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9
10 **UNITED STATES DISTRICT COURT**
11 **SOUTHERN DISTRICT OF CALIFORNIA**

12
13 **SECURITIES AND EXCHANGE**
14 **COMMISSION,**

15 **Plaintiff,**

16 **vs.**

17 **GINA CHAMPION-CAIN AND ANI**
18 **DEVELOPMENT, LLC**

19 **Defendants, and**

20 **AMERICAN NATIONAL**
21 **INVESTMENTS, INC.,**

22 **Relief Defendant.**

Case No. **'19CV1628 H BLM**

COMPLAINT

23 Plaintiff Securities and Exchange Commission ("SEC") alleges:

24 **JURISDICTION AND VENUE**

25 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
26 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§
27 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the
28

1 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
2 78u(d)(3)(A), 78u(e) & 78aa(a).

3 2. Defendants have, directly or indirectly, made use of the means or
4 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
5 securities exchange in connection with the transactions, acts, practices and courses of
6 business alleged in this complaint.

7 3. Venue is proper in this district pursuant to Section 22(a) of the Securities
8 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a),
9 because certain of the transactions, acts, practices and courses of conduct constituting
10 violations of the federal securities laws occurred within this district. In addition,
11 venue is proper in this district because Defendant Gina Champion-Cain resides in this
12 district, and because Defendant ANI Development, LLC (“ANI Development”) and
13 Relief Defendant American National Investments, Inc. (“American National
14 Investments”) have their principal places of business in this district.

15 **SUMMARY**

16 4. Since 2012, Defendant Gina Champion-Cain (“Cain”) and Defendant
17 ANI Development, the entity she controls, have raised over \$300 million, including
18 over \$100 million in the past year, from approximately 50 investors nationwide.
19 When raising those investor funds, defendants claimed to be offering investors an
20 opportunity to make short-term, high-interest loans to parties seeking to acquire
21 California alcohol licenses. In truth, that investment opportunity was a sham.

22 5. Under California state law, liquor license applicants are required to
23 escrow an amount equal to the license purchase price while their application remains
24 pending with the State. Cain told investors that this regulatory requirement presented
25 an investment opportunity. She directed investors to deposit their money into
26 specified escrow accounts maintained by ANI Development, and represented to them
27 that their funds were being loaned to liquor license applicants at a high interest rate.
28 Cain represented that those applicants would in turn use those now-escrowed funds to

1 meet California's escrow requirement. Cain provided investors with a purported list
2 of pending applications, from which investors selected the license application that
3 they wished to fund. She also provided investors with escrow agreements, ostensibly
4 executed between ANI Development and its escrow company, which provided that
5 investors' principal would be kept safe in an escrow account, and that once the
6 underlying liquor license had become final, would then be returned to the investors
7 with interest. These representations were materially false and misleading, and ANI
8 Development's stated business – financing the transfer of liquor licenses with money
9 it was raising from investors for an investment profit – was wholly illusory.

10 6. First, the lists of pre-selected liquor license applicants contained largely
11 cancelled or expired liquor licenses, and many of the license applicants whom ANI
12 Development told investors they were funding had never heard of ANI Development,
13 much less taken a short-term loan from ANI Development. Second, the escrow
14 agreements that Cain and ANI Development provided to their investors were
15 fabricated. The escrow agreements were not executed by the escrow company's
16 representatives, had never been seen by its executives, and contained the forged
17 signatures of its escrow officers. Third, the real escrow agreements governing the
18 escrow accounts – which defendants concealed from their investors – gave ANI
19 Development and Cain complete discretion and control over the deposited investor
20 funds. With that control, defendants transferred significant amounts of investor funds
21 to Relief Defendant American National Investments, the corporate parent of ANI
22 Development. The consequences of this misappropriation have been severe: while
23 ANI Development currently owes its investors over \$120 million, just \$11 million
24 remains in ANI Development's escrow account.

25 7. By engaging in the conduct alleged herein, defendants violated the
26 antifraud provisions of Section 17(a) of the Securities Act and Section 10(b) of the
27 Exchange Act and Rule 10b-5 thereunder, and relief defendant has unjustly retained
28 investor funds that it has no legitimate entitlement to.

1 8. To halt defendants' unlawful conduct and preserve the status quo, the
2 SEC seeks a preliminary injunction that, among other relief, appoints a permanent
3 receiver over ANI Development, American National Investments, and all of their
4 subsidiaries and affiliates. The SEC also seeks permanent injunctions prohibiting
5 defendants' future violations of the federal securities laws, and an order requiring
6 defendants and relief defendant to disgorge their ill-gotten gains, along with pre-
7 judgment interest, and imposing civil penalties on defendants.

8 **DEFENDANTS**

9 9. **Gina Champion-Cain**, age 57, is a resident of San Diego, California.
10 She is the founder and CEO of American National Investments, Inc., a real estate
11 development company that has over 40 affiliated businesses, including ANI
12 Development, LLC.

13 10. **ANI Development, LLC**, is a California limited liability company
14 located in San Diego. The entity's managing member is Cain, and it is an affiliate of
15 American National Investments, Inc.

16 **RELIEF DEFENDANT**

17 11. **American National Investments, Inc.** is a California corporation based
18 in San Diego. American National Investments is the parent company of
19 approximately 40 other business, including several restaurants, rental properties,
20 coffee shops and a surfing supply store. Cain is the founder and CEO of American
21 National Investments.

22 **FACTUAL ALLEGATIONS**

23 **A. ANI Development's Purported Liquor License Loan Funding**
24 **Program**

25 12. Beginning in 2012, Cain, a San Diego businessperson and real estate
26 investor, began offering investors the opportunity to make high-interest, short-term
27 loans to applicants seeking California liquor licenses.

28 13. The state of California requires applicants to escrow the license purchase

1 price during the application transfer process, and Cain told investors that they would
2 be loaning the required escrow funds to these liquor license applicants.

3 14. In exchange for her services, Cain and her company, ANI Development,
4 told investors that defendants would secure an interest payment for each license
5 approved by the state of California, which they would then split with investors.

6 15. Cain's first investor was a high net-worth real-estate investor with whom
7 Cain had previously done business ("First Investor").

8 16. To ensure that his investment was secure, First Investor drafted a form
9 escrow agreement to be executed by ANI Development and defendants' escrow
10 company ("Escrow Company"). That form escrow agreement provided that: (i) his
11 money could only be used to fund a specified underlying liquor license transfer(s);
12 (ii) his money would be held in an escrow account for this purpose at Escrow
13 Company; and (iii) at the conclusion of the license transfer, his money would then be
14 transferred back to him with interest. According to the form agreement, First
15 Investor's escrowed funds could be used for no other purpose, and transferred under
16 no other circumstances.

17 17. Cain falsely represented to First Investor that she had worked with
18 Escrow Company's lawyers to approve his form escrow agreement, and represented
19 to him that his agreement would be the operative form escrow agreement governing
20 his investments.

21 18. For each license funded going forward, Cain and ANI Development also
22 claimed to other investors that their investments would be subject to the same form of
23 escrow agreement.

24 19. However, Cain and ANI Development maintained complete control over
25 the funding program, instructing investors never to contact the escrow company to
26 inquire about their investments.

27 20. To illustrate, in a July 18, 2017 e-mail to two Escrow Company officers,
28 Cain apologized for an investor who had contacted Escrow Company directly, stating

1 “I told them NEVER to call and bother you ladies.” Cain’s email concluded by
2 saying:

3 “[I]f they call asking about escrow agreements and alcohol licenses,
4 blah, blah, blah... just say ‘SURE WHATEVER NOW SHOW ME THE
5 MONEY... HAHAAAAHA’”

6 **B. Investors in ANI Development’s Purported Liquor License Loan**
7 **Funding Program**

8 **1. First Investor Group**

9 21. First Investor estimates that he has personally invested approximately
10 \$250 million in ANI Development’s liquor license loan funding program, which
11 includes rollovers of principal and interest due him from the alleged liquor license
12 loans financed by his investment.

13 22. In 2015, First Investor began bringing other investors to the ANI
14 Development liquor license funding loan program, who were likewise told by First
15 Investor, based on defendants representations to him, that their money would be used
16 to fund short-term, high-interest loans (between 15 to 25 percent) to individuals and
17 entities seeking to obtain California liquor licenses.

18 23. In all, First Investor’s additional investors invested approximately \$50
19 million with ANI Développement, either by wiring money directly to a pooled escrow
20 account, or through an LLC First Investor had formed to funnel investor monies to
21 the pooled escrow accounts, which would then be used to fund the liquor license
22 transfers.

23 24. Cain and ANI Development regularly provided First Investor with lists
24 of applicants for alcoholic beverage licenses in need of financing for a given escrow
25 period. Cain told First Investor she had obtained those lists from a California
26 attorney who practiced in that area of law.

27 25. First Investor then chose, from the list, the applicants that he and his
28 investors wished to fund, and they wired their investments to escrow accounts

1 identified by Cain and ANI Development. That money was then supposed to be used
2 to make the short-term loans to the alcohol license applicants, after which the escrow
3 company would file the proper transfer forms with the state alcohol licensing board.

4 26. Cain provided First Investor with escrow agreements for every license
5 that his group agreed to fund. These escrow agreements were purportedly
6 countersigned by an escrow officer at Escrow Company, and the agreement
7 represented that the investors' escrowed money was secure as it could only be
8 transferred out of the escrow account once the associated liquor license had been
9 acquired, and in that event, only transferred back to the investor. At the conclusion of
10 the license transfer, investors were told they would then receive their principal and
11 interest.

12 27. Based on these representations from defendants, First Investor believed
13 that he and his investor group had funded over 2000 alleged licenses.

14 2. Second Investor Group

15 28. In addition to raising funds from First Investor and his investors, ANI
16 Development and Cain raised another several million dollars from a group of at least
17 ten investors affiliated with a second individual (the "Second Investor Group").

18 29. Investors in the Second Investor Group funded the same pooled escrow
19 accounts as the First Investor's investors and understood they were investing in the
20 same liquor license loan funding program, from which they were to receive interest
21 payments of between 15 to 25 percent depending on the loan.

22 30. Unlike the First Investor Group, the Second Investor Group investors
23 received promissory notes from both Cain and ANI Development. These notes
24 identified the investors pooling their funds, listed the liquor licenses the investors
25 were supposedly funding, and specified the interest to be paid to the investors for
26 each license, with interest being paid no later than 364 days from the receipt of the
27 investors' funds.

28 31. Under the terms of the notes, ANI Development and Cain personally

1 guaranteed the principal and interest due to the investors.

2 **C. Defendants' Fraudulent Scheme**

3 **1. Defendants used the forged signatures of Escrow Company's**
4 **escrow officers in fabricated escrow agreements**

5 32. ANI Development and Cain fabricated the escrow agreements that they
6 provided to their investors.

7 33. Among other things, defendants used forged escrow officer
8 countersignatures on each bogus escrow agreement.

9 34. The type of escrow accounts that defendants actually maintained at
10 Escrow Company cannot be used for liquor license transfer transactions (which
11 require a special kind of escrow), and the escrow agents at Escrow Company who
12 interacted with Cain do not act as escrow agents in that area. Defendants never
13 opened escrow accounts at Escrow Company that were appropriate for their claim
14 that investor funds would be used to finance the transfer of liquor licenses.

15 35. Defendants provided their investors with forged and fabricated escrow
16 agreements in order to lead them to believe that their investment was secure, and that
17 ANI Development was using their funds – as represented to them – to finance the
18 transfer of a liquor license. By falsifying documents that established a veneer of
19 legitimacy, defendants sought to conceal their fraud.

20 **2. Defendants misappropriated investor funds**

21 36. In contrast to the bogus escrow agreements provided by defendants to
22 their investors, the actual agreements governing the escrow accounts maintained by
23 ANI Development at Escrow Company gave Cain unfettered access to and control
24 over the funds deposited by investors in those accounts.

25 37. With that authority, Cain routinely misappropriated investor funds by
26 directing their transfer from the ANI Development escrow accounts to other bank
27 accounts controlled by her, including those held in the name of Relief Defendant
28 American National Investment.

1 38. For example, in 2017, ANI Development investors deposited an
2 approximate total of \$87.7 million into a pooled ANI Development escrow account.

3 39. Defendants, however, did not escrow a single dollar of that \$87.7 million
4 in order to facilitate, as represented to investors, the transfer of any of the alcohol
5 licenses identified by the bogus escrow agreements that corresponded to the \$87.7
6 million in investments.

7 40. Rather, Cain – who controlled ANI Development and American
8 National Investment’s financial accounts – diverted investor funds from the ANI
9 Development escrow account to: (i) transfer \$22 million to American National
10 Investments; and (ii) pay existing investors the principal and interest that ANI
11 Development owed to them.

12 41. Cain’s transfers to American National Investments, which played no role
13 in ANI Development’s claimed liquor license lending program, were
14 misappropriations of investors’ funds.

15 **3. Defendants engaged in lulling when forwarding fake**
16 **electronic mail correspondence to First Investor**

17 42. Cain recently forwarded to First Investor email correspondence, dated
18 July 16, 2019, purportedly authored by an escrow officer at Escrow Company.

19 43. In that email, the escrow officer reported that as of June 5, First Investor
20 and his investors currently had \$140 million in funds deposited with 554 open
21 escrows at Escrow Company.

22 44. Thereafter, First Investor and his group invested another \$2.2 million
23 with ANI Development.

24 45. The July 16, 2019 email that Cain sent First Investor, however, was not
25 authored or sent by the escrow company, or any of its representatives. Among other
26 things, the bogus email was sent from an email domain that is not owned by or
27 connected to Escrow Company.

28 46. Significantly, as of late August 2019, the ANI Development escrow

1 account referenced in the falsified July 16, 2019 email that Cain forwarded to First
2 Investor, actually contained little more than \$11 million, far less than the \$140
3 million represented in the fraudulent email.

4 47. Through these lulling efforts – a doctored email intended to allay any
5 concerns about the safety of investors’ transferred funds – Cain and ANI
6 Development sought to conceal their fraud.

7 **D. Defendants’ Materially Misleading Statements and Omissions**

8 48. The escrow agreements ANI and Cain provided investors were phony
9 and contained false and misleading statements about how investors’ funds would be
10 used.

11 49. Cain falsely told investors that their money would be used to fund the
12 transfer of liquor licenses, and represented that their proceeds would be kept safe in
13 the escrow account until they were transferred back to the investor.

14 50. For example, a representative escrow agreement stated that ANI
15 Development and Escrow Company “understand that this is a limited escrow only
16 and is being opened for the benefit of” a specified liquor license applicant, “who is
17 applying for approval of a transfer to Applicant of a license issued by the California
18 Department of Alcoholic Beverage Control.” The escrow agreement then identified
19 the license to be transferred by license number.

20 51. With respect to the escrowed funds, ANI Development’s form escrow
21 agreement stated that they would be placed “into an interest-bearing account,” and
22 would only be released upon written instructions by ANI Development, and in that
23 event, could only be transferred to a financial account maintained by ANI
24 Development’s investors.

25 52. Defendants made related representations in a funding agreement
26 executed between Cain and First Investor.

27 53. In that funding agreement, defendants represented to First Investor,
28 among other things, that:

- 1 • Cain had entered into an agreement with a law firm which anticipated that
- 2 Cain would provide funding for the firm's liquor license applicants
- 3 • Investor funds would be placed in escrow at Escrow Company for the
- 4 benefit of the firm's liquor license applicants
- 5 • Pursuant to her agreement with the law firm, Cain would be paid a fee for
- 6 escrowing funds in connection with firm clients' liquor license applications

7 Based on the foregoing recitals, First Investor agreed to participate in ANI
8 Development's liquor license funding program by providing Cain and ANI
9 Development with the funds they needed to perform on their putative agreement with
10 the law firm.

11 54. But in reality, ANI Development and Cain had unfettered access to
12 escrow funds, and, at least in part, used that access to fund American National
13 Investment's unrelated business operations.

14 55. For example, in 2017, investors cumulatively deposited approximately
15 \$87.7 million into a pooled escrow account, yet no money was ever escrowed to
16 actually facilitate, as represented to investors, the transfer of the alcohol licenses
17 identified in the false investor escrow agreements.

18 56. At no point did Escrow Company ever notify California liquor licensing
19 authorities that these funds had been placed in escrow for the transfer of a liquor
20 license, as required under state regulations.

21 57. Instead, Cain, who controlled ANI Development's and American
22 National Investment's bank accounts, primarily used these investor funds to pay back
23 investor's the principal and interest they were owed, as well as to transfer
24 approximately \$22 million to Relief Defendant American National Investments.

25 58. A reasonable investor would have wanted to know that ANI
26 Development's investment strategy was wholly fictitious; that the real escrow
27 agreements allowed Cain to withdraw investor funds at any time; that ANI does not
28 appear to have made a single loan to alcohol-license applicants; that the escrow

1 company accounts were not suitable for the transfer of alcohol licenses; and that the
2 escrow officers involved did not handle these types of transactions.

3 59. Cain acted knowingly, recklessly, and negligently in making material
4 misstatements and omissions concerning ANI Development's investment strategy and
5 use of funds, and she failed to exercise reasonable care to ensure that investors were
6 not deceived as to this information. Because she is ANI Development's controlling
7 principal, Cain's scienter and negligence are imputed to ANI Development.

8 **E. The Investments Offered and Sold by ANI Development and Cain**
9 **are Securities**

10 60. As directed by defendants, investors' funds were pooled in a common
11 escrow account, which defendants claimed was being used to fund the transfer of
12 California state liquor licenses.

13 61. Whether investors would profit from their investment was dependent on
14 the success of defendants' represented liquor license funding program.

15 62. Cain and ANI Development's efforts in identifying liquor license escrow
16 participants who were appropriate for investment, executing the loans to those
17 entities, and collecting the purported interest payments from those participants, were
18 critical to the enterprise's success, as investors were not allowed to play an active role
19 in managing ANI Development's investment decisions under the claimed liquor
20 license funding program.

21 63. Moreover, the promissory notes that defendants distributed to the
22 Second Investor Group were issued to raise money for ANI Development's supposed
23 funding program, and in exchange, those notes provided noteholders with interest
24 returns of 15 to 25 percent. Investors in the Second Investor Group intended to profit
25 from the high interest rates promised, and ANI Development allegedly used the
26 monies raised to fund its operations.

27 64. Defendants distributed these promissory notes to at least ten investors;
28 the notes were unsecured and uninsured.

1 65. A reasonable investor would believe that the promissory notes were
2 investments based on the high interest rates promised to be paid to ANI Development
3 from the licensees it identified.

4 **FIRST CLAIM FOR RELIEF**

5 **Fraud in the Connection with the Purchase and Sale of Securities**
6 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder**
7 **(against Defendants Cain and ANI Development)**

8 66. The SEC realleges and incorporates by reference paragraphs 1 through
9 65 above.

10 67. Defendants Cain and ANI Development each made false and misleading
11 statements and omissions and engaged in deceptive conduct towards the investors in
12 ANI Development's liquor license loan funding program. Both through the phony
13 escrow agreements and in information provided to the First Investor which he
14 provided to subsequent investors, Cain and ANI Development provided false and
15 misleading information that investor money would be used to fund the transfer of
16 liquor licenses, and represented that investor proceeds would be kept safe in the
17 escrow account until they were transferred back to the investor. In reality, ANI and
18 Cain had unfettered access to escrow funds and used that access to fund American
19 National Investment's unrelated business operations such that the entire ANI
20 Development investment strategy was fictitious.

21 68. The misrepresentations and omissions made by Cain and ANI
22 Development were material because investors in the liquor license loan funding
23 program would have wanted to know: that ANI Development's investment strategy
24 was wholly fictitious; that the real escrow agreements allowed Cain to withdraw
25 investor funds at any time; that ANI Development does not appear to have made a
26 single loan to alcohol-license applicants; that the escrow company accounts were not
27 suitable for the transfer of alcohol licenses; that the escrow officers involved did not
28 handle these types of transactions; and that the real escrow agreements allowed Cain

1 to withdraw investor funds at any time.

2 69. Defendant Cain knew, or was reckless in not knowing, that the following
3 representations she made to investors were false: ANI Development would make
4 loans to alcohol license applicants; an escrow account would be opened to facilitate
5 those loans; and investor money would be held securely in an escrow account and
6 would only be released when the license transferred and the funds were repaid with
7 interest. Cain controlled the flow of money out of the escrow accounts, and
8 knowingly transferred a portion of them to American National Investments, for
9 purposes unrelated to the original investments. Cain's scienter can be imputed to
10 ANI Development.

11 70. Cain, ANI Development's managing member, knowingly engaged in a
12 multi-year scheme to defraud investors. Cain committed acts in furtherance of the
13 scheme by using the forged signatures of escrow officers to make investors believe
14 that the agreements they received were legitimate and by directing that funds be
15 transferred from escrow accounts set up for ANI Development to American National
16 Investment bank accounts controlled by her. These transfers to American National
17 Investments, which played no role in the alleged lending program, violated the terms
18 of the phony escrow agreements that Cain provided investors. Moreover, when First
19 Investor sought assurances from Cain about the loans, she used a false email address
20 with a phony domain name to deceive him as to the status of his investments.

21 71. By engaging in the conduct described above, Defendants Cain and ANI
22 Development with scienter, and each of them, directly or indirectly, in connection
23 with the purchase or sale of a security, by the use of means or instrumentalities of
24 interstate commerce, of the mails, or of the facilities of a national securities
25 exchange: (a) employed devices, schemes, or artifices to defraud; (b) made untrue
26 statements of a material fact or omitted to state a material fact necessary in order to
27 make the statements made, in the light of the circumstances under which they were
28 made, not misleading; and (c) engaged in acts, practices, or courses of business which

1 operated or would operate as a fraud or deceit upon other persons.

2 72. By engaging in the conduct described above, Defendants Cain and ANI
3 Development violated, and unless restrained and enjoined will continue to violate,
4 Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17
5 C.F.R. § 240.10b-5.

6 **SECOND CLAIM FOR RELIEF**

7 **Fraud in the Offer or Sale of Securities**

8 **Violations of Section 17(a) of the Securities Act**

9 **(against Defendants Cain and ANI Development)**

10 73. The SEC realleges and incorporates by reference paragraphs 1 through
11 65 above.

12 74. Defendants Cain and ANI Development each engaged in deceptive
13 conduct and obtained money by means of false and misleading statements and
14 omissions in connection with ANI Development's liquor license loan funding
15 program. Both through the phony escrow agreements and in information provided to
16 the First Investor which he provided to subsequent investors, Cain and ANI
17 Development provided false and misleading information that investor money would
18 be used to fund the transfer of liquor licenses, and represented that investor proceeds
19 would be kept safe in the escrow account until they were transferred back to the
20 investor. In reality, ANI and Cain had unfettered access to escrow funds and used
21 that access to fund American National Investment's unrelated business operations,
22 such that the entire ANI Development investment strategy was fictitious.

23 75. The misrepresentations and omissions made by Cain and ANI
24 Development were material because investors in the liquor license loan funding
25 program would have wanted to know: that ANI Development's investment strategy
26 was wholly fictitious; that the real escrow agreements allowed Cain to withdraw
27 investor funds at any time; that ANI Development does not appear to have made a
28 single loan to alcohol-license applicants; that the escrow company accounts were not

1 suitable for the transfer of alcohol licenses; that the escrow officers involved did not
2 handle these types of transactions; and that the real escrow agreements allowed Cain
3 to withdraw investor funds at any time.

4 76. Cain and ANI Development's statements regarding the use of investors'
5 funds and the high interest rates promised, enticed investors to invest in the liquor
6 license loan funding program, and ANI Development used the monies raised to fund
7 its operations, thereby obtaining money by means of the misrepresentations.

8 77. Defendant Cain knew, or at a minimum was negligent in not knowing,
9 that the following representations she made to investors were false: ANI
10 Development would make loans to alcohol license applicants; an escrow account
11 would be opened to facilitate those loans; and investor money would be held securely
12 in an escrow account and would only be released when the license transferred and the
13 funds were repaid with interest. Cain controlled the flow of money out of the escrow
14 accounts, and knowingly transferred a portion of them to American National
15 Investments, for purposes unrelated to the original investments. Cain's negligence
16 and scienter can be imputed to ANI Development.

17 78. Cain, ANI Development's managing member, knowingly and/or
18 unreasonably engaged in a multi-year scheme to defraud investors. Cain committed
19 acts in furtherance of the scheme by using the forged signatures of escrow officers to
20 make investors believe that the agreements they received were legitimate and by
21 directing that funds be transferred from escrow accounts set up for ANI Development
22 to American National Investment bank accounts controlled by her. These transfers to
23 American National Investments, which played no role in the alleged lending program,
24 violated the terms of the phony escrow agreements that Cain provided investors.
25 Moreover, when the First Investor sought assurances from Cain about the loans, she
26 used a false email address with a phony domain name to deceive him as to the status
27 of his investments.

28 79. By engaging in the conduct described above, Defendants Cain and ANI

1 Development, and each of them, directly or indirectly, in the offer or sale of
2 securities, and by the use of means or instruments of transportation or communication
3 in interstate commerce or by use of the mails directly or indirectly: (a) employed
4 devices, schemes, or artifices to defraud; (b) obtained money or property by means of
5 untrue statements of a material fact or by omitting to state a material fact necessary in
6 order to make the statements made, in light of the circumstances under which they
7 were made, not misleading; and (c) engaged in transactions, practices, or courses of
8 business which operated or would operate as a fraud or deceit upon the purchaser.

9 80. Defendants Cain and ANI Development, with scienter, employed
10 devices, schemes and artifices to defraud; with scienter or negligence, obtained
11 money or property by means of untrue statements of a material fact or by omitting to
12 state a material fact necessary in order to make the statements made, in light of the
13 circumstances under which they were made, not misleading; and, with scienter or
14 negligence, engaged in transactions, practices, or courses of business which operated
15 or would operate as a fraud or deceit upon the purchaser.

16 81. By engaging in the conduct described above, Defendants Cain and ANI
17 Development violated, and unless restrained and enjoined will continue to violate,
18 Section 17(a) of the Securities Act, 15 U.S.C. §§ 77q(a).

19 **THIRD CLAIM FOR RELIEF**

20 **Unjust Enrichment**

21 **(against Relief Defendant American National Investments)**

22 82. The SEC realleges and incorporates by reference paragraphs 1 through
23 65 above.

24 83. Relief Defendant American National Investments received and retained
25 at least \$22 million in investor funds, funds over which it has no legitimate claim.

26 84. Relief Defendant American National Investments obtained these ill-
27 gotten gains described above as part of the securities law violations alleged above,
28 under circumstances in which it is not just, equitable, or conscionable for it to retain

1 the funds.

2 85. By engaging in the foregoing conduct, American National Investments
3 has been unjustly enriched and must disgorge its ill-gotten gains.

4 **PRAYER FOR RELIEF**

5 WHEREFORE, the SEC respectfully requests that the Court:

6 **I.**

7 Issue findings of fact and conclusions of law that Defendants committed the
8 alleged violations.

9 **II.**

10 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of
11 Civil Procedure, preliminarily and permanently enjoining Cain and ANI
12 Development, and their officers, agents, servants, employees and attorneys, and those
13 persons in active concert or participation with any of them, who receive actual notice
14 of the judgment by personal service or otherwise, and each of them, from violating
15 Section 17(a) of the Securities Act [15 U.S.C. §77q(a)], and Section 10(b) of the
16 Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-
17 5].

18 **III.**

19 Issue, in a form consistent with Fed. R. Civ. P. 65, an order freezing the assets
20 of defendants and relief defendants; ordering an accounting by defendants and relief
21 defendants; prohibiting defendants and relief defendants from destroying relevant
22 documents; and appointing a permanent receiver over ANI Development, American
23 National Investments, and all of their subsidiaries and affiliates.

24 **IV.**

25 Order Defendants Cain and ANI Development and Relief Defendant American
26 National Investments to disgorge all funds received from their illegal conduct,
27 together with prejudgment interest thereon.

1 V.

2 Order Defendants to pay civil penalties under Section 20(d) of the Securities
3 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §
4 78u(d)(3)].

5 VI.

6 Retain jurisdiction of this action in accordance with the principles of equity and
7 the Federal Rules of Civil Procedure in order to implement and carry out the terms of
8 all orders and decrees that may be entered, or to entertain any suitable application or
9 motion for additional relief within the jurisdiction of this Court.

10 VII.

11 Grant such other and further relief as this Court may determine to be just and
12 necessary.

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14 Dated: August 28, 2019

15 /s/ Kathryn C. Wanner
16 KATHRYN C. WANNER
17 Attorney for Plaintiff
18 Securities and Exchange Commission
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