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10  
11 UNITED STATES BANKRUPTCY COURT  
12 NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

13 In re

Case No. 20-30604

14 PROFESSIONAL FINANCIAL  
15 INVESTORS, INC.

Chapter 11

16 Debtor.

**DECLARATION OF MICHAEL  
HOGAN IN SUPPORT OF THE  
BANKRUPTCY FILING AND EARLY  
CASE ADMINISTRATION MOTIONS**

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19  
20 I, Michael Hogan, declare:

21 1. On the day of this declaration, Professional Financial Investors, Inc. (“PFI”  
22 or the “Debtor”) filed in this district a voluntary petition for relief under chapter 11 of title  
23 11 of the United States Code commencing a chapter 11 case (the “Bankruptcy Case”). I  
24 am authorized to submit this declaration in support of the Debtor’s chapter 11 petition and  
25 the first day pleadings described here.

26 2. I am a Managing Director with Armanino LLP (“Armanino”) and lead the  
27 firm’s corporate finance and restructuring practices. I have over 30 years of experience in  
28 operations and finance and strategy, and I specialize in stabilizing and turning around

SMRH:4833-3797-6516.6

1 underperforming businesses and driving exits. My career has included work in bankruptcy  
2 and receiverships (state and federal), as well as situations where fraud has occurred.

3       3. My firm, Armanino is the 25<sup>th</sup> largest assurance, tax, audit and consulting  
4 firm in the United States and the largest independent firm headquartered in California with  
5 deep expertise in the real estate industry as well as specific professionals trained in  
6 restructuring, forensics and financial operations.

7       4. I serve as the Chief Restructuring Officer (“CRO”) of PFI and its related  
8 entity, Professional Investors Security Fund, Inc. (“PISF” and together with PFI, the  
9 “Companies”).<sup>1</sup> I was appointed CRO of PFI on June 13, 2020, following the resignations  
10 of all the officers of the Companies and CRO of PISF on July 21, 2020. In such capacity I  
11 am responsible for managing the daily financial and operational duties of the Companies.  
12 These tasks include managing the ongoing property management activities, generating  
13 ongoing business plans and budgets, advising on the formulation and execution of an  
14 overall business strategy, leading restructuring arrangements, working in collaboration  
15 with government agencies as required in their fact-finding, as well as other key areas of  
16 leadership for the Companies. In connection with my appointment in such capacity, I have  
17 reviewed documents relevant to the Companies and had conversations with parties familiar  
18 with certain aspects of the Companies and their respective operations.

19       5. Except as otherwise noted, the matters described in this declaration are  
20 based upon my personal knowledge, my review of relevant documents and my discussions  
21 with other parties familiar with the Debtor and PISF, and if called as a witness, I would  
22 testify to such matters.

23       6. I submit this declaration to provide relevant background information and  
24 assist the Court and other parties in interest in understanding the circumstances related to  
25 the commencement of this Bankruptcy Case, in support of the Debtor’s voluntary petition  
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28 <sup>1</sup> On July 16, 2020, PISF was the subject of an involuntary petition filed by certain of its investors,  
initiating Case No. 20-30579 before this Court.  
SMRH:4833-3797-6516.6

1 for relief filed today (the “Petition Date”) and the relief in the form of motions and  
2 applications (collectively, the “Motions”) filed by the Debtor concurrently with this  
3 declaration and/or in the coming days, which the Debtor anticipates will include the  
4 following:

- 5 (a) *Ex Parte Application Pursuant to Bankruptcy Rule 1015(b) and Local Rule*  
6 *1015-1 Requesting Joint Administration of Chapter 11 Cases (the “Motion*  
7 *for Joint Administration”);*
- 8 (b) *Application for Order Approving Designation of Michael Hogan as*  
9 *Responsible Individual Pursuant to Bankruptcy Local Rule 4002-1;*
- 10 (c) *Emergency Motion for an Order Authorizing Debtor to Maintain its Existing*  
11 *Bank Accounts and Approving Debtor’s Continuation of its Cash*  
12 *Management System;*
- 13 (d) *Emergency Motion for Order Determining Adequate Assurance of Payment*  
14 *for Utility Services;*
- 15 (e) *Emergency Motion for Order Authorizing the Debtors to Maintain Insurance*  
16 *Policies; and*
- 17 (f) *Emergency Motion for Order Authorizing Debtors to Honor Prepetition*  
18 *Obligations to Employees.*

19 To the extent there are additional facts regarding a Motion that are not included in  
20 this Declaration, a supplemental declaration will be filed that provides such facts.

21 7. Unless otherwise stated, I give capitalized terms not defined in this  
22 Declaration the meanings given to them in the Motions. This Declaration addresses the  
23 Companies’ background and their capital structure, describes a Ponzi scheme-like  
24 operation involving the Companies that has been uncovered over the past few months, sets  
25 forth the events leading to this bankruptcy filing, and outlines the next steps for the  
26 Companies, followed by a discussion regarding each of the Motions listed above.

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1 **THE COMPANIES' BACKGROUND**

2 8. The Debtor is a privately held California corporation founded by Ken Casey  
3 (“Mr. Casey”) on or about August 15, 1990. Mr. Casey served as its sole officer, director  
4 and shareholder until 1998, when he relinquished his corporate positions and placed his  
5 shares of PFI in an irrevocable trust for which his ex-wife, Charlene Albanese (“Ms.  
6 Albanese”)¹, is the current trustee and lifetime income beneficiary. Despite these actions,  
7 Mr. Casey appears to have maintained complete *de facto* control over PFI until his death  
8 on May 6, 2020.

9 9. Mr. Casey founded PISF on or about November 1, 1983 and served as its  
10 sole shareholder, officer, and director from that date until his death. Mr. Casey’s shares in  
11 PISF were held in a revocable trust. Upon Mr. Casey’s death, Ms. Albanese became the  
12 trustee and beneficiary of that revocable trust.

13 10. The Companies each own various real properties in Northern California  
14 (Marin and Sonoma Counties) and also own interests in various other entities that in turn  
15 own real property in California. PFI serves as the property manager for all of these real  
16 properties as well as the operational arm that manages and accounts for both Companies’  
17 activities.

18 11. As discussed further below, over a period of at least three decades, Mr.  
19 Casey appears to have operated a fraudulent scheme in which investors loaned funds to the  
20 Companies, with a significant portion of those funds being used to service the debt owed to  
21 existing investors and to personally enrich Mr. Casey himself. Others associated with the  
22 Companies also appear to have been involved and benefitted from the scheme, and this  
23 investigation is ongoing. The investigation is ongoing, however, the scale of the potential  
24 misappropriation appears to be in the hundreds of millions of dollars, the number of direct  
25 victims approximately 1,000, and the number of additionally affected investors who have  
26 had their investments co-mingled with potential ill-gotten gains approximately 500.

27 \_\_\_\_\_  
28 ¹ Mr. Casey and Ms. Albanese divorced in 1996.  
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1           12. The fraudulent scheme involving the Companies only came to light upon Mr.  
2 Casey's death, when the Companies engaged new counsel, Ragghianti | Freitas LLP  
3 ("Ragghianti | Freitas"), to help transition the business. Through these efforts, Ragghianti |  
4 Freitas learned troubling facts regarding PFI's financial condition and Ms. Albanese  
5 directed them to conduct an investigation into the Companies' finances and operations.  
6 Upon learning of possible criminal behavior, Ms. Albanese directed the Companies to  
7 inform certain government authorities, including the Securities and Exchange Commission  
8 ("SEC"), and to cease accepting any additional loans.

### 9                                   **THE COMPANIES' CAPITAL STRUCTURE**

10           13. Due to the extent and long-standing nature of the apparently fraudulent acts  
11 involving the Companies, the exact liabilities and assets of each of the Companies is not  
12 yet entirely clear. The Companies, under their new management led by me, initiated a  
13 forensic review of the investments by and payouts of the Companies, as well as their  
14 financial operations and reporting and are continuing to review and analyze a significant  
15 number of additional documents and conduct further investigation to determine the extent  
16 of such liabilities and assets. I anticipate that such further investigation will take  
17 approximately 30 to 60 days.

18           14. For the purposes of this filing, I am informed and believe that: (i) PFI holds  
19 fee title to approximately twenty eight real properties in California, (ii) PFI has an equity  
20 interest that typically ranges from 30% to 40% (with certain limited exceptions) in  
21 approximately thirty California limited liability companies (collectively, the "LLCs") that  
22 themselves hold either fee title or an interest as a tenant-in-common in various real  
23 properties in California, (iii) PFI has a general partner interest in approximately ten  
24 California limited partnerships (collectively, the "LPs") that themselves hold fee title to  
25 various real properties in California, (iv) PFI holds n interest as a tenant-in-common in  
26 approximately two real properties in California, and (v) PISF has a significant limited  
27 partner interest in the LPs. An organizational chart that provides an overview of PFI's  
28 interests as described above is attached to this Declaration as Exhibit A.

1           15.     The Companies' own either a direct or indirect interest in approximately  
2 seventy real property locations (collectively, the "Real Properties"), primarily consisting of  
3 apartment buildings and office parks. Attached to this declaration as Exhibit B is a list of  
4 the Real Properties that indicates whether PFI or PISF's interest in each Real Property is  
5 owned directly or through one of the LLCs or LPs. Based on broker price opinions  
6 obtained at my direction, the total estimated value of the Real Properties is over \$550  
7 million.

8           16.     As for liabilities, most of the Real Properties are subject to a first lien deed of  
9 trust in favor of a bank lender. In addition, many of the Real Properties are also subject to  
10 a second lien deed of trust in favor of investors to one of the Companies (these second lien  
11 deeds of trust are fractionalized deeds of trust). As of June 2020, the aggregate  
12 outstanding debt secured by these first and second lien deeds of trust is believed to total  
13 more than \$400 million. In addition, PISF appears to owe more than \$250 million to  
14 investors whose investments are nominally secured by PISF's interest in the LPs.

### 15                                   **THE NATURE OF THE FRAUDULENT SCHEME**

16           17.     The Companies' books and records indicate they have five main types of  
17 investors: (a) lenders to PISF that are secured by PISF's interests in the LPs (collectively,  
18 the "PISF Straight Lenders"), (b) lenders to PISF that are secured by junior deeds of trust  
19 on real properties owned by the LPs (collectively, the "PISF Junior DOT Lenders"), (c)  
20 lenders to PFI that are secured by junior deeds of trust on real properties owned solely by  
21 PFI (collectively, the "PFI Junior DOT Lenders"), (d) members of various limited liability  
22 companies for which PFI is the Manager, a Member, an equity holder, and a property  
23 manager (collectively, the "LLC Members"), and (e) tenants in common to properties  
24 owned by PFI or the LLCs.

25           18.     The initial discovery of financial irregularities was related to the loans made  
26 by the PISF Straight Lenders, which appear to have a current total outstanding principal  
27 balance of over \$250 million, but further review has made it clear that other investment  
28 vehicles have also been impacted.

1           19.     PISF Straight Lenders loaned money to PISF for an above-market rate of  
2 interest and appear to have been told their loaned funds would be used to make  
3 improvements to properties owned by PISF, pay off existing investors in PISF, purchase  
4 new real properties to be held by PISF, and to fund a reserve to cover PISF's debt service  
5 on investors' loans.

6           20.     While the loans made by PISF Straight Lenders are ostensibly secured by  
7 PISF's interests in the LPs, the investigation into the Companies' finances indicates this  
8 collateral is mostly exhausted and likely has been for some years. It is also unclear if any  
9 of these security interests were ever perfected. The properties owned by the LPs are  
10 subject to mortgages and junior deeds of trust that, based on current estimated values for  
11 those properties, leave little or no equity in the individual LPs.

12          21.     The proceeds from PISF Straight Lenders loans were sometimes used to  
13 make improvements to properties owned by PISF, to pay off existing PISF Straight  
14 Lenders, and buyout member interests. However, PISF does not appear to have used such  
15 funds to purchase any additional properties or to create a reserve fund.

16          22.     A substantial amount of the funds invested by the PISF Straight Lenders'  
17 appear to have been used to (i) make interest payments to pre-existing PISF Straight  
18 Lenders, (ii) make interest payments to the PISF Junior DOT Lenders, (iii) make interest  
19 payments to the PFI Junior DOT Lenders, (iv) convert PISF Straight Lenders' principal  
20 and accrued interest into membership interests in PFI-managed limited liability companies,  
21 (v) make intra-company loans to PFI, (vi) make intra-company loans to LLCs for  
22 improvements and interest payments to members, and (vii) enrich Ken Casey and  
23 potentially others.

24          23.     The finances of the Companies are such that, without accepting new  
25 investment or monies from PISF Straight Lenders, neither PISF nor PFI have sufficient  
26 cash flow to meet their monthly interest obligations to the existing PISF Straight Lenders  
27 or the PISF Junior DOT Lenders, the PFI Junior DOT Lenders, or pay promised quarterly  
28 returns to certain LLC members.



1 **EVENTS LEADING TO THIS BANKRUPTCY FILING**

2 24. As briefly discussed above, Ms. Albanese engaged Ragghianti Freitas shortly  
3 after Mr. Casey’s death to, among other things, review the records relating to the  
4 Companies’ real estate holdings and debt financing. At the outset of this review,  
5 Ragghianti Freitas concluded there were legitimate questions involving the structure and  
6 investment history of the Companies.

7 25. The Companies thereafter voluntarily approached the SEC and asked it to  
8 conduct a fact-finding inquiry into Mr. Casey and the Companies’ multiple decades-worth  
9 of real estate investments. The SEC initiated its investigation on May 28, 2020.

10 26. During the pendency of the SEC’s review, the Companies suspended making  
11 principal and/or interest payments to the PISF Straight Lenders. The Companies have also  
12 suspended payments on the second lien deeds of trust. New debt financing and  
13 investments have also been halted, because to do otherwise would be to endorse and  
14 continue criminal activity. The Companies have continued to make payments on the first  
15 lien deeds of trust, property taxes and property insurance, all of which are current. Aside  
16 from these issues, PFI continues its operations, including property management services,  
17 Manager duties in connection with the LLCs, and general partner duties in connection with  
18 the LPs.

19 27. Ragghianti Freitas informed many of the Companies’ investors of the SEC’s  
20 review via a communication sent to investors on June 4, 2020.

21 28. Upon my retention as the CRO for PFI, PFI asked for and received the  
22 resignations of all their existing corporate officers so that the Companies could work  
23 unimpeded on a game plan for restructuring their finances and operations.

24 29. During my tenure as CRO, the Companies have continued to update their  
25 investors regarding the status of the investigations into the Companies’ operations and  
26 financial status, and have continued to supply extensive amounts of the Companies’  
27 documents and information to government agencies to support their investigations.

28





1 **NEXT STEPS FOR THE COMPANIES**

2 35. Under my leadership, the Companies' central focus is to return as much  
3 value as possible to investors. This will necessarily require significant input from all  
4 investors, as there are many different types of investment as well as different ways in  
5 which these investments were transacted. The Companies have commenced these  
6 bankruptcy proceedings because the Companies believe this is the best way to provide a  
7 framework for investors to make their views known and to provide the most value to  
8 investors as possible. The Companies are hopeful that a committee (or committees) are  
9 quickly formed so that the investors are represented in an organized fashion.

10 36. Once that committee or those committees are formed, the Companies plan to  
11 immediately discuss with them the selection of an independent director to replace Ms.  
12 Albanese, who has already offered her resignation. The Companies are hopeful they will  
13 quickly reach an agreement on the identity of that independent director and can have that  
14 person appointed immediately.

15 37. In addition, the Companies plan to spend the first 60-90 days of these  
16 bankruptcy proceedings attempting to reach an overall negotiated agreement with all  
17 investor classes regarding the manner in which value will be returned to investors. If  
18 successful, the Companies anticipate this agreement will provide the framework for the  
19 Chapter 11 plan that will allow the Companies to exit from bankruptcy. I strongly believe  
20 the best outcome for investors is through a negotiated compromise.

21 38. While we are hopefully engaged in these negotiations, the Companies will  
22 continue to work diligently to preserve their assets by ensuring that all property  
23 management functions continue uninterrupted, including collection of rent, ongoing  
24 leasing and onsite maintenance and repairs to ensure stable and continued operations, since  
25 the underlying properties are the key value to all parties in interest.

26 39. The Companies do appear to have sufficient cash flow, however, to meet  
27 conventional bank debt obligations and their respective operating and maintenance  
28 expenses.

1           40. In addition, the Companies plan to submit additional first day motions early  
2 the week of July 27<sup>th</sup>. Those motions will likely include motions to authorize the  
3 Companies’ use of cash collateral, to maintain employee benefits, to maintain the  
4 Companies’ insurance program, to maintain the Companies’ existing bank accounts, and to  
5 provide adequate assurance to utilities.

6           41. I anticipate that via future voluntary bankruptcy filings, involuntary  
7 bankruptcy filings, and adversary proceedings, the Court will obtain jurisdiction over all  
8 the LPs, LLC, and Real Properties described in this Declaration.

9                                   **MOTION FOR JOINT ADMINISTRATION**

10           42. As stated above, the Companies are related entities that are engaged in the  
11 same industry and the subject of chapter 11 bankruptcy petitions. Based on my review of  
12 the information available to the Companies at this time, the list of creditors and other  
13 parties-in-interest in these cases are substantially the same. Many of the motions, hearings,  
14 and orders that will be filed in the Companies’ chapter 11 cases will almost certainly affect  
15 both Companies. It is my view that the separate administration of the Companies’ cases  
16 will result in substantial duplication of pleadings and prosecution of matters, which would  
17 inevitably translate into significant cost, inefficiency and potential confusion.

18           43. In the Motion for Joint Administration, the Debtors request entry of an order  
19 authorizing the joint administration of their chapter 11 cases for procedural purposes only  
20 as further described in that motion.

21           44. Given the above, I believe that an order directing joint administration of the  
22 Companies’ chapter 11 cases will reduce fees and costs by avoiding duplicative filings and  
23 objections, and will allow the U.S. Trustee and all parties-in-interest to monitor the  
24 Companies’ chapter 11 cases with greater ease and efficiency, which will inure to the  
25 benefit of all interested parties, and will not harm the substantive rights of any party-in-  
26 interest.

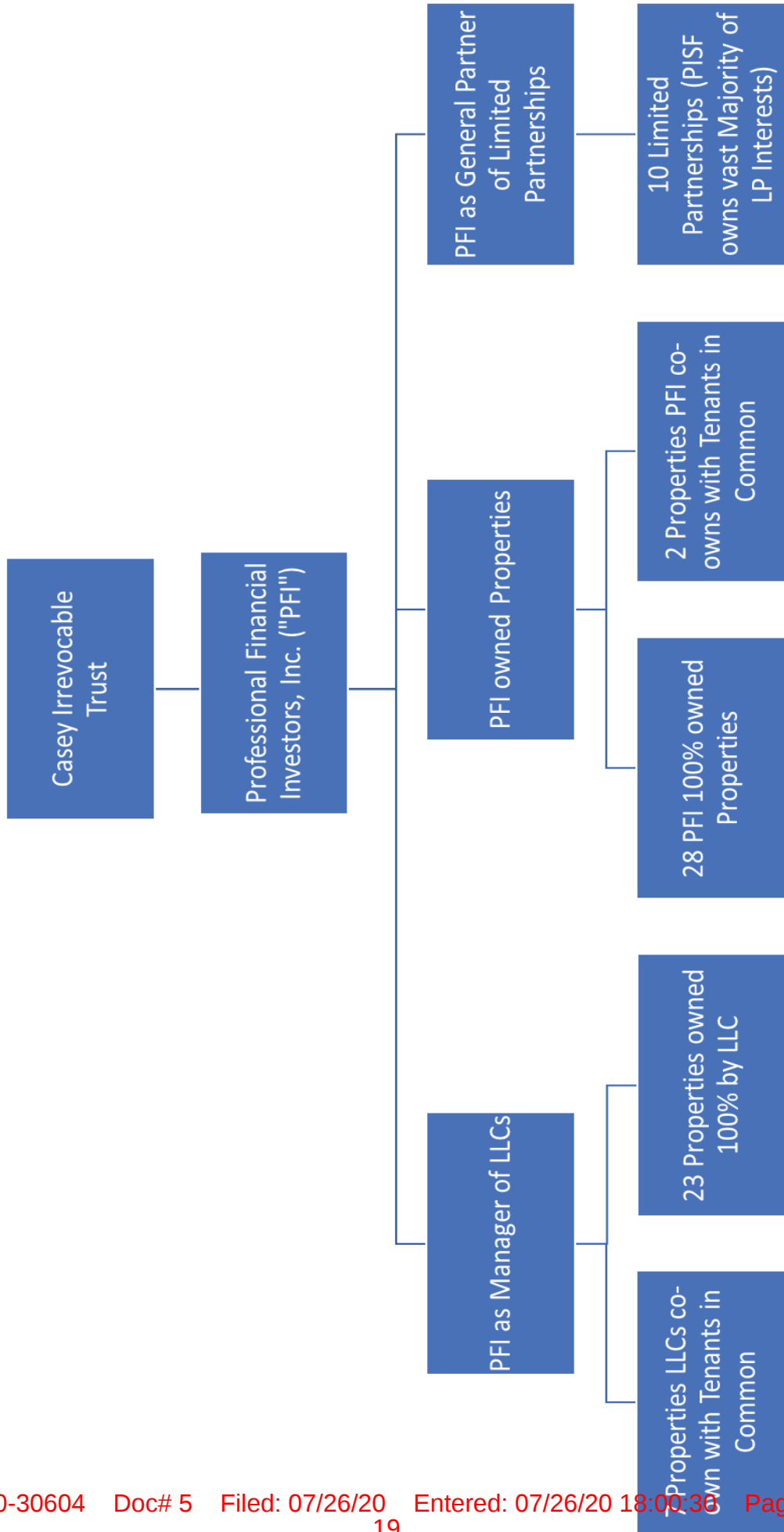
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I declare under penalty of perjury under the laws of the United States of America  
that the foregoing is true and correct. Executed on July 26, 2020, at Novato, California.

DocuSigned by:  
*Michael Hogan*  
71378210E0AC421...  
\_\_\_\_\_  
Michael Hogan.

**EXHIBIT A**



**EXHIBIT B**



Professional Financial Investors, Inc.  
 Summary Review of Properties as of June 2020 <sup>(1)</sup>

SUMMARY								PROPERTY DETAILS				VALUATION (2)
Code	Type	Owner	TYPE	Mort	DOT	TIC	Interest/E quity	Property		City	zip	Broker Opinion of Value
I	RES	PISF/LP	LP	✓	✓		✓	Ignacio Hills Tennis & Garden Apts.	475 Ignacio Blvd	Novato	94949	\$ 7,763,688.00
IV	RES	PISF/LP	LP	✓	✓		✓	Ignacio Hills Tennis & Garden Apts.	551 Alameda Del Prado	Novato	94949	\$ 3,500,000.00
VII	RES	PISF/LP	LP	✓	✓		✓	Albion Terrace Apts.	225 Nova Albion Way	San Rafael	94903	\$ 16,000,000.00
IX	RES	PISF/LP	LP	✓	✓		✓	Northgate Apts.	825 Las Gallinas Avenue	San Rafael	94903	\$ 19,600,000.00
XII	RES	PISF/LP	LP	✓	✓		✓	Ignacio Hills Tennis & Garden Apts.	445 Ignacio Blvd	Novato	94949	\$ 8,000,000.00
XIII	RES	PISF/LP	LP	✓	✓		✓	Lincoln Villa	1825 Lincoln Avenue	San Rafael	94901	\$ 21,440,000.00
XIV	RES	PISF/LP	LP	✓	✓		✓	Fairway Apts.	1000 Ignacio Blvd	Novato	94949	\$ 21,600,000.00
XV	RES	PISF/LP	LP	✓	✓		✓	Country Club Apt.	980 Ignacio Blvd	Novato	94949	\$ 6,930,000.00
XVII	RES	PISF/LP	LP	✓	✓		✓	Oak Hill Apts.	216 Marin Street	San Rafael	94901	\$ 14,000,000.00
XVIII	RES	PISF/LP	LP	✓	✓		✓	Ignacio Gardens	380 - 450 Alameda Del Prado	Novato	94949	\$ 40,800,000.00
20	RES	PF/LLC	LLC	✓			✓	Ignacio Hills Tennis & Garden Apts.	511 & 531 Alameda Del Prado	Novato	94949	\$ 8,750,000.00
21	RES	PF/LLC	LLC	✓			✓	Ignacio Hills Tennis & Garden Apts.	401 Ignacio Blvd. & 521 Alameda Del Prado	Novato	94949	\$ 12,875,000.00
22	RES	PF/LLC	LLC	✓			✓	Sonoma Mission Apts.	120 Orchard Ave	Sonoma	95416	\$ 11,125,000.00
23	COM	PF/LLC	LLC	✓			✓	City Center	1701 Novato Blvd.	Novato	94947	\$ 11,000,000.00
24	COM	PF/LLC	LLC	✓			✓	Baywood Center	1682 Novato Blvd.	Novato	94947	\$ 5,750,000.00
25	COM	PF/LLC	LLC	✓			✓	Creekside	7 Mt. Lassen Drive	San Rafael	94903	\$ 5,712,500.00
26	COM	PF/LLC	LLC	✓			✓	100 Tamal Vista	100 Tamal Vista	Corte Madera	94925	\$ 8,475,000.00
27	COM	PF/LLC	LLC	✓			✓	Novato Business Center	1500.1510.1516 Grant Ave.	Novato	94945	\$ 7,125,000.00
28/110	RES	PF/LLC	LLC	✓			✓	Ignacio Hills Tennis & Garden Apts.	481 Ignacio Blvd	Novato	94949	\$ 5,875,000.00
29/117	COM	PF/LLC	LLC	✓			✓	The Broadway	1151 Broadway	Sonoma	95476	\$ 3,375,000.00
30	COM	PF/LLC	LLC	✓			✓	The Redwoods	1341-1353 Redwood Way	Petaluma	94945	\$ 10,300,000.00
31	COM	PF/LLC	LLC	✓			✓	San Pedro Business Center	30 North San Pedro Rd	San Rafael	94903	\$ 6,612,500.00
32	COM	PF/LLC	LLC	✓			✓	The Northgate Business Center	555 North Gate Drive	San Rafael	94903	\$ 6,100,000.00
33	RES	PF/LLC	LLC	✓			✓	Ignacio Place Apartment	335 Enfrente Rd	Novato	94949	\$ 14,850,000.00
34	COM	PF/LLC	LLC	✓			✓	Gateway Business Center	851 Irwin Street	San Rafael	94901	\$ 8,975,000.00
35	COM	PF/LLC	LLC	✓			✓	Sequoia Business Center	1425 North McDowell	Petaluma	94954	\$ 6,750,000.00
36	RES	PF/LLC	LLC	✓			✓	Village Green Apts.	350 Robinson St.	Sonoma	95476	\$ 9,050,000.00
37	COM	PF/LLC	LLC	✓			✓	Broadway Square	10 Maple St & 635-651 Broadway	Sonoma	95476	\$ 4,550,000.00
38	COM	PF/LLC	LLC	✓			✓	Northgate Professional Center	899 Northgate Dr	San Rafael	94903	\$ 23,625,000.00
39	COM	PF/LLC	LLC	✓			✓	4th Street Business Center	523 4th St & 930 Irwin St.	San Rafael	95401	\$ 7,100,000.00
40	RES	PF/LLC	LLC	✓			✓	Madrone Apartment Homes	15411-15499 Marty Drive	Glen Ellen	95442	\$ 9,250,000.00
41/121	RES	PF/LLC/TI C	LLC/TIC	✓		✓	✓	Marin Heights Apartment Homes	19 Merrydale Rd	San Rafael	94903	\$ 6,037,500.00
42	COM	PF/LLC	LLC	✓			✓	Northgate Heights Business Center	1050 Northgate Dr.	San Rafael	95401	\$ 20,900,000.00
43	RES	PF/LLC/TI C	LLC/TIC	✓		✓	✓	The Height Apartment Homes	109 Professional Center Parkway	San Rafael	94903	\$ 7,175,000.00
44	RES	PF/LLC/TI C	LLC/TIC	✓		✓	✓	Sycamore Creek Apartments	100 Sycamore Ave	San Anselmo	94960	\$ 9,175,000.00
45	COM	PF/LLC/TI C	LLC/TIC	✓		✓	✓	The American Building	1099 D. Street	San Rafael	95401	\$ 10,505,000.00
46	RES	PF/LLC	LLC	✓			✓	Woodland Apartments	285 Woodland Ave	San Rafael	95401	\$ 6,075,000.00
47	COM	PF/LLC/TI C	LLC/TIC	✓		✓	✓	Hunt Plaza	240 Tamal Vista	Corte Madera	94925	\$ 8,350,000.00

SUMMARY								PROPERTY DETAILS				VALUATION (2)
Code	Type	Owner	TYPE	Mort	DOT	TIC	Interest/Equity	Property		City	zip	Broker Opinion of Value
48	RES	PFI/LLC/TIC	LLC/TIC	✓		✓	✓	Parc Marin	1441 Casa Buena Drive	Corte Madera	94952	\$ 20,500,000.00
49	RES	PFI/LLC/TIC	LLC/TIC	✓		✓	✓	Lincoln Redwoods	1732 Lincoln Ave	San Rafael	94901	\$ 7,137,500.00
100	RES	PFI	PFI	✓	✓			Ignacio Hills Tennis & Garden Apts.	461 Ignacio Blvd	Novato	94949	\$ 4,550,000.00
101	RES	PFI	PFI		✓			Ignacio Hills Tennis & Garden Apts.	501 Alameda Del Prado	Novato	94949	\$ 3,650,000.00
102	RES	PFI	PFI	✓	✓			Hammondale	1 Hammondale Court	San Rafael	94901	\$ 2,235,000.00
103	COM	PFI	PFI	✓	✓			Mariners Landing	200 Gate 5 Road	Sausalito	94965	\$ 9,575,000.00
104	COM	PFI	PFI	✓	✓			Duffy Place	21 - 37 Duffy Place	San Rafael	94901	\$ 11,602,500.00
105	RES	PFI	PFI		✓			Ignacio Lane	49 Ignacio Lane	Novato	94949	\$ 2,585,000.00
106	RES	PFI	PFI	✓	✓			Pacheco Villa	17-23, 30-42 Clay Court	Novato	94949	\$ 6,900,000.00
107	RES	PFI	PFI	✓	✓			107 Marin	107 Marin Street	San Rafael	94901	\$ 3,800,000.00
108	RES	PFI	PFI	✓	✓			885 Broadway	885 Broadway	Sonoma	95476	\$ 5,425,000.00
109	RES	PFI	PFI	✓	✓			Brookside	515 B. Street	San Rafael	94901	\$ 3,120,000.00
111	RES	PFI	PFI	✓	✓			Redwood Manor	355 Boyes Blvd	Sonoma	95476	\$ 2,787,500.00
112	COM	PFI	PFI	✓	✓			North Bay Business Center	7200 Redwood Blvd.	Novato	94945	\$ 12,930,000.00
114	COM	PFI	PFI	✓	✓			The Keys Center	353-359 Bel Marin Keys	Novato	94949	\$ 5,572,500.00
115	RES	PFI	PFI	✓	✓			Merrydale View Apartments	7 Merrydale Road	San Rafael	94903	\$ 2,942,500.00
116	RES	PFI	PFI	✓	✓			Novato Court Apts.	1506 Vallejo Ave.	Novato	94945	\$ 2,055,000.00
117	COM	PFI	PFI	✓	✓			Las Galinas Business Center	117-121 Paul Drive	San Rafael	94903	\$ 1,675,000.00
118	RES	PISF/LP	PFI/TIC			✓		16914 Sonoma Hwy	16914 Sonoma Hwy	Sonoma	95476	\$ 6,050,000.00
119	RES	PFI	PFI	✓	✓			419 Prospect Drive	419 Prospect Drive	San Rafael	94901	\$ 3,825,000.00
120	RES	PFI/LLC/TIC	LLC/TIC	✓	✓	✓		Glenwood Apartments	1222 Irwin St.	San Rafael	94901	\$ 3,850,000.00
122	RES	PFI	PFI		✓			1129 3rd St. Apts	1129 3rd St.	Novato	94945	\$ 1,650,000.00
123	RES	PFI	PFI					Rafael Gardens	1315 Lincoln Ave	San Rafael	94901	\$ 5,187,500.00
124	RES	PFI	PFI	✓				Woodland Apartments	390 Woodland Ave.	San Rafael	94901	\$ 2,087,500.00
SL	COM	PFI	PFI	✓				Santa Land	300 Entrada Dr.	Novato	94949	\$ 2,750,000.00
x1	COM	PFI	PFI	✓				Suite 102	350 Ignacio Blvd., Suite 100	Novato	94949	\$ 742,000.00
x2	COM	PFI	PFI		✓			Suite 101	350 Ignacio Blvd., Suite 101	Novato	94949	\$ 640,200.00
x3	COM	PFI	PFI		✓			Suite 103	350 Ignacio Blvd., Suite 103	Novato	94949	\$ 640,200.00
x4	COM	PFI	PFI		✓			Suite 200	350 Ignacio Blvd., Suite 200	Novato	94949	\$ 707,392.00
x5	COM	PFI	PFI		✓			Suite 201	350 Ignacio Blvd., Suite 201	Novato	94949	\$ 752,220.00
x6	COM	PFI	PFI	✓				Suite 203	350 Ignacio Blvd., Suite 202	Novato	94949	\$ 761,400.00
x7	COM	PFI	PFI	✓				Suite 300	350 Ignacio Blvd., Suite 300	Novato	94949	\$ 1,298,500.00
												<b>\$ 555,060,600.00</b>

## Notes:

1. This initial draft has been prepared based on information generated from the books and records of Professional Financial Investors, Inc. ("PFI") and Professional Investors Security Fund, Inc. ("PISF" and collectively the "Company"), unless otherwise noted. This information has not been audited or reviewed or independently verified at this time and certain discrepancies have been identified during this work that require further investigation. Further, the information was derived at certain points of time and is subject to change. This draft is being continuously updated as new information becomes available or further investigation is undertaken and should be treated as preliminary.

2. Property valuations are derived from broker opinions of value that were generated on June 5, 2020 for the LP properties and July 3, 2020 for the LLCs and PFI owned properties, with the exception of the suites in headquarters building at 350 Ignacio Blvd which are condominiums.

3. Based on information prepared by the Company as of June 30, 2020 and subject to further confirmation against the underlying recorded documents. The total amount of Net Equity that would ultimately be available to equity/interest holders in the LPs and LLCs, Tenants in Common and Straight Noteholders, and the distribution to those parties would be dependent on their respective positions.

1st MORTGAGE (3)						
Code	Payment	Loan Amt	Start date	Rate	Ending Balance as of 06/30/2020	Net Equity After First Lien
I	I	\$ 4,175,000.00	8/1/2018	4.550%	\$ 4,175,000.00	\$ 3,588,688.00
IV	I/P	\$ 2,312,300.00	4/1/2020	3.600%	\$ 2,312,300.00	\$ 1,187,700.00
VII	I	\$ 9,500,000.00	10/24/2017	3.820%	\$ 9,500,000.00	\$ 6,500,000.00
IX	I	\$ 12,000,000.00	2/1/2019	4.440%	\$ 12,000,000.00	\$ 7,600,000.00
XII	I	\$ 4,934,500.00	7/31/2014	4.500%	\$ 4,934,500.00	\$ 3,065,500.00
XIII	I	\$ 13,205,000.00	1/1/2019	4.676%	\$ 13,205,000.00	\$ 8,235,000.00
XIV	I	\$ 12,000,000.00	1/1/2019	4.676%	\$ 12,000,000.00	\$ 9,600,000.00
XV	I/P	\$ 4,150,000.00	6/1/202	3.860%	\$ 4,138,639.78	\$ 2,791,360.22
XVII	I	\$ 7,940,000.00	6/26/2019	4.020%	\$ 7,940,000.00	\$ 6,060,000.00
XVIII	I	\$ 22,600,000.00	10/1/2013	4.350%	\$ 22,600,000.00	\$ 18,200,000.00
20	I	\$ 4,013,900.00	2/1/2018	4.150%	\$ 3,997,690.80	\$ 4,752,309.20
21	I	\$ 5,956,700.00	2/1/2018	4.150%	\$ 5,923,652.47	\$ 6,951,347.53
22	I	\$ 7,000,000.00	1/1/2018	3.940%	\$ 7,000,000.00	\$ 4,125,000.00
23	I/P	\$ 5,595,000.00	3/25/2015	3.442%	\$ 5,375,106.52	\$ 5,624,893.48
24	I/P	\$ 4,600,000.00	4/16/2015	3.930%	\$ 4,426,847.15	\$ 1,323,152.85
25	I/P	\$ 4,484,000.00	7/21/2015	3.990%	\$ 4,344,892.91	\$ 1,367,607.09
26	I	\$ 5,000,000.00	12/1/2019	3.700%	\$ 5,000,000.00	\$ 3,475,000.00
27	I/P	\$ 2,745,000.00	12/28/2015	4.120%	\$ 2,681,829.96	\$ 4,443,170.04
28	I/P	\$ 2,750,000.00	12/15/2015	3.890%	\$ 2,538,252.24	\$ 3,336,747.76
29	I/P	\$ 2,097,000.00	7/15/2019	4.250%	\$ 2,055,194.80	\$ 1,319,805.20
30	I/P	\$ 4,950,000.00	7/6/2016	4.250%	\$ 4,858,441.25	\$ 5,441,558.75
31	I	\$ 5,044,000.00	1/23/2020	4.250%	\$ 5,044,000.00	\$ 1,568,500.00
32	I	\$ 3,264,000.00	9/26/2016	3.950%	\$ 3,221,081.14	\$ 2,878,918.86
33	I	\$ 8,456,200.00	1/24/2020	4.100%	\$ 8,456,200.00	\$ 6,393,800.00
34	I	\$ 4,900,000.00	6/1/2017	4.510%	\$ 4,900,000.00	\$ 4,075,000.00
35	I	\$ 4,800,000.00	6/1/2020	4.600%	\$ 4,784,977.28	\$ 1,965,022.72
36	I	\$ 5,250,000.00	8/9/2017	4.250%	\$ 5,250,000.00	\$ 3,800,000.00
37	I	\$ 4,065,000.00	2/27/2018	5.000%	\$ 4,065,000.00	\$ 485,000.00
38	I	\$ 11,400,000.00	2/15/2018	4.450%	\$ 11,341,837.63	\$ 12,283,162.37
39	I	\$ 4,100,000.00	11/1/2018	4.780%	\$ 4,100,000.00	\$ 3,000,000.00
40	I	\$ 4,550,000.00	8/17/2018	4.453%	\$ 4,550,000.00	\$ 4,700,000.00
41	I	\$ 3,175,000.00	1/30/2018	3.900%	\$ 3,175,000.00	\$ 2,862,500.00
42	I	\$ 11,865,000.00	9/10/2018	5.230%	\$ 11,865,000.00	\$ 9,035,000.00
43	I	\$ 3,850,000.00	2/1/2019	4.840%	\$ 3,850,000.00	\$ 3,325,000.00
44	I	\$ 4,200,000.00	5/10/2019	4.150%	\$ 4,200,000.00	\$ 4,975,000.00
45		\$ 6,600,000.00	8/29/2019	4.400%	\$ 6,600,000.00	\$ 3,905,000.00
46	I	\$ 3,600,000.00	8/19/2019	4.000%	\$ 3,600,000.00	\$ 2,475,000.00
47	I	\$ 5,730,000.00	10/29/2019	4.250%	\$ 5,730,000.00	\$ 2,620,000.00

DEED OF TRUST (3)				
Created Date	Detailed Principal 6/20	Instrument #	Recorded Date	Net Equity after DOT
12/16/19	\$ 3,139,933.39	2019-0047363	12/13/19	\$ 448,754.61
09/16/15	\$ 1,512,250.00	2015-0054339	11/17/15	\$ (324,550.00)
10/16/15	\$ 6,050,000.00	2019-0011110	04/05/19	\$ 450,000.00
05/16/18	\$ 10,037,678.00	2019-0012047	04/12/19	\$ (2,437,678.00)
08/01/19	\$ 3,570,166.00	2019-0028245	08/08/19	\$ (504,666.00)
02/16/20	\$ 10,383,983.55	2020-0005998	02/14/20	\$ (2,148,983.55)
03/16/16	\$ 8,953,183.62	2019-0011109	04/05/19	\$ 646,816.38
02/16/19	\$ 3,707,001.89	2019-0004525	02/15/19	\$ (915,641.67)
09/16/16	\$ 6,230,861.02	2019-0024503	07/12/19	\$ (170,861.02)
11/16/16	\$ 14,844,100.00	2019-0028392	08/09/19	\$ 3,355,900.00
				\$ 4,752,309.20
				\$ 6,951,347.53
				\$ 4,125,000.00
				\$ 5,624,893.48
				\$ 1,323,152.85
				\$ 1,367,607.09
				\$ 3,475,000.00
				\$ 4,443,170.04
	\$ 1,541,000.00			\$ 1,795,747.76
	\$ 800,000.00			\$ 519,805.20
				\$ 5,441,558.75
				\$ 1,568,500.00
				\$ 2,878,918.86
				\$ 6,393,800.00
				\$ 4,075,000.00
				\$ 1,965,022.72
				\$ 3,800,000.00
				\$ 485,000.00
				\$ 12,283,162.37
				\$ 3,000,000.00
				\$ 4,700,000.00
				\$ 2,862,500.00
				\$ 9,035,000.00
				\$ 3,325,000.00
				\$ 4,975,000.00
				\$ 3,905,000.00
				\$ 2,475,000.00
				\$ 2,620,000.00

1st MORTGAGE (3)						
Code	Payment	Loan Amt	Start date	Rate	Ending Balance as of 06/30/2020	Net Equity After First Lien
48	I	\$ 12,300,000.00	2/1/2020	3.900%	\$ 12,300,000.00	\$ 8,200,000.00
49	I	\$ 4,150,000.00	2/14/2020	3.800%	\$ 4,150,000.00	\$ 2,987,500.00
100	I	\$ 2,300,000.00	12/20/2016	3.750%	\$ 2,275,435.82	\$ 2,274,564.18
101		\$ 3,399,340.89			\$ 3,399,340.89	\$ 250,659.11
102	I	\$ 1,422,600.00	6/1/2019	4.275%	\$ 1,422,600.00	\$ 812,400.00
103	I	\$ 5,350,000.00	8/1/2017	4.240%	\$ 5,350,000.00	\$ 4,225,000.00
104	I	\$ 5,900,000.00	9/15/2017	4.240%	\$ 5,900,000.00	\$ 5,702,500.00
105						\$ 2,585,000.00
106	I	\$ 3,560,000.00	1/12/2018 / 3/12/2020	4.07% / 4.5%	\$ 3,560,000.00	\$ 3,340,000.00
107	I/P	\$ 2,370,500.00	1/16/2015	4.013%	\$ 2,370,353.16	\$ 1,429,646.84
108	I	\$ 3,055,550.00	10/1/2018	4.612%	\$ 3,055,550.00	\$ 2,369,450.00
109	I/P	\$ 1,825,000.00	5/15/2020	3.725%	\$ 1,822,531.25	\$ 1,297,468.75
111	I	\$ 1,540,000.00	12/29/2017	4.360%	\$ 1,540,000.00	\$ 1,247,500.00
112	I/P	\$ 3,960,000.00	3/4/2016	4.500%	\$ 3,860,855.53	\$ 9,069,144.47
114	I	\$ 2,420,000.00	10/21/2016	4.000%	\$ 2,328,675.33	\$ 3,243,824.67
115	I	\$ 1,275,000.00	6/7/2017	3.990%	\$ 1,275,000.00	\$ 1,667,500.00
116	I	\$ 900,000.00	4/24/2017	4.750%	\$ 898,504.31	\$ 1,156,495.69
117	I/P	\$ 1,495,000.00	9/7/2016	3.850%	\$ 1,430,514.80	\$ 244,485.20
118	I	\$ 2,500,000.00	7/28/2017	4.010%	\$ 2,500,000.00	\$ 3,550,000.00
119	I	\$ 2,005,000.00	12/12/2017	4.290%	\$ 2,005,000.00	\$ 1,820,000.00
120	I	\$ 1,885,000.00	12/18/2017	4.050%	\$ 1,885,000.00	\$ 1,965,000.00
122						\$ 1,650,000.00
122		\$ 3,000,000.00			\$3,000,000.00	\$ 2,187,500.00
124	I	\$ 1,380,000.00	12/1/2019	3.610%	\$ 1,380,000.00	\$ 707,500.00
5L	I	\$ 1,740,000.00	11/21/2019	4.380%	\$ 1,740,000.00	\$ 1,010,000.00
x1		\$ 900,000.00			\$ 628,891.74	\$ 113,108.26
x2						\$ 640,200.00
x3						\$ 640,200.00
x4						\$ 707,392.00
x5						\$ 752,220.00
x6	I/P	\$ 423,000.00	9/29/2016	3.850%	\$ 404,962.94	\$ 356,437.06
x7	I	\$ 735,000.00	9/29/2016	4.250%	\$ 735,000.00	\$ 563,500.00
		<b>\$ 308,648,591</b>			<b>\$ 306,958,660</b>	<b>\$ 248,101,940</b>

DEED OF TRUST (3)				
Created Date	Detailed Principal 6/20	Instrument #	Recorded Date	Net Equity after DOT
				\$ 8,200,000.00
				\$ 2,987,500.00
05/16/18	\$ 917,500.00	2018-0016848	05/11/18	\$ 1,357,064.18
05/16/17	\$ 1,293,601.00	2018-0041593	12/06/18	\$ (1,042,941.89)
10/01/18	\$ 500,000.00	2019-0028244	08/08/19	\$ 312,400.00
12/16/18	\$ 4,995,483.78	2018-0041582	12/06/18	\$ (770,483.78)
06/16/19	\$ 3,186,964.91	2019-0021826	06/24/19	\$ 2,515,535.09
07/01/19	\$ 2,430,000.00	2019-0021824	06/24/19	\$ 155,000.00
02/16/17	\$ 1,572,000.00	2018-0006773	02/28/18	\$ 1,768,000.00
09/16/15	\$ 1,952,500.00	2015-0054338	11/17/15	\$ (522,853.16)
05/16/20	\$ 2,548,800.00	2020037072	05/15/20	\$ (179,350.00)
08/16/15	\$ 1,700,000.00	2019-0012048	04/12/19	\$ (402,531.25)
1/16/2016	\$ 1,000,000.00	2017009386	2/6/2017	\$ 247,500.00
04/16/16	\$ 3,434,300.00	2018-0041591	12/06/18	\$ 5,634,844.47
02/01/17	\$ 898,000.00	2017-0005217	02/06/17	\$ 2,345,824.67
12/01/17	\$ 991,706.73	2019-0028246	12/07/17	\$ 675,793.27
06/16/17	\$ 690,000.00	2017-0026277	06/30/17	\$ 466,495.69
09/16/16	\$ 683,765.61	2016-0043476	09/26/16	\$ (439,280.41)
				\$ 3,550,000.00
12/1/2017	\$ 1,105,000.00	2017-0051553	12/27/2017	\$ 715,000.00
12/01/18	\$ 872,000.00	2019-0010262	03/29/19	\$ 1,093,000.00
07/16/19	\$ 1,375,000.00	2019-0025468	07/19/19	\$ 275,000.00
				\$ 2,187,500.00
				\$ 707,500.00
				\$ 1,010,000.00
				\$ 113,108.26
03/16/17	\$ 579,000.00	2019-0031011	08/28/19	\$ 61,200.00
03/16/17	\$ 633,000.00	2019-0031013	08/28/19	\$ 7,200.00
02/01/17	\$ 523,000.00	2017-0005216	02/06/17	\$ 184,392.00
03/16/17	\$ 749,284.00	2017-0020106	05/18/17	\$ 2,936.00
				\$ 356,437.06
				\$ 563,500.00
	<b>\$ 105,401,064</b>			<b>\$ 142,700,877</b>