



***In re Sanctuary Belize Litigation  
18-cv-3309 (D. Md.) (PJM)***

**Successor Receiver Report of Activities  
for the Period January 1, 2022 to March  
31, 2022**

Submitted: May 2, 2022



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## I. EXECUTIVE SUMMARY

Following the October 26, 2021 appointment of Marc-Philip Ferzan of Ankura Consulting Group, LLC (“Ankura”) as successor receiver (the “Receiver” or “Successor Receiver”), Mr. Ferzan and his team at Ankura (collectively, the “Receivership Team” or “Ankura Team”) have effectively transitioned all receivership functions and responsibilities from the original receivership team at Robb Evans & Associates LLC (“REA”).<sup>1</sup> While certain challenges associated with the COVID-19 pandemic persisted during the first quarter of 2022, the Ankura Team was able to leverage resources and technology tools to ensure that progress was achieved across a range of program areas related to anticipated redress plan administration, as well as ongoing property maintenance and other important receivership estate oversight responsibilities.

From the beginning of the 2022 calendar year, the Receivership Team undertook substantial additional steps to evaluate the Belize real estate assets and prepare for the marketing of the properties, as well as to develop consumer engagement processes in anticipation of the Court’s approval of the proposed redress plan. Among other things, the Ankura Team made progress in connection with: (i) vetting certain specialized real estate industry resources with targeted expertise and capabilities to help inform engagement with prospective developers; (ii) constructing a single-source, electronic consumer database populated with redress plan-required consumer- and lot-specific information, transactional detail, and supporting records to facilitate outreach to, and decision-making for, each lot purchaser; (iii) creating systematic workflows, user-friendly consumer notifications, and review processes to enable the efficient evaluation of consumer claims and the timely rendering of eligibility determinations; and (iv) planning for “customer service”

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<sup>1</sup> The professionals at REA have continued to provide historical work product and perspective to facilitate the orderly transfer of receivership responsibilities. The REA team has graciously agreed to remain available over the coming months for further engagement with the Ankura Team as necessary.



resources to be responsive to consumer inquiries and available for those requiring additional assistance following the launch of the redress plan.

The Receivership Team also focused significant attention on evaluating and addressing the ongoing property management requirements at Sanctuary Belize and Kanantik, and found opportunities to seek to reduce operational expenses. Working in concert with property management staff, meaningful cost reduction initiatives were implemented by, among other things, scrutinizing expenditure requests through the recently-established online procurement and payables system, directing the use of more on-site equipment and personnel to perform recurring maintenance tasks, and making targeted staffing reductions to right-size the workforce in line with current needs.

In addition, the Receivership Team took various other steps in accord with its fiduciary responsibilities under operative Court orders, including by: (i) bolstering internal controls at Sanctuary Belize and Kanantik; (ii) developing and implementing a Code of Business Conduct and Ethics for Belize personnel; (iii) seeking to reconstitute the boards of directors for a number of the functional receivership corporate entities; (iv) maintaining open information sharing channels for lot purchasers and interested stakeholders regarding material receivership developments; and (v) coordinating with legal counsel in connection with ongoing court proceedings and other related matters.

The below sections of this quarterly report provide a more detailed overview of receivership estate activities during the period from January 1, 2022 through March 31, 2022 (the “Reporting Period” or the “Quarter”), unless otherwise indicated.



## II. BELIZE DEVELOPMENT AREA PROPERTIES AND PRE-REDRESS PLAN MARKETING EFFORTS

Pursuant to Court directives, the Receiver will be responsible to administer relief for consumers consistent with the requirements of an approved redress plan. Among other things, the proposed redress plan currently pending before the Court contemplates that, upon approval, the Receiver will endeavor to market and sell receivership-controlled real estate located in Belize for future development.<sup>2</sup> In envisioning a Request for Proposal (“RFP”) process to solicit and evaluate proposals from qualified developers, the Receivership Team recognizes it is possible that prospective bidders may have interest in making offers for all, or some, of the land parcels that make up the Sanctuary Belize and Kanantik development areas. Factoring in these and other considerations, substantive preparatory efforts were commenced during the Reporting Period to facilitate the development of a strategic and focused marketing approach for the properties relative to known variables and accounting for potential uncertainties tied to evolving market conditions.<sup>3</sup>

### A. Summary of Real Estate Interests

As discussed in the First Report of the Successor Receiver, the receivership estate generally includes two large real estate development areas, commonly referred to as Sanctuary Belize and Kanantik, which are located near the southeastern coast of Belize with frontage on the Caribbean Sea. Pursuant to the applicable orders issued by the U.S. Court, the receivership estate has interests

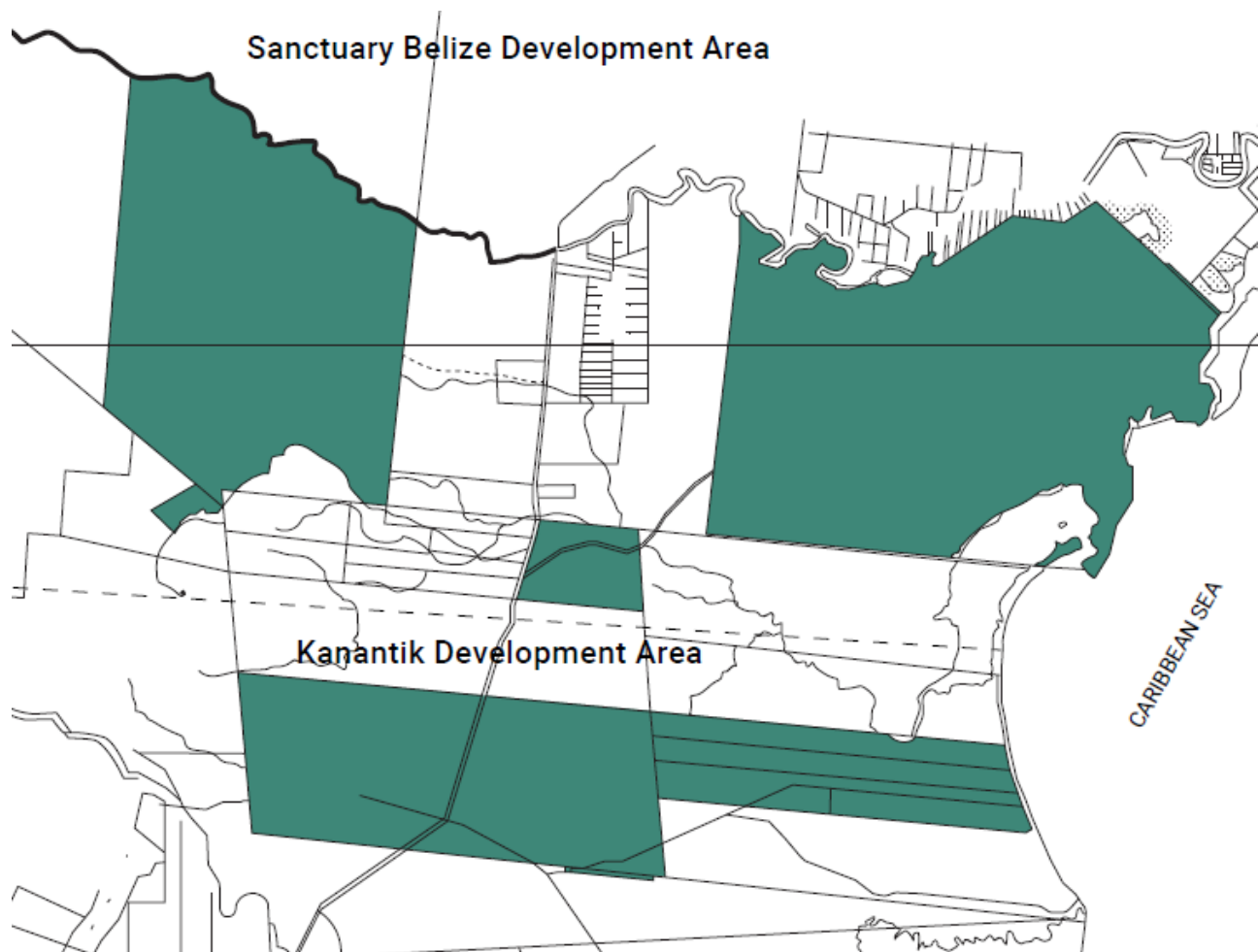
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<sup>2</sup> With respect to the Sanctuary Belize development area, the proposed redress plan requires that any sale be made to a “Qualified Developer” with the expertise and financial resources to, among other things, take over operation and maintenance responsibilities, provide security resources, and complete various infrastructure projects.

<sup>3</sup> As noted by the Federal Trade Commission in its Frequently Asked Questions for Lot Owners, the process of locating a developer may take some time, and there is no guarantee of finding one. That being said, organized preparatory efforts to maximize marketing approaches and facilitate decision-making are seen by the Receivership Team as critical to enhancing the potential for successful outcomes.



in various land tracts reflected in the green shaded areas in the map below.



Collectively, the Sanctuary Belize development area parcels span approximately 14,000 acres. Within the Sanctuary Belize development area, the northeastern-most region reflected at the top right area of the map above has been the focus of the most extensive construction activity over the years, and has experienced horizontal and vertical development. In addition to a marina, beach club, equestrian center, and a non-functioning airspace landing strip, it also includes a number of subdivisions with more than 1,800 residential lots. Many of these lots are reflected in an authenticated survey, have access to water and electric utilities, and have received final subdivision approval from the Belize Lands and Surveys Department. The Kanantik development area, which



is located to the south of the Sanctuary Belize land parcels and reflected on the map accordingly, spans approximately 6,000 acres and consists of largely vacant land. Its limited development includes a few common area staff buildings, 24 guest residences, and a non-functioning airspace landing strip, as well as several unauthenticated lots.

### **B. Preparations for Redress Plan Marketing Activities**

During the Reporting Period, the Receivership Team undertook substantial efforts to prepare for the anticipated marketing of the properties to qualified developers in accord with the proposed redress plan. Further evaluation of the nature, scope and marketability of the land assets was undertaken; foundational planning efforts were developed to validate the corresponding land assets and showcase property attributes; and proposals and other input were solicited from real estate industry professionals and other technical advisors. Among others, the Receivership Team engaged with experienced brokers for large-scale, luxury development projects; infrastructure advisors; title companies; and law firms with specialized expertise.

Through these ongoing efforts, the Receivership Team is seeking to maximize contemplated marketing efforts; optimize development and redress plan economics in considering proposals from qualified developers; and ensure that interested developers have credible plans in place to adequately maintain the properties and further develop them in accord with redress plan requirements once title transfers. Close coordination by the Receivership Team will continue in order to further consider the best approaches to generate interest from developers, and address the



related transactional and legal requirements in seeking to market and sell as many of the approximately 20,000 acres in the development areas as possible.<sup>4</sup>

In further preparation for marketing efforts, the Receivership Team also continued to refine a preliminary modeling framework that can account for things like projected post-sale capital expenditures and other development costs, operational expenses, and staffing needs, as well as revenue potential in connection with property sales and loan repayments. Practically, the model is being designed to integrate a variety of inputs, assumptions, and variables to help inform decision-making relative to prospective marketing and negotiation efforts.

### **III. PREPARATIONS FOR CONSUMER ENGAGEMENT FOLLOWING APPROVAL OF REDRESS PLAN**

During the Reporting Period, the Receivership Team continued programming initiatives to prepare for redress plan implementation, including by further developing a tailored, comprehensive, electronic consumer database. The database is populated with a host of consumer and transactional information and records that will be necessary to administer consumer choices and entitlements under an approved redress plan. It is currently populated with information and records pertaining to more than approximately 2,000 affiliated consumers and their lots.

The development of the consumer database has been largely a manual process, often requiring the individual review of various source records, analysis of historical spreadsheets and voluminous supporting documents prepared by the defendants while the alleged scheme was ongoing, and implementation of quality assurance and quality control processes to validate the

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<sup>4</sup> Following an RFP process to vet qualified law firms with large-scale real estate development expertise and cross-border capabilities, as well as related transactional and advisory resources, the Receivership Team engaged the Arnold & Porter firm to advise and support the Receivership Team with the legal services in connection with marketing and sales efforts. Arnold & Porter will be compensated on an hourly basis at discounted rates consistent with those of the Barnes & Thornburg lawyers providing litigation and other related services to the Receivership Team.





accuracy of expected redress plan-required information and data points. While the Receivership Team leveraged technology tools and advanced data analytics to populate the database when feasible, automated data mining and other more sophisticated data analytics techniques were not suitable in many instances because of the manner in which the historical documents were maintained and formatted, as well as because certain data points required reviewers to make contextual determinations.<sup>5</sup> As examples, reviewers were required to assess cases where lots were fraudulently resold multiple times, as well as instances where databases or relevant records were inconsistent, redundant, or overlapping.

To ensure that consumer contact information will be as current and comprehensive as possible, it was also necessary for the Receivership Team to leverage the National Change of Address database to endeavor to locate lot purchasers whose available contact information was deemed to be no longer current or requiring of further validation. Through this process, the Ankura Team sent correspondence to more than 250 consumers seeking updated contact information. The Ankura Team anticipates continuing similar outreach efforts to further validate the consumer database as necessary, and support related claim processing tools leading up to the approval of a redress plan.

The Receivership Team also made additional progress developing preliminary workflows and procedures in preparation for administering consumer redress. These processes are intended to, among other things, streamline the dissemination of user-friendly consumer notices and facilitate

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<sup>5</sup> Among others, relevant documents have included Memoranda of Sale (and other records relating to the initial sale of the lots), payment histories, and lot purchaser correspondence. Moreover, documents were often stored in disparate electronic and physical files and memorialized in differing contractual and transactional formats, and, in some cases, they were also unavailable and/or incomplete.



the timely submission and review of claim applications, so that eligibility and award determinations can be rendered and communicated to consumers expeditiously.

#### **IV. BELIZE PROPERTY MANAGEMENT OVERSIGHT ACTIVITIES**

##### **A. Operations and Maintenance Expense Management**

Working in coordination with property management personnel in Belize, counsel, and select REA professionals during the Quarter, the Receivership Team fully assumed the day-to-day oversight responsibilities for the administration and operations of the receivership estate. Notable efforts included: (i) conducting an analysis of the operations and finances associated with the Belize real estate development areas to identify potential efficiencies and reduce expenses to the extent appropriate; (ii) developing and implementing a workplan to address road repairs and other maintenance priorities; (iii) enhancing internal controls, processes, and procedures relative to Sanctuary Belize and Kanantik management functions; (iv) reconstituting the Sittee River Wildlife Reserve, Eco-Futures Belize Limited, and the Sanctuary Belize Property Owners' Association boards of directors; and (v) evaluating and making necessary land tax payments.

The Receivership Team's analysis of Belize property finances began with input from knowledgeable REA personnel and development area management staff, as well as a targeted review of historical operational and financial records. When REA assumed the role of Temporary Receiver in November 2018, receivership-controlled bank accounts had less than \$800,000 in funds available to sustain the operations and maintenance of the Belize real estate assets, despite records reflecting more than \$120 million had been solicited from lot purchasers during the multi-year period of the alleged fraud scheme giving rise to the FTC's complaint and the subsequent judgments entered by the Court. Operations and maintenance costs associated with the development area properties have historically averaged approximately \$200,000 per month, with



very little income generated by the receivership entities. Therefore, the resources available to fund the operations and maintenance of the properties have been almost exclusively derived from monies recovered by the FTC and receivership estate asset monetization and litigation activities.

In furtherance of its court-mandated obligations to, among other things, conserve, hold, manage, and prevent the loss of receivership assets, during the Reporting Period the Receivership Team identified opportunities to reduce development area costs while meeting ongoing maintenance obligations. The Receivership Team closely scrutinized historical expenses and current requests, including all requests for operations- and maintenance-related expenditures submitted by property management staff through the recently instituted online procurement and payables system. The Receivership Team, along with the Sanctuary Belize and Kanantik management staff, collectively implemented initiatives to achieve meaningful cost savings over the balance of the calendar year, while seeking to avoid compromising required operations and maintenance needs.

To achieve further reductions in connection with Belize real estate operations and maintenance expenses going forward, the Receivership Team also conducted an initial review of the staffing at Sanctuary Belize and Kanantik during the Quarter to determine if adjustments may be warranted. Telephonic meetings were convened with various members of Sanctuary Belize and Kanantik management personnel to review, among other things, overall head count, reporting structures, job functions and responsibilities, staff capabilities and performance, recurring and more unique historical expenditures, anticipated future maintenance priorities, administrative support functions, and internal policies and procedures. The Receivership Team also obtained and analyzed various underlying records to further inform the assessment of operations.



Following this review, the respective property management teams -- in coordination with the Receivership Team -- determined it appropriate to reduce staffing by 12 full-time employees at Sanctuary Belize and two full-time employees at Kanantik (more than 10% of the total workforce at both properties).<sup>6</sup> The staff reductions implemented at the end of the Quarter were primarily comprised of general services staff with property maintenance responsibilities that could be addressed by other personnel. The local Sanctuary Belize and Kanantik leadership teams have advised that they do not anticipate that the reductions will adversely impact operations and maintenance at the properties.

### **B. Roadway Maintenance Workplan Development and Implementation**

To address one of the most significant and costly ongoing maintenance needs -- the condition of the roadways in and around the Sanctuary Belize development area -- the Receivership Team coordinated with property management staff during the Reporting Period in order to develop and implement a workplan that will timely undertake necessary repairs while also managing associated costs.<sup>7</sup> As part of the workplan development, steps were taken to: (i) assess the condition of the roads and identify those most in need of repair; (ii) prioritize road repairs utilizing a phased approach; (iii) identify available internal and external resources (including materials and equipment) to undertake the repairs; (iv) solicit bids and select qualified contractors to render services; and (v) ensure that repairs are completed in an appropriate manner within prescribed schedules. In accord with the workplan, anticipated cost savings are expected by virtue of, among

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<sup>6</sup> The full-time employee reductions included two personnel from Sanctuary Belize's engineering department who were transitioned to part-time employees in light of limited construction activity in the development area and related needs.

<sup>7</sup> In addition to ensuring passage of Sanctuary Belize residents, staff, and government personnel, maintenance of the roadways (and other infrastructure) is also expected to be fundamental for the effective marketing of the properties to qualified developers.



other things, utilizing raw materials from Sanctuary Belize’s quarry,<sup>8</sup> as well as by more fully employing the use of on-site equipment and existing staff in favor of third-party contractors.

Efforts under the workplan to date have included repairs to Marina Road, Savannah Road, and a number of roadways in what is known as the Estates subdivision, with additional repairs to other designated Sanctuary Belize development area roads expected to occur over the coming months. In coordination with the Receivership Team, the Sanctuary Belize management team also sent formal correspondence to the Belize Ministry of Works to request that repairs to All Pines Road, located on publicly-owned land, be undertaken by the government of Belize. Not receiving responsive guidance from the Ministry of Works, management sent a second letter requesting action by the government or, in the alternative, authorization for Sanctuary Belize personnel to undertake necessary repairs in order to address safety considerations. Additional follow-up was planned to seek to address the All Pines Road maintenance concerns.

### **C. Development and Implementation of Code of Business Conduct and Ethics**

To further promote a culture of compliance and integrity at the properties, and mitigate the risk of waste, fraud and abuse, the Receivership Team developed and implemented a Code of Business Conduct and Ethics (the “Code”) for all Sanctuary Belize and Kanantik personnel.

Among other things, the Code emphasizes the importance of:

- Acting in an honest, ethical, and compliant manner.
- Rendering purchasing decisions based on legitimate, defined criteria, including quality, service, and price.
- Using business assets only for legitimate business purposes that are ethical and legal.

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<sup>8</sup> Sanctuary Belize’s Project Engineer advised that the quarry contains an abundance of raw materials that can be utilized for road repairs. For relatively minor repairs, the quarry materials can be directly applied to the roads, while more significant repairs require that the quarry materials be crushed by a third-party vendor prior to application.



- Avoiding engagement in activities that are -- or may be perceived to be -- fraudulent, a conflict of interest, or otherwise improper or unfair.
- Fostering an environment that promotes health, wellness, and safety, with zero tolerance for violence, threatening behavior, and discrimination or harassment of any kind, including sexual harassment.
- Maintaining confidential and personally identifiable information in strict confidence (except when disclosure is authorized by law).
- Encouraging personnel to speak up and timely report any concerns of suspected misconduct that is in violation of the Code, laws and regulations, or other applicable requirements.

The Code also clearly defines appropriate communications channels to the extent issues are identified. Personnel are directed to raise potential concerns directly with their respective on-site management team or, alternatively, with the Receivership Team through a dedicated email address ([info@sanctuarybelizereceivership.com](mailto:info@sanctuarybelizereceivership.com)). In addition, the Code expressly prohibits retaliation of any kind against personnel who, in good faith, report a concern or cooperate in an investigation.

All staff were provided training by their respective management teams on the Code and, through signed acknowledgements, have accepted the terms of the Code as a condition of employment. All future employees will also be subject to the Code, and will be required to review and sign the acknowledgment as part of their onboarding process.

#### **D. Reconstitution of the Receivership Entity Boards**

In accord with terms of the applicable Articles of Association and relevant Court orders, REA -- as the original Receiver -- had appointed personnel to the board of directors for the following receivership entities: Sittee River Wildlife Reserve, Eco-Futures Belize Limited, and the Sanctuary Belize Property Owners' Association. With entry of an order in the Supreme Court of Belize recognizing the appointment of the Successor Receiver, the Receivership Team undertook steps during the Reporting Period to replace the REA board members with Ankura personnel. Notice of the board member changes was duly provided to the Registrar of Companies in Belize,



along with a Notice of the Successor Receiver's appointment pursuant to the Recognition Order. The reconstitution of the boards was made effective as of March 15, 2022. Following the changes, the Ankura personnel board members have authority to take actions in accord with applicable U.S. Court Orders, including, but not limited to, effectuating title transfers in the name of Sittie River Wildlife Reserve and Eco-Futures Belize Limited when circumstances warrant.<sup>9</sup>

#### **E. Land Tax Payments**

On March 3, 2022, the Receivership Team sent a notice to all lot purchasers providing information regarding annual Belize land tax obligations. The notice advised that, as a general matter, the Receiver would seek to satisfy all land tax payments for parcels and lots held in the names of the receivership entities, and that lot purchasers would only be responsible for the tax obligations if title had been formally transferred to them pursuant to a duly executed legal document (e.g., Memorandum of Transfer on Sale).

The email notice included the due date for land tax payments (April 1<sup>st</sup>), as well as links to reference materials for those lot owners required to make such payments.<sup>10</sup> To date, the Receivership Team has satisfied more than BZ\$250,000 in land tax payments for parcels and lots that are held in the names of receivership entities (covering both current year tax obligations, as well as historical arrearages).<sup>11</sup>

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<sup>9</sup> Generally, title can only be transferred from one of the receivership entities to a lot purchaser if the subject lot is part of an approved subdivision, the consumer has paid in full, and no competing claims have been asserted in connection with the lot.

<sup>10</sup> The notice further advised consumers that the information provided was not intended as tax or legal advice, and that it remained the responsibility of individual lot purchasers to undertake necessary due diligence to determine individual tax obligations, and to timely make any necessary payments to the Ministry of Natural Resources.

<sup>11</sup> Targeted efforts to coordinate with the Ministry of Natural Resources continue to determine whether any additional land taxes in connection with development area real estate assets may be due and owing.



## **F. Consumer Inquiries and Consumer Committee Meetings**

A central part of the Receiver's role is to facilitate timely communications with lot purchasers and interested stakeholders regarding material receivership estate matters. During the Reporting Period, the Receiver continued to engage with consumers and other interested stakeholders through the Receiver's website (<https://www.sanctuarybelizereceivership.com>), via a dedicated email address ([info@sanctuarybelizereceivership.com](mailto:info@sanctuarybelizereceivership.com)), and through periodic email updates. The Receiver also convened three virtual Consumer Committee meetings over the Quarter to address various topics of interest and receive insights and feedback from Committee members.<sup>12</sup> Corresponding meeting minutes have all been made available on the receivership website and disseminated by email to all lot purchasers to promote general awareness.

The Receivership Team continued to provide timely responses to consumer inquiries. Since the appointment of the Successor Receiver on October 26, 2022 through the end of the Quarter, Ankura had received outreach from consumers on more than 400 occasions, including more than 300 instances during the Reporting Period. The most common topics raised by consumers have related to the status of the proposed redress plan,<sup>13</sup> the process for effectuating title transfers, and questions pertaining to land tax obligations.

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<sup>12</sup> At the start of the COVID-19 pandemic, REA instituted the practice of convening exclusively virtual Consumer Committee meetings to accommodate the health and safety interests of participants. In recognition of ongoing concerns, the Receivership Team has continued the practice of virtual engagement for all Consumer Committee meetings over the Reporting Period.

<sup>13</sup> In response to those inquiries, the Receivership Team has continued to advise consumers that, once a redress plan is approved by the Court, the process for consumers to obtain relief, as well as next steps relative to receivership administration, will be communicated in accordance with the final form of the approved plan.





## V. ACCOUNTING AND FINANCIAL STATEMENTS

During the Reporting Period, the Receivership Team fully transitioned ongoing accounting responsibilities from REA. The financial data reflected in the statements below show the current net assets in the receivership estate, as well as net recoveries, after expenses, through March 31, 2022. The operating expenses of Sanctuary Belize and Kanantik are generally recorded on a cash basis as payments are approved and issued. The statements do not include data related to the value of certain additional land, improvements, equipment, and other assets located in Belize that will undergo appraisal as the Receivership Team further prepares to engage in marketing efforts to developers in accord with the proposed redress plan.

While opportunities to increase revenue are currently limited, property management staff determined it appropriate to raise the rates for non-lot-owner use of the Sanctuary Belize Marina -- one of the few income streams for the properties. Non-lot-owner usage rates were increased across the board with:

- Water, garbage and dinghy rates increasing 100%,
- Dockage rates increasing up to 100% in certain instances (depending on the size of the boat and the length of time for the dock rental), and
- Electricity rates increasing approximately 20%.

Any income generated from the Marina will help to offset related operating, maintenance, and repair costs. The Receivership Team will continue to consider opportunities to maximize revenue going forward.<sup>14</sup>

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<sup>14</sup> In addition, the Ankura Team continued to review and analyze historical records, and solicit information from knowledgeable persons, to determine whether there may be additional viable opportunities to recover assets for the receivership estate.



Reflected below are the Statements of Net Assets and Statement of Net Recoveries for the Reporting Period.

**In re Sanctuary Belize Receivership  
Statement of Net Assets**

		<b>As of March 31, 2022</b>
<b>Assets:</b>		
Cash	\$	31,383,618
<b>Total assets</b>		<b>31,383,618</b>
<b>Liabilities:</b>		
Ankura professional fees and expenses		1,069,920
REA professional fees and expenses		102,149
Barnes & Thornburg professional fees		304,808
Arnold & Porter Kaye Scholer professional fees		49,768
Other accounts payable		71,563
<b>Total liabilities</b>		<b>1,598,207</b>
<b>Net assets available</b>	<b>\$</b>	<b>29,785,411</b>



**In re Sanctuary Belize Receivership**  
**Statement of Net Recoveries**

	<b>For the Period</b>		<b>From Inception to</b>
	<b>January 1, 2022 to</b>		<b>March 31, 2022</b>
	<b>March 31, 2022</b>		<b>March 31, 2022</b>
<b>Recoveries:</b>			
Atlantic International Bank settlement	\$ -	\$	23,000,000
Previously reported recoveries	-		20,786,502
Other collections	23,011		672,062
<b>Total recoveries</b>	<b>\$ 23,011</b>	<b>\$</b>	<b>44,458,564</b>
<b>Expenses:</b>			
Sanctuary Belize operating expenses			
Payroll	\$ 293,429	\$	3,148,658
Equipment, maintenance, and supplies	144,868		1,485,411
Employment taxes	37,827		526,424
Property taxes and other government payments	73,333		217,446
General, administrative, and other expenses	38,144		721,464
Legal fees and costs	14,900		304,466
Total Sanctuary Belize operating expenses	602,500		6,403,869
Kanantik operating expenses			
Payroll	48,502		231,116
Equipment, maintenance, and supplies	6,833		35,294
Employment taxes	20,364		41,022
Property taxes and other government payments	58,190		58,240
General, administrative, and other expenses	3,815		79,115
Legal fees and costs	-		30,139
Total Kanantik operating expenses	137,705		474,926
Real estate property expenses	4,951		1,804,619
Corporate entity expenses	-		79,718
Other expenses	632		36,264
Receiver fees and expenses			
Ankura fees and expenses	701,186		1,069,920
REA fees and expenses	16,538		2,836,759
Barnes & Thornburg fees and expenses	127,105		1,917,309
Arnold & Porter Kaye Scholer fees and expenses	49,768		49,768
Total receiver fees and expenses	894,597		5,873,756
<b>Total expenses</b>	<b>1,640,385</b>		<b>14,673,153</b>
<b>Net recoveries/ (expenses)</b>	<b>\$ (1,617,374)</b>	<b>\$</b>	<b>29,785,411</b>



## VI. COURT PROCEEDINGS

During the Reporting Period, the Receivership Team continued to engage with counsel at Barnes & Thornburg in connection with ongoing litigation matters, including appeals filed in the U.S. Court of Appeals for the Fourth Circuit by defendants Andris Pukke, Peter Baker, and Luke Chadwick challenging the District Court’s monetary judgments, as well as motion practice involving Newport Land Group, LLC investors, and the pending lawsuit against Jorge Diaz-Cueto and Bella Mar Associates, Ltd. Two particularly significant developments are described below.

As noted above, on February 25, 2022, the Supreme Court of Belize entered an order formally recognizing the appointment of the Successor Receiver. Following the Belize Court’s entry of the Recognition Order, the Receiver reconstituted the boards of directors of certain receivership entities as more fully described in Section IV(D) above.

Separately, the FTC reached a settlement with Defendants/Appellants Luke Chadwick, Prodigy Management Group LLC, Belize Real Estate Affiliates LLC, Exotic Investor LLC, and Southern Belize Realty LLC (the “Settling Defendants”). Pursuant to the terms of the Stipulated Order entered by the U.S. District Court on March 13, 2022, among other things:

- Chadwick is permanently restrained and enjoined from advertising, marketing, promoting, or offering for sale, or assisting in the advertising, marketing, promoting, or offering for sale of any real estate good or service.<sup>15</sup>
- Settling Defendants agree to turnover to the receiver any and all legal or equitable interests, of any type in any property or entity associated with Sanctuary Belize and Kanantik, and any other real estate development that Settling Defendants ever previously controlled.
- Settling Defendants and their officers, agents, employees, and attorneys (among others) shall fully cooperate with and assist the FTC and the receiver

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<sup>15</sup> “Real estate good or service” is defined in the Stipulated Order to mean “any interest in, service related to, or development of, any real estate containing or involving more than four lots or units of any kind.”



with the turnover of assets pursuant to the Stipulated Order and other related Orders.

- Settling Defendants agree to relinquish dominion and all legal and equitable right, title, and interest in all assets turned over or relinquished pursuant to the Stipulated Order and other related Orders, and may not seek the return of any assets.
- Settling Defendants shall immediately dismiss with prejudice all appeals from any prior orders of the Court.<sup>16</sup>

By virtue of the Stipulated Order, the Receiver will effectively have majority interests in the entities holding title to the various Kanantik land parcels.<sup>17</sup> The Receivership Team intends to seek an Order in the Supreme Court of Belize recognizing the applicable prior U.S. Court Orders in order to facilitate the necessary steps to market and sell the Kanantik development area parcels in accord with the anticipated redress plan.

## VII. CONCLUSION

During the Reporting Period, the Receivership Team made substantial progress in connection with a range of important initiatives related to preparations for the marketing and sale of the Belize properties, as well as to support the administration of consumer redress, in accord with the proposed redress plan. Other notable efforts over the Quarter included: (i) implementing plans to seek to reduce operations and maintenance expenses at the Belize development areas; (ii) enhancing related internal controls, processes, and procedures; (iii) reconstituting the Sittee River Wildlife Reserve, Eco-Futures Belize Limited, and Sanctuary Belize Property Owners' Association

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<sup>16</sup> Under the terms of the Stipulated Order, upon dismissal of the appeals, Chadwick will obtain rights to certain real estate in California, and a previously-instituted asset freeze against him will be lifted.

<sup>17</sup> The Kanantik entities are comprised of Mango Springs Development Ltd., G&R Development Company of Belize, Ltd., Palmaya Development, Ltd., Kanantik International Limited, and Mango Springs Development, LLC.



boards of directors; and (iv) ensuring timely communication with lot purchasers and interested stakeholders in connection with receivership matters.

In the second quarter of 2022, the Receivership Team anticipates driving additional progress with respect to anticipated redress plan priorities and the efficient administration of ongoing receivership estate responsibilities. It is expected that updates regarding receivership developments will continue to be presented in quarterly reports.

By:   
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**Marc-Philip Ferzan**  
**Receiver**

Submitted: May 2, 2022