are continuing to operate – The Patio on Lamont, Surf Rider Pizza in Ocean  
 16 Beach and La Mesa, and Saska's Steakhouse. After consulting with restaurant  
 17 operators, and based on the *significant* amount of interest shown by prospective  
 18 buyers in these very early stages, the Receiver believes the performance and  
 19 operations of these restaurants can be improved such that they will have value to  
 20 prospective buyers. In addition, three of these restaurants operate at properties  
 21 owned by the Receivership Entities, and therefore no rent is owed to a third party.

22        The Patio Marketplace, LP, a receivership entity, had several contracts, some  
 23 with a material amount of accounts receivable and duties associated with other  
 24 operating businesses. The Receiver has worked diligently and efficiently to attempt  
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27 <sup>4</sup> Although the Receiver's accounting of the financial affairs of the Receivership  
 28 Entities is in its early stages, she has already determined that Defendants were  
 withdrawing substantial amounts from accounts at Chicago Title and using those  
 funds to support the Receivership Entities' operations.

1 to collect the receivables and to transition out of these contracts; some of which are  
2 still pending resolution.

3 **D. Funds Recovered to Date**

4 As noted above, the Receiver has taken control over numerous bank accounts  
5 and funds held in the name of or controlled by the Receivership Entities. **Exhibit B**  
6 hereto is a chart reflecting all accounts identified in the Appointment Order (other  
7 than personal accounts of Champion-Cain and the accounts withheld by Chicago  
8 Title) and accounts the Receiver recovered after takeover, including the balance in  
9 each account at the time of the Receiver's appointment.

10 To date, the Receiver has taken possession of approximately \$1.8 million  
11 associated with the Receivership Entities. The Receiver will continue to investigate  
12 and trace funds with regard to various transfers that occurred prior to entry of the  
13 Appointment Order.

14 **E. Control Over Electronic Data, Computer Hardware and Software,**  
15 **and Documents**

16 Immediately upon her appointment, in addition to taking control of the  
17 subject premises, the Receiver retained the services of SETEC Investigations to  
18 image all of the servers, cloud documents and computers located at the office  
19 premises. Additionally, a member of the Receiver's staff sat with the head of the in-  
20 house IT department to review all internet and cloud services to gain administrative  
21 access to those systems as well as to determine if any ongoing projects would need  
22 special attention.

23 As the company largely uses modern cloud services to run most  
24 administrative systems (*i.e.* Google business email and cloud document sharing),  
25 this work involved downloading the entire catalog of the Receivership entities' cloud  
26 repository, imaging the local network for those data files that were not in the cloud  
27 (*e.g.* Quickbooks enterprise data files and security systems data files) and imaging  
28 the hard drives from every non-cloud based computer to preserve all e-mails,

1 documents, and accounting information maintained on those devices/services. In  
2 addition to these devices, the Receiver found various "thumb drives" and other  
3 external electronic storage devices which were also imaged in order to preserve the  
4 data contained thereon.

5 As part of her effort to preserve the electronic and hard copy documents  
6 associated with the Receivership Entities, the Receiver, sometimes through counsel,  
7 has also been serving attorneys, accountants, vendors, and other third parties with  
8 copies of the Appointment Order and making demand that each of these parties  
9 preserve all electronic and other documents in their possession, custody or control as  
10 provided for in the Appointment Order.

11 The computer imaging work was completed and the Receiver will be able to  
12 use the electronic data to both identify and address the assets, the inter-relationship  
13 among Receivership Entities, and to prepare the accounting provided for in the  
14 Appointment Order.

15 **F. Meetings with Employees, Assessing Business Operations**

16 While taking control over the above-described premises, the Receiver met  
17 with numerous key employees. The Receiver also met with Gina Champion-Cain  
18 and her counsel to review the company's operations as well as to identify and  
19 address the assets of the Receivership Entities. This meeting lasted several hours,  
20 during which the Receiver primarily focused on identifying assets of the  
21 Receivership Entities that needed to be secured, as well as gaining understanding of  
22 any encumbrance and past or present operations that were being conducted by  
23 Receivership Entities.

24 When the Receiver was appointed, there were over 350 employees  
25 (approximately 70 of which were corporate-level employees) and the companies' bi-  
26 weekly payroll was approximately \$550,000 (not including PTO or benefits). In the  
27 face of limited funds and past due and ongoing expenses, the Receiver took prompt  
28 steps to reduce staff within the first few days of the receivership, and has continued

1 to assess and reduce staff, as necessary, over the last several weeks. With the next  
 2 payroll period beginning on October 7, 2019, the Receiver estimates the bi-weekly  
 3 payroll will be approximately \$200,000, not including benefits (an approximately  
 4 65% reduction). The Receiver has also outsourced accounting and payroll functions  
 5 to Flores Financial Group to ensure a clean slate is created for the four restaurants  
 6 which continue to operate. The Receiver will continue to reduce staff as necessary  
 7 and appropriate to preserve and maximize the value of receivership assets.

#### 8 **G. Affiliated Entities**

9 It appears that Champion-Cain was associated with a large number of  
 10 companies in the United States, and the Receiver is continuing to investigate and  
 11 locate companies affiliated with Champion-Cain and/or the Receivership Entities.  
 12 Through her investigation and review of records, the Receiver has identified several  
 13 entities, which appear to be affiliated with Champion-Cain and/or the Receivership  
 14 Entities in addition to those included on the Appointment Order. Attached as  
 15 **Exhibit C** is a list of the entities identified as subsidiaries or affiliates thus far. The  
 16 Receiver continues to investigate the ties and relationships between these entities  
 17 and the Defendants and secure their assets.

#### 18 **H. Loans and Other Investments**

19 Through her investigation, meetings, and document review, the Receiver has  
 20 identified a number of loans and investments made by Champion-Cain and the  
 21 Receivership Entities, as well as associated business interests and assets. Based  
 22 upon interviews with Champion-Cain and records reviewed by the Receiver, it  
 23 appears that millions of dollars were spent in connection with investments in various  
 24 enterprises and loans to third parties. The Receiver and her counsel will continue to  
 25 investigate and secure all assets and business interests of the Receivership Entities.

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**I. Receipts and Disbursements**

Exhibit B hereto reflects the cash activity in the receivership estate for the period from September 3rd through September 30th. A summary of the receipts and disbursements is as follows:

Bank Balance at 09/03/2019 <sup>5</sup> (accounts listed in Appointment Order)	\$368,614
Additional Bank Account Recoveries post-takeover	\$1,447,947
Total Receipts	\$1,687,491
Total Expenses	(\$1,848,982)
<b>Ending Bank Balance at 09/30/2019</b>	<b>\$1,655,070</b>

It is important to note that at the time of the Receiver's appointment, the receivership estate was facing (a) over \$1.1 million of monthly payroll (with nearly two weeks of payroll having accrued prior to the Receiver's appointment and the last payroll (manual checks) having gone out only days before the Receiver's appointment), (b) nearly \$250,000 of monthly debt service, (c) imminent portfolio insurance expiration/renewal, and (d) past due vendor payments. In light of this acute cash shortage, and considering the uncertain timing of receipt of funds withheld by Chicago Title, the Receiver has worked diligently to conserve cash to the maximum extent possible so as to preserve and protect the value of receivership assets. As noted above, among other things, as of October 7, 2019, the Receiver will have already reduced payroll for the Receivership Entities by approximately 65%.

<sup>5</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 It should be noted that, although the cash balance in the receivership estate  
 2 has not yet dropped dramatically, substantial payments have been and must be made  
 3 in the near term, and such payments do not include debt service payments to lenders  
 4 for the months of September or October. In addition, with the exception of the one  
 5 leased property with a restaurant that is still operating (Surf Rider Pizza – Ocean  
 6 Beach), the Receiver has not paid any amounts to landlords (note, a few payments to  
 7 landlords and lenders cleared the Receivership Entities' accounts on September 3,  
 8 2019).<sup>6</sup> Another significant expense that has been deferred due to the acute cash  
 9 shortage is PTO owed to certain employees who have been terminated. In  
 10 summary, the receivership cash balance of \$1.65 million as of September 30, 2019  
 11 is not sufficient to support an estate of this size until such time as receivership assets  
 12 can be properly evaluated, marketed and sold.

#### 13 **J. Territorial Jurisdiction Over Receivership Assets**

14 By filing the Complaint and the Appointment Order with other federal district  
 15 courts in the United States, the territorial jurisdiction of this Court over receivership  
 16 assets is extended to such districts. 28 U.S.C. § 754, *see also Haile v. Henderson*  
 17 *Nat'l Bank*, 657 Fed. 2d 816, 822 (6th Cir. 1981). Based on information obtained to  
 18 date regarding assets owned by Receivership Entities or in which they may have a  
 19 security interest and in conformity with Section 754 and the federal law, the  
 20 Receiver has filed the Complaint and the Appointment Order in the United States  
 21 District Courts for the Central, Northern, and Eastern Districts of California, as well  
 22 as the District of Arizona. The Receiver has also caused the Appointment Order to  
 23 be recorded in the property records for each county in which the Receivership  
 24 Entities are believed to own real property or have an interest in real property. As  
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 26

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27 <sup>6</sup> The Receiver and her counsel have been conferring with lenders and landlords on  
 28 a regular basis to keep them apprised of the situation, as much as possible, and to  
 attempt to avoid costly legal disputes.



1 additional information becomes available, the Receiver will file and record the  
2 Complaint and the Appointment Order in additional districts and counties.

3 **K. Investor/Creditor Communications**

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

14 Based on the Receiver's investigation to date, it appears that Champion-Cain  
15 and the Receivership Entities did not maintain a comprehensive database of investor  
16 information. The Receiver has worked diligently to gather investor contact  
17 information from various sources, including information gathered by the  
18 Commission, investors who have contacted the Receiver or her counsel,  
19 documentation located at the Receivership Entities' offices, and attorneys  
20 representing individual investors or investor groups. On October 2, 2019, a letter to  
21 investors and creditors, a copy of which is attached hereto as **Exhibit D**, was e-  
22 mailed to all known investor e-mail addresses, as well as to all attorneys who are  
23 known to be representing investors. The letter is also in the process of being mailed  
24 to all known investor physical addresses.

25 The letter directs all investors and creditors to the receivership website for  
26 further notices, information, and updates, and notifies them of the opportunity to  
27 subscribe to the receive automatic monthly e-mail updates with links to reports and  
28 other relevant documents filed with the Court. This ties in with the relief sought



1 herein to provide notices to interested parties, as required by Local Rule 66.1.f., via  
2 the receivership website and e-mail.

3 Finally, with regard to the requirement in Local Rule 66.1.e. that the Receiver  
4 provide "a list of all creditors, their addresses and the amounts of their claims" the  
5 books and records of the Receivership Entities do not contain such a list. There is  
6 some information in company Quickbooks files on accounts payable, but the  
7 information is incomplete and there has not been sufficient time to perform an  
8 accounting or analyze data on payables for accuracy. The Receiver plans to analyze  
9 information on amounts owed to creditors in connection with her forensic  
10 accounting and include the same in her accounting report.

#### 11 **L. Preliminary Recommendations**

12 The Receiver's efforts to marshal and recover assets and relevant  
13 Receivership Entity documents and records are ongoing. In the near term, the  
14 Receiver and her professionals make the following recommendations with regard to  
15 their efforts to better understand and document the financial activities of the  
16 Receivership Entities.

##### 17 **1. Document Recovery Efforts**

18 The Receiver will continue to obtain records from all financial institutions  
19 where the Receivership Entities maintained accounts as well as from attorneys and  
20 accountants engaged by the Receivership Entities. The Receiver has served  
21 subpoenas on certain institutions, individuals, and entities and proposes to proceed  
22 with these efforts to obtain documents, assets, and information. It may also be  
23 necessary to take the depositions of certain individuals to obtain a complete picture  
24 of the enterprise.

##### 25 **2. Asset Investigation and Recovery Efforts**

26 The Receiver will seek to locate any presently unaccounted for receivership  
27 assets that may exist. As noted above, it is believed that certain assets may be  
28 located once the Receiver has had an opportunity to analyze the Receivership

1 Entities' electronic records and perform her accounting. The Receiver also  
2 recommends exploring whether there are third parties who aided Champion-Cain in  
3 connection with this enterprise. As part of her investigation, the Receiver will  
4 evaluate whether such third parties should be liable for damages caused to the  
5 Receivership Entities and their investors. The Receiver will seek Court approval  
6 before pursuing any such claims.

7                   3.     Accounting

8           Once the Receiver has obtained bank records and records held by third  
9 parties, the Receiver will complete her accounting to establish, among other things,  
10 where the funds obtained by the Receivership Entities came from and where they  
11 went after they were received by the Receivership Entities. The accounting will also  
12 provide the foundation for the Receiver's review and analysis of investor/lender  
13 claims.

14                   4.     Restaurant Operations

15           As noted above, there are four restaurants owned by the Receivership Entities  
16 that the Receiver is continuing to operate with the assistance of CRG. For the  
17 reasons discussed above, the Receiver proposes to continue to operate these four  
18 restaurants unless and until it is determined that the ongoing costs of operating  
19 outweigh their projected net value to the receivership estate. In doing so, the  
20 Receiver will consider the contracts in place for maintenance and operation and  
21 determine what, if any, changes may be appropriate to maximize the value of the  
22 restaurants.

23                   5.     Sale Procedures

24           In the near future, the Receiver plans to seek authority to engage a licensed  
25 auctioneer to market and sell furniture, fixtures and equipment, as well as a licensed  
26 liquor license broker to market and sell liquor licenses associated with restaurants  
27 that have been closed. The Receiver also plans to seek Court approval of  
28 procedures for sales of real property.

6. Continuation of Receivership

Based on the Receiver's preliminary investigation and findings, including that there is material net asset value in the Receivership Entities' assets that should be preserved and realized for benefit of investors and creditors, the Receiver recommends and requests that the Court order that the receivership continue pursuant to the Appointment Order and supplemental orders issued by the Court.

**IV. MOTION FOR ORDER IN AID OF RECEIVERSHIP:**

**RELIEF REQUESTED**

The Receiver seeks an order that will aid and assist in the efficient administration of the receivership estate as follows: (a) confirming that providing notices via the receivership website and email to investors and creditors is sufficient under Local Rule 66.1.e.; (b) authorizing the engagement of licensed real estate brokers to list real properties; (c) approving the employment of Allen Matkins as the Receiver's general receivership counsel; and (d) approving the schedule for filing interim reports and interim fee applications. The Receiver submits that such relief will assist in the efficient and effective administration of the receivership, thereby conserving resources for the benefit of investors and creditors.

**V. LEGAL AUTHORITY**

**A. District Courts Have Broad Equitable Powers to Administer Receivership Matters**

"The power of a district court to impose a receivership or grant other forms of ancillary relief does not in the first instance depend on a statutory grant of power from the securities laws. Rather, the authority derives from the inherent power of a court of equity to fashion effective relief." *SEC v. Wencke*, 622 F.2d 1363, 1369 (9th Cir. 1980). The "primary purpose of equity receiverships is to promote orderly and efficient administration of the estate by the district court for the benefit of creditors." *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir 1986). As the appointment of a receiver is authorized by the broad equitable powers of the court, any

1 distribution of assets must also be done equitably and fairly. See *SEC v. Elliot*,  
 2 953 F.2d 1560, 1569 (11th Cir. 1992).

3 District courts have the broad power of a court of equity to determine the  
 4 appropriate action in the administration and supervision of an equity receivership.  
 5 See *SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). The Ninth  
 6 Circuit explained:

7 A district court's power to supervise an equity receivership  
 8 and to determine the appropriate action to be taken in the  
 9 administration of the receivership is extremely broad. The  
 10 district court has broad powers and wide discretion to  
 11 determine the appropriate relief in an equity receivership.  
 12 The basis for this broad deference to the district court's  
 supervisory role in equity receiverships arises out of the  
 fact that most receiverships involve multiple parties and  
 complex transactions. A district court's decision  
 concerning the supervision of an equitable receivership is  
 reviewed for abuse of discretion.

13 *Id.* (citations omitted); see also *CFTC v. Topworth Int'l, Ltd.*, 205 F.3d 1107, 1115  
 14 (9th Cir. 1999) ("This court affords 'broad deference' to the court's supervisory role,  
 15 and 'we generally uphold reasonable procedures instituted by the district court that  
 16 serve th[e] purpose' of orderly and efficient administration of the receivership for  
 17 the benefit of creditors."). Accordingly, the Court has broad equitable powers and  
 18 discretion in formulating procedures, schedules, and guidelines for administration of  
 19 the receivership estate assets.

20 **B. Electronic Noticing Procedures Satisfy the Requirements**  
 21 **of Due Process**

22 Although investors and creditors of the Receivership Entities are not parties to  
 23 the receivership case, they must be afforded adequate notice. *SEC v. TLC Invs. and*  
 24 *Trade Co.*, 147 F. Supp. 2d 1031, 1034-35 (C.D. Cal. 2001); see also *In re Gen. Am.*  
 25 *Life Ins. Co. Sales Practices Litig.*, 375 F.3d 800, 804 (8th Cir. 2004) (Addressing  
 26 the importance of notice in class actions, which employ a higher standard for the  
 27 adequacy of notice.). Naturally, the requirements of due process vary with the rights  
 28 at issue. *Matthews v. Eldridge*, 424 U.S. 319, 334 (1976) (Due process as a

1 "flexible" standard that "calls for such procedural protections as the particular  
 2 situation demands[.]"). While no specific standards exist regarding providing  
 3 notices to investors and creditors in this context, it is undisputed that adequate notice  
 4 is required. Notice is adequate, and meets due process requirements, where it is  
 5 reasonably calculated to apprise interested parties of the pendency of an action and  
 6 provide them an opportunity, if appropriate, to be heard. *Mullane v. Cent. Hanover*  
 7 *Bank & Trust Co.*, 339 U.S. 306, 413 (1950).

8 Electronic mail notice has been properly permitted where it is reasonably  
 9 calculated to apprise the recipients of the pendency of the action and provide them  
 10 with the opportunity to be heard. *In re Int'l Telemedia Assocs., Inc.*, 245 B.R. 719,  
 11 721 (Bankr. N.D. Ga. 2000) (Approving notice via electronic mail in heightened due  
 12 process context of criminal proceeding.); *Yahoo!, Inc. v. Yahooautos.com and*  
 13 *1865 Other Domain Names*, 2006 U.S. Dist. LEXIS 54902, \*10 (E.D. Va. August 8,  
 14 2006) (Approving notice via electronic mail in context of *in rem* civil action).  
 15 Furthermore, "communication by . . . electronic mail [has] become commonplace in  
 16 our increasingly global society . . . [and] [t]he federal courts are not required to turn  
 17 a blind eye to society's embracement of such technological advances."); *Telemedia*  
 18 *Assocs., Inc.*, 245 B.R. at 721. Accordingly, it is proper for this Court to authorize  
 19 notice via the receivership website and email.

## 20 VI. DISCUSSION

### 21 A. Notices via Receivership Website and E-Mail

22 Local Rule 66.1.e. requires the Receiver to provide notices to all interested  
 23 parties of certain petitions, reports, and applications. Mailing notices to all investors  
 24 and other creditors would cost the receivership estate thousands of dollars over the  
 25 course of the receivership. Accordingly, the Receiver respectfully requests that  
 26 providing notices by the receivership website and email be confirmed as sufficient  
 27 under these circumstances. All investors have been mailed a physical letter advising  
 28 them of the Receiver's appointment, providing contact information for the Receiver's

1 office (including a dedicated email address and telephone line), and directing  
 2 investors to the receivership website for additional information and updates about  
 3 the receivership. All motions, petitions, reports, and applications listed under Local  
 4 Rule 66.1.e., as well as other information relevant to the receivership, will be posted  
 5 to the receivership website when they are filed with the Court. Investors can  
 6 subscribe to receive direct email updates each time a new document is posted to the  
 7 webpage.

8 Electronic service of notice satisfies the requirements of due process and is  
 9 reasonable under these circumstances. Such service by the website and electronic  
 10 mail will allow the Receiver to notify investors promptly and at a fraction of the cost  
 11 of sending notices by traditional mail.

12 **B. Engagement of Licensed Brokers to List Real Properties**

13 As discussed above, Section X.F. of the Appointment Order gives the  
 14 Receiver authority to hire "independent contractors" as she deems advisable or  
 15 necessary in the performance of her duties, and Section X.H. authorizes the  
 16 Receiver to "make such payments and disbursements" and "such agreements" as  
 17 may be necessary and advisable in discharging her duties as permanent receiver.  
 18 Nevertheless, in an abundance of caution and to keep the Court and interested  
 19 parties apprised of her actions, the Receiver requests confirmation of her authority  
 20 to engage licensed real estate brokers to list and market receivership estate real  
 21 properties.

22 Some of the real properties included in the receivership estate generate very  
 23 little income and have substantial expenses associated with them, including  
 24 mortgage payments, property taxes, and insurance premiums. These properties  
 25 should be listed with licensed brokers and marketed in the short-term. The Receiver  
 26 will select brokers with experience and expertise selling the applicable type of  
 27 property (residential v. commercial) in the applicable neighborhoods and will  
 28 negotiate with prospective brokers for reduced commissions. Additionally, when

1 the time comes to list properties with operating restaurants located on them, the  
 2 Receiver will select brokers with experience and expertise in selling restaurants  
 3 operating in the San Diego area. No actual sales will occur or broker commissions  
 4 will be paid without further approval from the Court.

5 **C. Employment of Allen Matkins**

6 As discussed above, Section X.D. of the Appointment Order authorizes,  
 7 empowers, and directs the Receiver "to conduct such investigation and discovery as  
 8 may be necessary to locate and account for all assets of or managed by" the  
 9 Receivership Entities, and "to engage and employ attorneys, accountants, and other  
 10 persons to assist in such investigation and discovery." Similarly, Section X.F.  
 11 authorizes, empowers, and directs the Receiver "to choose, engage, and employ  
 12 attorneys, accountants, appraisers, and other independent contractors and technical  
 13 specialists as the receiver deems advisable or necessary in the performance of  
 14 duties . . ." and Section X.I authorizes, empowers, and directs the Receiver "to  
 15 investigate and, where appropriate, to institute, pursue, and prosecute all claims and  
 16 causes of action" of the Receivership Entities.

17 As discussed above, the Receiver is not an attorney and does not have  
 18 attorneys on staff at her company. Considering the amounts at stake for investors  
 19 and creditors, the large number of entities involved, and the numerous, important  
 20 legal issues facing the Receivership Entities, the Receiver has determined that it is in  
 21 the best interests of the receivership estate to engage experienced, well-qualified  
 22 legal counsel to assist her in, among other things, (a) recovering, preserving,  
 23 managing, and selling receivership assets (as applicable), (b) addressing legal issues  
 24 related to the operation of the Receivership Entities' businesses, (c) providing legal  
 25 advice regarding the investigation of the Receivership Entities' financial activities  
 26 and potential causes of action against third parties, including issuing subpoenas and  
 27 evaluating the strengths and weaknesses of potential claims against third parties,  
 28 (d) pursuing claims and causes of action, including, where appropriate, through



litigation, (e) providing legal advice related to investor and creditor claims against the receivership estate; and (f) formulating and presenting to the Court a plan for administering investor and creditor claims and distributing receivership estate assets.

The Receiver selected Allen Matkins because the firm is well qualified to assist her with this complex receivership given its substantial experience and expertise in federal equity receiverships, real estate, finance, tax, employment and litigation matters. At the Receiver's request, the firm immediately began work on September 3, 2019 and has assisted the Receiver with all receivership estate legal matters since that time.

Allen Matkins has represented federal equity receivers appointed in various complex cases initiated by federal agencies. The experience gained and expertise developed by the firm through its prior representations in federal equity receiverships will benefit the receivership estate and investors by both maximizing the recovery from receivership assets and significantly reducing the number of attorney hours required.

The Receiver has negotiated a 10% discount with regard to Allen Matkins' hourly rates. The hourly rates for the attorneys and paralegal who will be involved on a regular basis are as follows:

<b>Attorney</b>	<b>Position</b>	<b>CA Bar Number</b>	<b>Hourly Billing Rate</b>
David Zaro	Partner	124334	\$787.50
Michael Farrell	Partner	173831	\$715.50
Ted Fates	Partner	227809	\$594.00
Norman Aspis	Associate	313466	\$405.00
John Kaup	Paralegal	N/A	\$292.50

These rates are comparable or less than those charged by attorneys in Southern California with similar levels of skill and experience and are in line with rates approved by courts in the Central District of California and Southern District of California for attorneys representing receivers in complex receiverships.



1 Allen Matkins will staff each task as efficiently as possible, using junior  
 2 attorneys, paralegals, legal secretaries and other support staff as much as possible to  
 3 reduce attorney hours and minimize fees. The Receiver and Allen Matkins will  
 4 weigh the projected costs and likely benefits of all courses of action before  
 5 proceeding, and will keep the Court and the parties informed of their activities (and  
 6 the costs associated therewith) via quarterly reports and interim fee applications. To  
 7 the extent the Receiver believes it is necessary to initiate litigation to recover assets  
 8 or otherwise pursue claims against third parties, she will first file an application  
 9 seeking authority to take such action.

#### 10 **D. Interim Reports and Fee Applications**

11 Local Rule 66.1.e. provides that, in connection with the Receiver's initial  
 12 report, the Court "will fix the time for future reports of the receiver." In addition,  
 13 pursuant to the terms of the Appointment Order, the costs, fees and expenses of the  
 14 Receiver and those of his professionals, including legal counsel, engaged by her to  
 15 assist with the performance and carrying out of her duties, are to be paid by the  
 16 Receivership Entities. These costs, fees and expenses incurred by the Receiver and  
 17 her professionals are to be submitted by application setting forth in reasonable detail  
 18 the nature of the services provided. Dkt. 6, Section XV.

19 The Receiver believes that filing interim reports and interim fee applications  
 20 on a quarterly basis strikes the appropriate balance between keeping the Court and  
 21 interested parties regularly informed of his activities and conserving receivership  
 22 estate resources. Thus, the Receiver recommends that interim reports and fee  
 23 applications covering each calendar quarter be filed shortly after the conclusion of  
 24 the quarter. The Receiver's next interim report, as well as the first interim fee  
 25 applications of the Receiver and Allen Matkins, would therefore be filed in  
 26 January 2020 and will cover the period from the Receiver's appointment on  
 27 September 3, 2019, through December 31, 2019.

28

## VII. CONCLUSION

For the foregoing reasons, the Receiver respectfully requests an Order in Aid of Receivership as follows:

1. Confirming that notice provided to interested parties via the website established for the receivership and by email satisfies the requirements of Local Rule 66.1.f.;

2. Confirming the Receiver's authority to engage licensed real estate brokers to list and market real properties of the receivership estate;

3. Confirming the Receiver's authority to employ Allen Matkins as her general receivership counsel;

4. Approving the Receiver's proposal to file interim reports and interim fee applications on a quarterly basis; and

5. Approving the Receiver's preliminary recommendations set forth in Section III.L. of the report above.

Dated: October 3, 2019

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP  
DAVID R. ZARO  
MICHAEL R. FARRELL

By: s/Edward G. Fates

EDWARD G. FATES  
Attorneys for Receiver  
KRISTA FREITAG



**EXHIBIT INDEX**

<b>EXHIBIT NO.</b>	<b>DESCRIPTION</b>	<b>PAGE NO.</b>
Exhibit A	Preliminary Real Estate and Liquor License Asset Schedule	34
Exhibit B	Receipts and Disbursements	42
Exhibit C	Receivership Entities	46
Exhibit D	Investor Letter	51

# EXHIBIT A

# EXHIBIT A

**Preliminary Real Estate and Liquor License Asset Schedule**

*All asset valuation and debt balance information provided herein are preliminary estimates based only on the Receiver's initial gathering and review of documents and information and preliminary discussions with brokers and lenders. Nothing contained herein shall be construed as an admission of any values or balances or a waiver of any rights.*

**Vacation Homes Owned (1)**

	Address	Asset Type or Name	Asset Status & Value Commentary	Estimated Market Value
1	4205 Lamont ST #12, San Diego, CA 92109	Rental Condo	Sale pending. In escrow prior to Receiver's appointment. Receiver plans to seek Court approval of sale. We have reviewed the full residential appraisal that is a part of this transaction.	409,000
2	1617 Thomas St. Pacific Beach, CA 92109	Vacation Rental	Sale pending. In escrow prior to Receiver's appointment. Receiver plans to seek Court approval of sale. We have reviewed the full residential appraisal that is a part of this transaction.	985,000
3	4364 Valle Vista, San Diego, CA 92103	SFR - Long Term Rental	Leased. Estimated value based on online market data only.	1,051,000
4	809 San Rafael Place, San Diego, CA 92109	Vacation Rental	Average broker recommended value (four brokers). High is \$1.68MM. Low is \$1.575MM.	1,615,000
5	750 Yarmouth Ct., San Diego, CA 92109	Vacation Rental	Average broker recommended value (four brokers). High is \$1.699MM. Low is \$1.399MM.	1,568,000
6	737 Windemere Ct., San Diego, CA 92109	Vacation Rental	Average broker recommended value (four brokers). High is \$1.680MM. Low is \$1.391MM.	1,561,000
7	812 San Rafael Pl., San Diego, CA 92109	Vacation Rental	Average broker recommended value (four brokers). High is \$1.680MM. Low is \$1.495MM.	1,584,000
8	724 Zanzibar Ct., San Diego, CA 92109	Vacation Rental	Average broker recommended value (four brokers). High is \$2.140MM. Low is \$1.775MM.	1,916,000
9	805 Brighton Ct., San Diego, CA 92109	Vacation Rental	Broker recommended value (two brokers). High is \$2.15MM. Low is \$1.15MM.	1,250,000
<b>Total Estimated Market Value</b>				<b>11,939,000</b>
<b>Approx. Total Principal Debt Balance as of 9/2019</b>				<b>(6,540,000)</b>
<b>Total Estimated Equity</b>				<b>5,399,000</b>

(1) 4364 Valle Vista property is not a vacation rental, but is cross-collateralized with the 4205 Lamont St. property, so grouping here for debt total.

**Mixed Use Real Property Owned**

	Address	Asset Type or Name	Asset Status & Value Commentary	Estimated Market Value
1	3816 Mission Blvd., San Diego, CA 92109	Mixed Use - Surf Shop Ground Floor Apartment Loft Rented	Broker recommended value. Retail closed, lease up and obtain additional Broker opinions of value.	1,250,000
2	3415 Mission Blvd., San Diego, CA 92109	Retail store and 3 apartments	Broker recommended value. Retail closed, lease up (one unit leased) and obtain additional broker opinions of value.	1,425,000
<b>Total Estimated Market Value</b>				<b>2,675,000</b>
<b>Approx. Total Principal Debt Balance as of 9/2019</b>				<b>(1,710,000)</b>
<b>Total Estimated Equity</b>				<b>965,000</b>

**Restaurants and Real Property Owned**

	Address	Asset Type or Name	Asset Status & Value Commentary	Estimated Market Value
1	369 10th Avenue, San Diego, CA 92101	Real Estate Condo Envelope (1 of 2)	Average broker recommended value. Restaurant/Bar. Operations closed. Further valuation being assessed.	2,400,000
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)	Occupied/Operating. Patio on Lamont Restaurant. Valuation being assessed (real property and restaurant).	TBD
3	3768 Mission Blvd, San Diego, CA 92109	Restaurant operation	Occupied/Operating. Saska's Steakhouse. Valuation being assessed (real property and restaurant).	TBD
4	3814 Mission Blvd. San Diego, CA 92109	Redondo Parking Lot Next to Surf Rider Pizza - Mission Beach	Broker recommended value. Operating. Valuation being assessed (real property).	1,400,000
5	8381 La Mesa Blvd., La Mesa CA	Commercial Property Restaurant	Occupied/Operating. Surf Rider Pizza - La Mesa. Valuation being assessed (real property and restaurant).	TBD
6	3445 Ingraham Street, San Diego, CA 92109	Surfrider Pickup/Delivery Restaurant - no fryers	Broker recommended value. Operation closed. Further valuation being assessed.	675,000
7	3833 Mission Blvd., San Diego, CA 92109	Swell Coffee -- Coffee shop	Operation Closed. Valuation being assessed.	TBD
<b>Total Estimated Market Value</b>				<b>\$4,475,000</b>
<b>Approx. Total Principal Debt Balance as of 9/2019</b>				<b>(9,240,000)</b>

**General Commercial Real Property Owned**

	Address	Asset Type or Name	Asset Status & Value Commentary	Estimated Market Value
1	3515 Hancock Street San Diego, CA 92110	Commercial Use - Main Office and Parking Lot	Broker recommended value. HQ office space. Valuation being assessed.	4,300,000
2	7569-7571/7565 University Avenue, La Mesa, CA 91942	ANI, Inc. Condo Units	Construction ceased. Valuation being assessed.	TBD
3	4030-4034 Randolph Street, San Diego, CA 92103	Rentals Apt - 5 Units; House - 4 Units	Leased. Lender appraised value as of 1/19. Current valuation being assessed.	1,700,000
4	901, 903, 904 W. Washington ST., San Diego, CA	Commercial Property 3 Commercial Tenants	Leased. Valuation being assessed.	TBD
5	132 Keller Street, Petaluma, CA 94952	Closed Restaurant - Chicken Coop	Sale pending. In escrow prior to Receiver's appointment. Receiver intends to seek Court approval of sale; but Receiver is requesting copy of appraisal to verify value.	1,800,000
6	140 Keller Street, Petaluma, CA 94952	CoWorking Office Business	Operating. Valuation being assessed.	TBD
7	3792 Mission Blvd. (Suite A), San Diego, CA 92109	Office space	Estimated value based on online market data only. LuvSurf office space. Vacating to lease-up and sell.	450,000
8	301-317 D Street, Sacramento, CA 95605	Partially constructed 40 unit condo buildings.	Partially developed land/construction ceased prior to Receiver's appointment. Working to obtain winterization quote and perform economic evaluation of project completion.	TBD

**Total Estimated Market Value** **8,250,000**  
**Approx. Total Principal Debt Balance as of 9/2019** **(11,280,000)**



**General Residential Real Property Owned**

	Address	Asset Type or Name	Asset Status & Value Commentary	Estimated Market Value
1	1775 Diamond Street, #301, San Diego, CA 92111	Condo	Leased. Estimated value based on online market data only.	340,380
2	7940 University Avenue #9, La Mesa, CA 91941	Rental Condo	Leased. Estimated value based on online market data only.	327,540
3	7243 Camino Degrazia, Unit 59, San Diego, CA 92111	Rental Condo	Leased. Estimated value based on online market data only.	454,000
4	4829 Bella Pacific #215, San Diego, CA 92109	Rental Condo	Leased. Estimated value based on online market data only.	484,000
5	3548 Tennyson Street, San Diego, CA	Long term rental - Just purchased 8/20/19	Leased. Estimated value based on online market data only.	860,000
6	83 Royal Saint Georges Way, Rancho Mirage, CA 92103	Vacation Rental	Broker's recommended value.	2,750,000
7	SE Corner of Casanova St & Palou Ave Carmel by the Sea 93921	Vacation Rental	Water rights and development plans approved. Broker expects transaction in the \$1.6MM range.	1,600,000
<b>Total Estimated Market Value</b>				<b>6,815,920</b>
<b>Approx. Total Principal Debt Balance as of 9/2019</b>				<b>(3,840,000)</b>
<b>Total Estimated Equity</b>				<b>2,975,920</b>

**ALL REAL PROPERTY SUMMARY****Real Estate With Preliminary Valuations:**

<b>Total Estimated Market Value</b>	<b>34,154,920</b>
<b>Approx. Total Principal Debt Balance on Real Property with Estimated Values as of 9/2019 (2)</b>	<b>(22,450,000)</b>
<b>Total Estimated Equity</b>	<b>11,704,920</b>

**Real Estate & Operation Businesses Without Preliminary Valuations Ascribed herein:**

<b>Eight Assets (four owner operated) with no Preliminary Valuation</b>	<b>-</b>
<b>Approx. Total Principal Debt Balance as of 9/2019 (2)</b>	<b>(10,160,000)</b>

(2) As valuations are obtained and/or finalized, and if individual assets do not have a positive net asset value, the Receiver would not expend additional resources on such assets.

**OTHER INVESTMENTS/LOANS**

	Address/Name	Asset Type or Name	Asset Status & Value Commentary	Total Invested or Loaned
1	3241 Borrego Road Borrego Springs, CA 92004	La Casa Del Zorro	Signed agreement with owner to terminate and transtion management of hotel. Continue to own an interest in hotel.	1,063,750
2	Pullman Lofts I		Investment in development project in Santa Rosa	758,273
3	Pullman Lofts II		Investment in development project in Santa Rosa	31,200
4	2 Budz Holding		Investment	750,000
5	Tourmaline Equity, LLC		Investment	300,000
6	Dan Champion		Loan on single family residence with estimated value of \$686,020 based on online market data only.	275,000
7	Wedge Water		Loan Receivable	25,000
8	M. Ferguson		Loan Receivable	48,013
9	H. Misirliogou		Loan Receivable	102,324
10	Dash Wagon		Investment	200,000
<b>Grand Total Other Investments/Loans</b>				<b>3,553,560</b>

**LIQUOR LICENSES**

	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)	Estimated Market Value
1	4020 Goldfinch St.	The Patio on Goldfinch	On-Sale General Eating Place	\$80-85k/\$100-150k
2	3768 Mission Blvd.	Saska's Steakhouse	On-Sale General Eating Place	\$80-85k/\$300-400k
3	8381 La Mesa Blvd.	Surf Rider Pizza - La Mesa	On-Sale General Eating Place	\$80-85k/\$100-150k
4	4535 Towne Centre Ct.	The Patio Marketplace - Axiom	On-Sale Beer & Wine - Eating Place	N/A
5	2855 Perry Rd.	The Fireside by the Patio	On-Sale General Eating Place	\$80-85/\$100-\$115k
6	8910 University Center Ln.	The Patio Marketplace - Aventine	On-Sale Beer & Wine - Eating Place	N/A
7	400 Spectrum Center Dr.	The Patio Marketplace - Spectrum	On-Sale Beer & Wine - Eating Place	N/A
8	17877 Von Karman Ave.	The Patio Marketplace - Intersect	On-Sale General Eating Place	Inter-County License issue- Can only sell for \$6k after 2 years/ Cannot sell at FMV for 5 years - no value ascribed at this time.
9	2163 Abbott St.	Surf Rider Pizza - Ocean Beach	On-Sale Beer & Wine - Eating Place	\$3- \$10k
10	2163 Abbott St.	Surf Rider Pizza - Ocean Beach	Caterer	N/A
11	369 10th Ave.	Tenth & J dba Himmelberg's	On-Sale General Eating Place	\$80-85k/\$100-150k
12	928 Fort Stockton Dr.	The Patio Express - Mission Hills	Off-Sale Beer & Wine	\$5-\$20k (20 and 42 combined)
13	928 Fort Stockton Dr.	The Patio Express - Mission Hills	On-Sale Beer & Wine - Public Premises	See above
14	345 S. Coast Highway 101	The Patio on 101	On-Sale General Eating Place	\$80-85k/\$100-150k
15	3770 Mission Blvd.	Surf Rider Pizza - Mission Beach	On-Sale General Eating Place	\$80-85k/\$300-400k
16	4445 Lamont St.	The Patio on Lamont	On-Sale General Eating Place	\$80-85k/\$100-150k
17	Petaluma	Chicken Pharm	On-Sale General Eating Place. Sale Pending. In escrow prior to Receiver's appointment. Receiver plans to seek Court approval of sale.	\$150k

**\$798,000 to  
\$1,845,000**

**Grand Total Range of Value (low end is if sold on open marketplace, high end if sold in place)**

**REAL ESTATE LEASED****Operating**

	Address	Asset Type or Name	Asset Status (for sale, for lease, operating, closed, etc.)
1	2163 Abbott Street, Ocean Beach, CA 92107	Surf Rider Pizza Cafe	Operating - Owns liquor license off of Surf Rider Pizza Brand IP.
2	3779 Mission Blvd. San Diego, CA 92109	San Jose Parking Lot Across from Saska's Steakhouse	Operating
3	8910 University Center Ln., San Diego	Patio Marketplace Restaurant	Will close 10/23/19
4	400 Spectrum Center Dr., Irvine CA	Patio Marketplace Restaurant	Closing soon. Attempting to work with Landlord to transition to replacement restaurant.
5	17877 Von Karman Ave.	Patio Marketplace Restaurant	Closing soon. Working with Landlord to transition to replacement restaurant.

**Closed**

1	2855 Perry Road Building 8, San Diego, CA 92106	Full Service Restaurant -- Firesire by the Patio	Closed - Valuing FF&E; Liquor License
2	345 S Coast Hwy 101 Encinitas, CA 92024	Full Service Restaurant -- Patio 101	Closed prior to Receiver's appointment - Working to identify and value FF&E
3	4020 Goldfinch Street, San Diego, CA 92103	Full Service Restaurant -- Patio on Goldfinch	Closed - Valuing FF&E; Liquor License
4	3770 Mission Blvd., San Diego, CA 92109	Quick Service Restaurant -- Surf Rider Pizza Mission Beach	Closed - Valuing FF&E; Liquor License
5	3735 Mission Blvd., San Diego, CA 92109	Quick Service Restaurant -- Bao Beach	Closed - Valuing FF&E
6	2670 Via De La Valle, Del Mar, CA 92014	Coffee Shop -- Swell Coffee	Closed - Valuing FF&E
7	928 Fort Stockton Dr., San Diego, CA 92103	Coffee Shop and Retail -- Patio Express Mission Hills	Closed - preparing to turn over possession
8	3232 Mission Blvd., San Diego, CA 92109	Retail Store -- Surf Life Mission Beach	Closed - preparing to turn over possession
9	3731 Mission Blvd., San Diego, CA 92109	Retail Store -- Mission Beach Surf Co.	Closed - turned over possession (space relet by former landlord)
10	4535 Towne Centre St., San Diego	Patio Marketplace Restaurant	Closed - turned over possession

# EXHIBIT B

# EXHIBIT B

ANI, et al - Receipts & Disbursements  
Cash Schedule as of 09/30/2019

9/3/19 -  
9/30/2019

**BANK ACCOUNTS ON APPOINTMENT ORDER:**

Wells Fargo Bank	132 & 140 Keller Street LLC	xxxxxx1819	11,692.96
Wells Fargo Bank	2163 Abbot Street LP	xxxxxx0125	21,082.02
Wells Fargo Bank	2466 1 <sup>st</sup> Avenue, LLC	xxxxxx5890	4,811.66
Wells Fargo Bank	301 D Street, LLC	xxxxxx2365	14,068.57
Wells Fargo Bank	3415 Mission Blvd., LLC	xxxxxx7705	7,140.65
Wells Fargo Bank	3445 Ingraham Street, LLC	xxxxxx7577	1,643.56
Wells Fargo Bank	3768 Mission Blvd., LLC	xxxxxx3126	11,807.36
Wells Fargo Bank	3816 Mission Blvd., LLC	xxxxxx2976	12,602.19
Wells Fargo Bank	3833 Mission Blvd., LLC	xxxxxx0658	7,734.00
Wells Fargo Bank	4030 Randolph Street, LLC	xxxxxx3924	13,655.37
Wells Fargo Bank	4445 Lamont Street LLC	xxxxxx1942	17,655.73
Wells Fargo Bank	901 W. Washington, LLC	xxxxxx2373	8,821.98
Wells Fargo Bank	American Natl Investments Inc.	xxxxxx0083	5,257.39
Wells Fargo Bank	ANI Andreas Truffles LP	xxxxxx7324	5,034.09
Wells Fargo Bank	ANI Commercial CA III, LLC	xxxxxx4452	10,101.31
Wells Fargo Bank	ANI Development, LLC	xxxxxx3768	2,233.35
Wells Fargo Bank	ANI Prop Management, Inc.	xxxxxx1369	3,110.34
Wells Fargo Bank	Bao Beach LP	xxxxxx4190	9,662.13
Wells Fargo Bank	Beautiful MB, Inc.	xxxxxx9394	1,172.59
Wells Fargo Bank	Friends of Presidio Hills Golf	xxxxxx2296	222.63
Wells Fargo Bank	La Mesa Ventures I, LLC	xxxxxx3338	16,026.59
Wells Fargo Bank	Luvsurf, LLC	xxxxxx0178	35,034.32
Wells Fargo Bank	Perils of Pauline Food Product, Inc.	xxxxxx3826	22,864.15
Wells Fargo Bank	Pullman Lofts Phase I, LLC	xxxxxx2304	999.71
Wells Fargo Bank	San Jose Parking Lot, LLC	xxxxxx7713	8,221.36
Wells Fargo Bank	The Swell Coffee Roasting Co., LLC	xxxxxx7374	13,900.27
Wells Fargo Bank	Tenth & J, LLC	xxxxxx3346	14,075.35
Wells Fargo Bank	Tenth and J, LP	xxxxxx3353	13,509.09
Wells Fargo Bank	The Fireside By the Patio, LP	xxxxxx2286	22,260.10
Wells Fargo Bank	The Foundation LP	xxxxxx1801	6,313.62
Wells Fargo Bank	The Patio Express, LP	xxxxxx6988	7,622.50
Wells Fargo Bank	The Patio In Petaluma, LP	xxxxxx7088	3,963.86
Wells Fargo Bank	The Patio Marketplace, LP	xxxxxx6452	4,760.84
Wells Fargo Bank	The Patio On Lamont, LP	xxxxxx1991	13,211.50
Wells Fargo Bank	The Surf Life, LP	xxxxxx6184	16,340.99
<b>TOTAL BANK BALANCE - ACCOUNTS ON APPOINTMENT ORDER - Beginning Balance 09/03/2019</b>			<b>368,614.13</b>

ANI, et al - Receipts & Disbursements  
Cash Schedule as of 09/30/2019

9/3/19 -  
9/30/2019

**BANK ACCOUNTS LOCATED AFTER TAKEOVER:**

Union Bank	American National Investments, Inc.	xxx6447	2,885.32
Union Bank	Cultivate Coffee	xxx8512	40,616.14
Chase	American National Investments, Inc. (New Checking)	xxx7696	50,600.27
Chase	American National Investments, Inc. (New Savings)	xxx0157	2,528.34
Chase	CA Opportunity License Fund, LLC	xxx1579	2,491.14
Chase	Chicago Escrows and T (Checking)	xxx9691	1,000,252.79
Chase	Chicago Escrows and T (Savings)	xxx9709	109.39
Chase	Westlink Development Company	xxx8223	1,542.79
Chase	The Patio Group Foundation	xxx9909	348.82
Chase		xxx1290	-
Chase	Personal - acct frozen then determined to be estate funds	xxx0020	10,275.06
Chase	Personal - acct frozen then determined to be estate funds	xxx7306	4,026.20
City National Bank	American National Investments, Inc.	xxx7695	-
Endeavor Bank	American National Investments, Inc. (Checking)	xxx0370	24,763.99
Endeavor Bank	American National Investments, Inc. (Savings)	xxx0161	200,444.30
Bank of America	Chicago Escrows and T	xxx2175	-
Cal Private Bank	ANI License Fund LLC	xxx9355	-
Bank Direct (Texas Capital Bank)	Gina Champion Cain	xxx2393	-
Banner Bank	Pullman Lofts of Santa Rose Investors LLC	xxx5801	1,088.86
Banner Bank	Pullman Lofts of Santa Rose Investors LLC	xxx5764	-
First Choice Bank	2163 Abbott Street LP	xxx3522	-
Torrey Pines Bank	Luv Surf	xxx1530	-
Torrey Pines Bank	The Fireside by the Patio	xxx0094	-
Torrey Pines Bank	Perils of Pauline Food Production	xxx8148	-
Wells Fargo Bank		xxx1826	-
Wells Fargo Bank		xxx3424	-
Wells Fargo Bank	The Fireside By the Patio, LP - PC	xxx4621	26.24
Wells Fargo Bank	Tenth and J, LP - PC	xxx9380	3,843.42
Wells Fargo Bank	Perils of Pauline Food Product, Inc. - PC	xxx7010	60.00
Wells Fargo Bank	CA Opportunity License Fund LLC	xxx1031	-
Wells Fargo Bank	Cultivate Juicing, LP	xxx7523	-
Wells Fargo Bank	The Patio Marketplace, LP	xxx9083	72,800.75
Wells Fargo Bank	3515 Hancock Street, LLC	xxx7671	29,242.98
Western Alliance	Luv Surf Brands	xxx7937	-

**TOTAL BANK BALANCE - ACCOUNTS LOCATED AFTER TAKEOVER** **1,447,946.80**

**GRAND TOTAL CASH RECOVERY** **1,816,560.93**

**RECEIPTS:**

Keller St Deposits	36,718.31
Rental Income	53,042.45
Parking Lot Revenue	7,660.00
Retail Sales	43,995.79
Restaurant Sales	1,242,557.90
ANI Deposits	39,234.81
Legal Retainer Recovery	181,106.08
Line of Credit Withdraw - 9/3 (pre-receiver)	80,000.00
Miscellaneous	3,169.45
Interest Income	6.67

**TOTAL RECEIPTS** **1,687,491.46**

ANI, et al - Receipts & Disbursements  
Cash Schedule as of 09/30/2019

9/3/19 -  
9/30/2019

**DISBURSEMENTS:**

Pre-Receiver Expenses

Payroll - Corporate	(52.34)
Payroll - Restaurant	(1,946.54)
Payroll 8.30.19 - Corporate	(20,784.59)
Payroll 8.30.19 - Restaurant	(53,805.71)
Payroll 8.30.19 Retail	(2,393.07)
Consulting Fees - Pre-Receiver PR 9/3	(3,000.00)
Consulting Fees - Pre-Receiver Coffee Consultant 9/3	(5,000.00)
COGS	(448.00)
Misc	(500.00)

Restaurant Expenses

BOE - Sales Tax	(89,925.36)
Operating Expenses	(67,784.82)
COGS	(138,547.88)
Rent	(9,617.88)
Utilities	(38,413.50)
Payroll	(413,471.13)
Merchant and Bank Fees/Misc	(34,473.86)

Retail

Merchandise	(1,462.95)
Payroll	(11,498.57)
Utilities	(194.91)
Bank Fees/Misc	-

Corporate

IT Expense	(13,459.98)
G&A	(6,423.57)
Health Insurance - paid post 9/30	-
Life Insurance	(228.86)
Portfolio Insurance	(162,222.26)
Payroll	(338,924.94)
Payroll Taxes - Portfolio	(325,726.34)
Workers Comp - Portfolio - paid post 9/30	-
Rent	(28,042.06)
Debt Service	(61,958.53)
Repair & Maintenance	(5,523.37)
Utilities	(11,887.68)
Misc/Bank Fees	(1,263.20)

<b>TOTAL DISBURSEMENTS</b>	<b>(1,848,981.90)</b>
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<b>ENDING BANK BALANCE 09/30/2019</b>	<b>1,655,070.49</b>
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# EXHIBIT C

# EXHIBIT C

#	Entity
1.	132 & 140 Keller Street, LLC
2.	1625 Hotel Circle South, LLC
3.	2163 Abbot Street, LP
4.	2466 1st Avenue, LLC
5.	301 D Street, LLC
6.	3415 Mission Blvd., LLC
7.	3445 Ingraham Street, LLC
8.	3515 Hancock Street, LLC
9.	3768 Mission Blvd., LLC
10.	3816 Mission Blvd., LLC
11.	3833 Mission Blvd., LLC
12.	4020 Goldfinch Street, LLC
13.	4030 Randolph Street, LLC
14.	4445 Lamont Street, LLC
15.	6050 El Cajon Blvd, LLC
16.	809 San Rafael Place, LLC
17.	814 Jamaica Court, LLC
18.	901 W. Washington, LLC
19.	ANI Andreas Truffles, LP
20.	ANI Commercial CA III, LLC
21.	ANI License Fund I, LLC
22.	ANI License Fund, LLC

#	Entity
23.	ANI Prop Management, Inc.
24.	Bao Beach, LP
25.	Beautiful MB, Inc.
26.	CA Opportunity License Fund, LLC
27.	Casanova & Palou, LLC
28.	Chicago Escrow & Title
29.	Cultivate Coffee
30.	Cultivate Juicing Co., LP
31.	CWC Casa Del Zorro, LLC
32.	ERA Boutique Hotel, LLC
33.	Foundation, LP
34.	Friends of Presidio
35.	Friends of Presidio Hills Golf
36.	GCC I, LLC
37.	GCC II, LLC
38.	GCC III, LLC
39.	GCC Pullman Lofts Phase I, LLC
40.	Heart Surf II, LP
41.	La Mesa Ventures I, LLC
42.	Luv Surf Brand, LLC
43.	Luvsurf, LLC
44.	Luvsurf, LP
45.	Maidenhead Mortgage Investors, LLC

#	Entity
46.	Patio at the Ballpark, LLC
47.	Perils of Pauline Food Product, Inc.
48.	PRB Phoenix Fund 1, LLC
49.	Pullman Lofts Phase I, LLC
50.	San Jose Parking Lot, LLC
51.	San Rafael Place, LLC
52.	Swell Café Roasting Company, LP
53.	Tenth & J, LLC
54.	Tenth and J, LP
55.	The Fireside By the Patio, LP
56.	The Foundation, LP
57.	The Patio Express, LP
58.	The Patio Group Foundation
59.	The Patio In Petaluma, LP
60.	The Patio Marketplace, LP
61.	The Patio On Lamont, LP
62.	The Patio Restaurant Group, LLC
63.	The Surf Life, LP
64.	The Swell Coffee Roasting Co., LLC
65.	TPO Lamont, LLC
66.	Urbane Boheme, LP
67.	WBAEAS1 LLC
68.	Westlink Development Co., LLC

#	Entity
69.	Windemere Court, LLC

# EXHIBIT D

# EXHIBIT D



Experienced. Efficient. Effective.



### SEC v. Champion-Cain, ANI Development, LLC, et. al.

Dear Investor/Creditor,

As you may know, on September 3, 2019, I was appointed permanent receiver for ANI Development, LLC, American National Investments, Inc., and numerous related entities. My appointment was part of an order entered by the United States District Court in a civil case filed by the Securities and Exchange Commission.

I have established a website for the receivership for the purpose of making information about the receivership available to investors and creditors. The website address is [www.anireceivership.com](http://www.anireceivership.com). The SEC's complaint and the District Court's order commencing the receivership are available on the receivership website. Investors and creditors can subscribe to the website to automatically receive monthly updates including links to reports that I will be filing on my activities and the status of the receivership. The website is intended to provide basic information about the receivership and periodic updates on our activities. Unfortunately, limited receivership resources cannot be used to post every document that gets filed with the Court on the website. Nevertheless, I recommend subscribing to the website as a good way to stay informed about the receivership.

There are several important things for investors and creditors to understand about the receivership. First, Gina Champion-Cain is no longer employed by the companies in receivership and is prohibited from speaking for or acting on their behalf. The companies and their assets are now under my management and control. My primary focus throughout the

receivership will be to maximize the value of the companies' assets and return as much money as possible to those who have suffered losses.

Second, investors and creditors will have the opportunity to submit their claims for losses suffered from their dealings with the companies in receivership and, in the event of a dispute, have their claims decided by the Court. We understand that money was invested or loaned through a variety of people and entities. Please note that our reference to investors and creditors generally is not intended to pre-judge the nature of any claims. Once a claims process has been established, notices will be sent out and posted on the receivership website.

Third, in order to conserve the assets of the receivership and maximize the funds available for distribution, investors and creditors, unless they first obtain permission from the Court, are not permitted to sue the companies in receivership by initiating separate lawsuits. Instead, as noted above, investors and creditors may submit their claims and have them decided through the claims process in the receivership.

Fourth, since my appointment, my team and I have diligently searched the records of the companies in receivership for a comprehensive list or database of investors and creditors. To date, no such comprehensive list or database has been found. Instead, we have compiled a list of investors and creditors from various sources. Therefore, it is possible we may not have contact information for all investors and creditors. If you know an investor or creditor who did not receive this letter, please have them provide their contact information by subscribing to the website or by email to [ani@ethreadvisors.com](mailto:ani@ethreadvisors.com). In addition, if your contact information changes at any point during the receivership, it is very important that you let my office know by sending an email to [ani@ethreadvisors.com](mailto:ani@ethreadvisors.com).

Finally, please send communications and questions about the receivership to [ani@ethreadvisors.com](mailto:ani@ethreadvisors.com). In order to reduce administrative expenses of the receivership, we ask that you visit the receivership website and review the materials found there before emailing us with questions. We also ask that you be patient with us in terms of responding to questions. There are many urgent matters concerning the companies in receivership and their assets that we are addressing. We will respond to investor and creditor inquiries as soon as time permits.

Sincerely,

A handwritten signature in black ink that reads "Krista Freitag". The signature is written in a cursive, flowing style.

Krista L. Freitag  
Receiver