

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

ORAL ARGUMENT REQUESTED

FTC'S SUPPLEMENTAL RESPONSE CONCERNING THE REDRESS PLAN

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INTRODUCTION

More than 1,600 consumers have waited years to recover often life-altering amounts that Defendants stole through their contumacious and unlawful scheme. Following these lengthy proceedings, the FTC proposed a Redress Plan to compensate these victims, ECF No. 1117-1 (Jan. 21, 2021), and nothing in *AMG* prevents the Court from approving that Plan. Specifically, through its prior opposition to Defendants' motions to stay this case (including the Redress Plan) based on the then-forthcoming *AMG* decision, the FTC identified several remedial pathways it has to maintain the assets in the Receivership notwithstanding *AMG*. See ECF No. 1160 (Feb. 26, 2021) at 5-6. The Court agreed, denying Defendants' motions to stay the case pending *AMG* in part because "all that would be affected [by *AMG*] is one remedy presently available to the FTC," *In re Sanctuary Belize*, __ F. Supp. 3d __, 2021 WL 1117763, *1 (D. Md. Mar. 24, 2021)—*AMG* has no bearing on the others.

The FTC asks the Court to address certain pathways that do not require additional litigation. First, *AMG* has nothing to do with the Court's authority to make victims of contemptuous conduct whole, which derives from the Court's inherent power rather than any statute. See, e.g., *Shillitani v. United States*, 384 U.S. 364, 370 (1966) (stating that civil contempt reflects courts' "inherent power to enforce compliance with their lawful orders"). Finding that the Court cannot remedy violations of its own orders would render the Court helpless in the face of violators like Andris Pukke and make injunctions like the one he violated nearly worthless. As discussed below, if the Court finds that its civil contempt awards remain valid—a purely legal question—then the Redress Plan can proceed because those awards encompass nearly all of the Receivership assets potentially at issue.

Second, the Receivership estate includes no assets from non-settling individual defendants. PXB ¶ 3, 16. Rather, it entirely derives from settlements (which are not at issue) or the corporate defendants that defaulted, see *id.*, and whose assets the Court transferred to the Receivership by "operation of law," See ECF No. 1112 (Jan. 13, 2021) at 11. The individual

defendants had counsel during the crucial first months of this proceeding (and Chadwick for nearly all of it), PXA ¶¶ 3-7, yet they made the calculated choice to permit the common enterprise entities to default: defending the companies would have left it impossible to contend that they did not control them. Now, however, there is no way to reverse that deliberate decision because the Fourth Circuit does not permit defaulting parties to appeal. Rather, they must move to vacate the judgment, but a change in law is not a basis to vacate a judgment under Rule 60(b). Furthermore, an intentional or strategic default—which is what occurred here—cannot be vacated. Accordingly, the Redress Plan can proceed because the judgments against the defaulting defendants (and the associated turnover provisions) are absolutely final.

Alternatively, the Court should approve the Redress Plan regardless because the FTC is likely to prevail on other pathways: filing an administrative action, or because Section 19 of the FTC Act, 45 U.S.C. § 57b(2), already permits the FTC to recover pursuant to the TSR given the evidence already presented at trial. *See* ECF No. 1160. Indeed, the Court’s Final Order against Pukke, Baker and Chadwick already provides that, “[t]o the extent necessary, the Court amends the allegations in the Amended Complaint to conform to the proof at trial.” ECF No. 1111 (Jan. 13, 2021) at 1.¹ Because these pathways are likely to succeed if they become necessary, they provide additional bases to allow the consumer redress process to begin immediately.

Background

A. The Trial and Decision

The Court is extremely familiar with this matter’s eighteen-year history. *See In re Sanctuary Belize Litig.*, 482 F. Supp. 3d 373, 389 (D. Md. 2020) (tracing the matter to land acquisitions in 2003 and providing extensive additional background). The Court presided over a trial lasting more than three weeks during which it considered voluminous evidence. *See id.* at 386 n.4 (length of trial); *id.* at 401 (“Throughout these proceedings, the Court has, to cite Mark Twain, received ‘an ocean, a continent of evidence’ to the effect that SBE misled

¹ The Court subsequently amended that order in a manner immaterial here. *See* ECF No. 1194 (Mar. 24, 2021).

consumers[.]”).² As relevant here, in addition to the claim pursuant to Section 13(b) of the FTC Act, the Court found Defendants Andris Pukke, Luke Chadwick and Peter Baker violated the Telemarketing Sales Rule (“TSR”). *See id.* at 459 (“[T]he Court concludes that the FTC has proven that Defendants and their operatives violated the TSR[.]”). The Court further found “Pukke, Baker, and Usher in contempt of court” for violating the prior *AmeriDebt* order that prohibited deceptive telemarketing, *id.* at 476; *see also FTC v. AmeriDebt*, No. 03-cv-3317 (D. Md. May 17, 2006) (ECF No. 473).

Importantly, along with broad injunctive relief, ECF No. 1111 (Jan. 13, 2021) at 7, the Court entered separate \$120.2 million judgments against all three contemnors: Pukke, Usher, and Baker. ECF No. 1113 (Jan. 13, 2021). As the Court explained, “the harm from Defendants’ contumacious conduct is indeed the same harm caused by their FTC Act violations, in the present case \$120.2 million. . . . [A] monetary sanction alternative to the damages caused by their violations of the FTC Act is appropriate for the injuries to purchasers caused by the TSR contempt—\$120.2 million.” ECF No. 1109 (Jan. 13, 2021) at 1-2.

B. The Defaulting Parties

The Court also entered a separate \$120.2 million judgment against Usher and fourteen other defaulting corporate parties (“Defaulting Corporate Defendants”). ECF No. 1111 (Jan. 13, 2021). In particular, with respect to each Defaulting Corporate Defendant, the Court found that the FTC had “duly served” it, that it was “part of the common enterprise that is SBE,” and “is jointly and severally liable for violations of the FTC Act and the TSR the Court has already found were committed by SBE.” *Sanctuary Belize*, 482 F. Supp. 3d at 461-65.³ Likewise, with respect to Usher, the Court confirmed that the FTC had served him properly in Belize, *see id.* at

² “‘SBE’ refers to the web of individual and Corporate Defendants who own, develop, and run the development formerly known as Sanctuary Bay and Sanctuary Belize, and currently known as the Reserve.” *Sanctuary Belize*, 482 F. Supp. 3d at 385 n.1.

³ The Court also made similar findings against Relief Defendant Estate of John Pukke, *see* 482 F. Supp. 3d at 466, and entered an \$830,000 award against the Estate, ECF No. 1112 (Jan. 13, 2021) at 9.

461 n.4,⁴ detailed his extensive involvement, and “confirm[ed] his liability in this case,” *see id.* at 461. Usher subsequently filed various unsuccessful post-judgment motions challenging jurisdiction, seeking a stay, and concerning the merits. *See* ECF No. 1140-2 (Feb. 24, 2021); ECF No. 1171 (Mar. 2, 2021). Addressing them, the Court made clear that Usher consciously decided to avoid this litigation: “The window for [Usher] to participate in this litigation has long since closed [A]ll indications are that his default was by his **willful choice**.” *Sanctuary Belize*, ___ F. Supp. 3d ___, 2021 WL 1117763 at *5 (emphasis added).

Notably, the Court found that the fourteen Defaulting Corporate Defendants formed a common enterprise (the Sanctuary Belize Enterprise, or “SBE”). *See, e.g., Sanctuary Belize*, 482 F. Supp. 3d 373, 433 (D. Md. 2020) (“The Court concludes that the non-settling Corporate Defendants, including BREa [Belize Real Estate Affiliates], SBR [Southern Belize Realty], EI [Exotic Investor] and Prodigy, operated as a common enterprise.”); *see also id.* at 429-33 (detailing extensive factual findings supporting the Court’s conclusion that all Defaulting Corporate Defendants operated as a common enterprise). Furthermore, the Court found that Pukke, Chadwick and Baker controlled SBE. *See* 482 F. Supp. 3d at 440 (detailing “the massive evidence of Pukke’s control over SBE”); *id.* at 450 (finding “emphatically” that Chadwick had “authority to control SBE”); *id.* at 446 (finding that Baker “clearly had authority to control” SBE’s deceptive practices).

Importantly, each of these three controlpersons had counsel during this action, including when answers were due. In fact, Chadwick had counsel or “stand by” counsel throughout the case, including a prominent global firm that represented him for approximately six months. PXA ¶ 3-5 (summarizing Chadwick’s representation). Pukke and Baker had counsel who defended them aggressively through the preliminary injunction hearing. *Id.* at ¶ 6-7 (summarizing the representation of Pukke and Baker).⁵ In fact, the Court may recall that **nine** lawyers appeared on

⁴ *See also Sanctuary Belize*, ___ F. Supp. 3d ___, 2021 WL 1117763, *4 n.3 (“The Court has already found that Usher was adequately served with process.”).

⁵ Chadwick did not appear at the preliminary injunction hearing, PXA ¶ 13, although he had counsel at the time. *See* PXA ¶¶ 3-4.

Pukke's behalf in 2018 and 2019,⁶ and he spent approximately \$60,000 on an \$850/hour preliminary injunction hearing expert, PXA ¶ 11-12.

Furthermore, the Court released \$115,000 from the Receivership for legal expenses (excluding additional money awarded for living expenses and travel).⁷ Indeed, after Baker no longer had counsel, he urged the Court to release a portion of that money (\$30,000) for legal expenses through a motion he brought partly on "the business[es'] behalf." ECF No. 198 (Feb. 14, 2019) at 1. At the hearing, Baker again urged that he needed money because he "ha[d] to defend these companies I'm having to defend these companies." PXA ¶ 15, Tr. 25:11-12. The Court agreed, noting that Baker was "right in the sense that he's trying to defend the welfare of the companies," *id.* at 30:7-8, and the Court released \$30,000, ECF No. 202 (Feb. 14, 2019) at 2. However, Baker still did not cause any Defaulting Corporate Defendant to appear.

Put simply, nothing prevented Chadwick, Pukke or Baker from obtaining counsel for some or all Defaulting Corporate Defendants, or for directing their counsel to appear on the companies' behalf and defend jointly. But they chose not to. *See* ECF No. 771 (Jan. 3, 2020) at 1 n.1 ("Chadwick has been represented by counsel during the better part of these proceedings. When he had counsel, neither he nor they ever attempted to file a motion on behalf of the entities[.]"). Furthermore, it is beyond question that Defendants knew that *AMG's* outcome was reasonably possible—they raised the prospect of a potential *AMG* decision nearly three dozen times.⁸ Thus, Defendants chose not to cause the Defaulting Corporate Defendants to appear and

⁶ *See* ECF No. 227 (Feb. 26, 2019) (Williamson); ECF No. 192 (Feb. 13, 2019) (Wang); ECF No. 156 (Feb. 7, 2019) (Stein); ECF No. 90 (Jan. 3, 2019) (Creizman); ECF No. 89 (Jan. 3, 2019) (Farrelly); ECF No. 46 (Nov. 28, 2018) (Ivey); ECF No. 46 (Nov. 28, 2018) (Biondo); ECF No. 44 (Nov. 28, 2018) (Bradford); ECF No. 43 (Nov. 28, 2018) (Newton). Another lawyer, Oliver Wright, unsuccessfully sought to appear at the trial. *See* Trial Tr. 5:14-7:17, February 12, 2020.

⁷ Additionally, not including living and trial expenses, the Court released \$48,000 to Chadwick, *see* ECF No. 571 (Sept. 4, 2019) (\$18,000), ECF No. 649 (Oct. 29, 2019) (\$30,000), \$40,000 to Baker, *see* ECF No. 372 (Mar. 3, 2018) (\$10,000), ECF No. 649 (Oct. 29, 2019) (\$30,000), and \$30,000 to Pukke, *see* ECF No. 649 (Oct. 29, 2019).

⁸ *See* ECF No. 1195 (Mar. 25, 2021); ECF No. 1190 (Mar. 23, 2021); ECF No. 1189 (Mar. 19, 2021); ECF No. 1187 (Mar. 17, 2021); ECF No. 1184 (Mar. 16, 2021); ECF No. 1177 (Mar. 2, 2020); ECF No. 1171 (Mar. 2, 2020); ECF No. 1135 (Feb. 16, 2021); ECF No. 1066

preserve the issue. Instead, Chadwick, Pukke and Baker employed an ultimately unsuccessful strategy of attempting to separate themselves from the Defaulting Corporate Defendants that constitute SBE, and enabling those defendants to avoid discovery.

C. The Receivership

Through the January 13, 2021 Order entering a judgment against Usher and the Defaulting Corporate Defendants, the Court ordered Usher and the Defaulting Corporate Defendants to transfer essentially all of their assets to the FTC within thirty days.⁹ *See* ECF No. 1112 (Jan. 13, 2021) at 9-12. Because that did not happen, the Receiver now controls those assets for the FTC's benefit "by operation of law." *Id.* at 11. Thus, essentially all of Usher's assets¹⁰—and all of the Defaulting Corporate Defendants' assets—transferred to the Receiver for the FTC's benefit "by operation of law" on February 12, 2021. *See id.*

Importantly, separate from settlement proceeds, the automatic turnover provisions encompass all non-settlement assets because the Defendants—certainly on purpose—held almost no assets in their own names. For instance, Chadwick holds his approximately one-third interest in the entities comprising Kanantik through Defaulting Corporate Defendant Exotic Investor.¹¹

(Oct. 13, 2020) at 1-2; ECF No. 1065 (Oct. 13, 2020) at 7; ECF No. 1057 (Oct. 5, 2020) at 3; ECF No. 1017 (Aug. 24, 2020); ECF No. 1016 (Aug. 24, 2020) at 1; ECF No. 1014 (Aug. 20, 2020); ECF No. 1013 (Aug. 17, 2020); ECF No. 1010 (Aug. 7, 2020); ECF No. 1008 (Aug. 7, 2020); ECF No. 1006 (Aug. 5, 2020); ECF No. 1004 (Aug. 5, 2020) ; ECF No. 1001 (July 24, 2020) at 5; ECF No. 1000 (July 24, 2020) at 1; ECF No. 997 (July 22, 2020) at 2-3; ECF No. 995 (July 20, 2020); ECF No. 993 (May 29, 2020) at 49; ECF No. 981 (June 25, 2020) at 102; ECF No. 969-1 (June 8, 2020 at 25; ECF No. 732 (Dec. 2, 2019) at 8; ECF No. 703 (Nov. 21, 2019); ECF No. 656 (Oct. 31, 2019) at 4; ECF No. 655 (Oct. 31, 2019) at 4; ECF No. 639 (Oct. 24, 2019) at 2; ECF No. 558-1 (Oct. 22, 2019); ECF No. 556 (Aug. 22, 2019) at 16; ECF No. 555 (Aug. 22, 2019) at 1-2.

⁹ All of Usher's assets are collectable; however, a few are not subject to automatic turnover. *See* ECF No. 1112 at 10. No Defaulting Corporate Defendant assets were exempt from automatic turnover. *See id.* at 9-12.

¹⁰ These assets include, among other things, Usher's interests in Kanantik. *See* ECF No. 1193 (Mar. 24, 2021) at 2-3 (confirming that those interests are Receivership assets).

¹¹ In particular, as the Court correctly found through its Final Order Concerning Kanantik, "'Kanantik' includes Mango Springs Development Ltd. ('Mango Belize'), G&R Development Company of Belize, Ltd. ('G&R'), Palmaya Development, Ltd. ('Palmaya'), Kanantik International Limited ('Kanantik Limited'), and Mango Springs Development, LLC ('Mango Nevada'). ECF No. 1183 (Mar. 24, 2021) at 1. Mango Belize "is the primary Kanantik

In fact, none of the Receivership Assets are assets that Pukke, Chadwick or Baker held in their own name. PXB ¶ 3 (“[N]one of the cash assets held by the Receiver originate from or are assets directly owned by Pukke, Baker or Chadwick.”); *id.* at ¶ 16 (“The Receiver is in possession and control of various non-cash assets of the receivership estate. However, none of these assets are held in the name of or directly owned by Pukke, Baker or Chadwick.”).

D. Post-Judgment Activity

As discussed above, the Court entered judgments against all defendants on January 12, 2021. The following day—with all parties (and the Court) aware that the *AMG* decision might arrive soon, the Court directed the FTC to file its redress plan within two weeks. ECF No. 1114 (Jan. 13, 2021). With the support of the Receiver and the Government of Belize, the FTC timely filed a detailed, comprehensive proposed redress plan that would distribute Receivership assets. ECF Nos. 1117, 1117-1, 1117-2 (Jan. 21, 2021). The Court also set a schedule for objections, ECF No. 1123 (Jan. 26, 2021), and, with *AMG* still forthcoming, various parties submitted objections to which the FTC and Receiver responded. Should the Court approve the plan, the Receiver can immediately begin the claims process and other procedures necessary to return millions to consumers.

Additionally, while the Court considered the proposed redress plan, Defendants moved to stay the case pending *AMG*. ECF No. 1177 (Mar. 3, 2021); ECF No. 1171 (Mar. 2, 2021); ECF No. 1135 (Feb. 17, 2021). The Court denied the motions because “at least a substantial part of this case will survive the decision.” ECF No. 1191 at 2. The Court noted that its contempt and TSR findings “would not be affected by a decision in *AMG*” and “all that would be affected is

entity and directly or indirectly controls” the others. *Id.* at 2. Chadwick owned his interest in Kanantik indirectly, through Defaulting Corporate Defendant and SBE entity Exotic Investor (“Exotic”): prior to the automatic turnover order transferring the Defaulting Corporate Defendants’ assets to the Receivership, ECF No. 1112 at 11, Exotic held 39% of Mango Belize, ECF No. 1193 at 2 n.2, and 70% of Palmaya, *id.* at 3 n.6. Palmaya, in turn, held 50% of Mango Nevada and 70% of G&R. *Id.* at 3. The last entity, Kanantik International, was also partly held by Chadwick, *see id.*, through Exotic, ECF No. 1199 (Apr. 21, 2021) at 7 (Chadwick stating that his interest in Kanantik International as “[t]hrough Exotic”). Accordingly, none of the individual defendants has any direct interest in Kanantik.

one remedy presently available to the FTC.” *Id.* Furthermore, the Court stressed that “the overriding concern at this stage is to steer the case ‘safely into the harbor of judgment.’” *Id.* (quoting *Colonial Carpets, Inc. v. Carpet Fair, Inc.* 36 Md. App. 583, 584 (1977)). As such, the Court refused to stay the case notwithstanding the pending AMG decision, noting that “the better part of wisdom favors bringing as much finality to this action as possible.” *Id.* at 1. Given the interest in finality, and because all assets within the Receivership will remain there for consumers’ benefit, the Redress Plan should proceed subject to the Court’s approval.

Argument

I. The Redress Plan Should Proceed Because AMG Did Not Limit the Court’s Contempt Power.

A. AMG Did Not Limit the Court’s Contempt Power.

AMG concerned a specific statutory provision unrelated to the Court’s contempt power. Rather than any statute, contempt powers exist because courts have “inherent authority” to ensure compliance with their orders. *See, e.g., Rainbow Sch., Inc. v. Rainbow Early Educ. Holding LLC*, 887 F.3d 610, 617 (4th Cir. 2018) (citing *Shillitani v. United States*, 384 U.S. 364, 370 (1966)); *see also Chambers v. NASCO, Inc.*, 501 U.S. 32, 44 (1991) (stating that it is “well-established” that courts have the “inherent power” to address contempt). Importantly, “[t]he measure of the court’s power in civil contempt proceedings is determined by the requirements of full remedial relief,” including “the payment of money.” *McComb v. Jacksonville Paper Co.*, 336 U.S. 187, 193-94 (1949). Accordingly, “full remedial relief” encompasses orders “to compensate the complainant for losses sustained as a result of the contumacy.” *In re Gen. Motors Corp.*, 61 F.3d 256, 258 (4th Cir. 1995); *see also Schwartz v. Rent-A-Wreck of Am.*, 261 F. Supp. 3d 607, 617 (D. Md. 2017) (explaining that the “court can order the contemnor to reimburse the complainant for losses sustained).

Significantly, this is what the order holding Pukke, Baker and Usher in contempt accomplishes—it compensates the consumers for losses they would not have sustained had these

defendants complied with the *AmeriDebt* order. *See* ECF No. 1113 at 3 (ordering Pukke, Baker and Usher to “transfer to the FTC \$120.2 million . . . [which] represents consumer loss caused by their violation of the [*AmeriDebt*] Telemarketing Order”). Because the contempt order derives from the Court’s inherent power, not from any statutory provision, *AMG* does not affect the order’s monetary sanction. *See, e.g., American Airlines, Inc. v. Allied Pilots Ass’n*, 228 F.3d 574, 585 (5th Cir. 2000) (explaining that compensation is available for violation of a court order even if unavailable under the underlying statute; “If the [order] had been obeyed, the [defendants] would not owe a dime because damages are not available under the [Railway Labor Act]. But the Defendants are liable for damages because of their contemptuous acts of not obeying and ending the illegal sick-out when ordered”).

B. The Contempt Power Encompasses All Non-Settlement Receivership Assets.

The Court correctly found that the Defaulting Corporate Defendants constitute a common enterprise, *Sanctuary Belize*, 482 F. Supp. 3d at 429-33, *id.* at 461-65, and that the contemnors control that enterprise, *id.* at 440, 446, 450. The Court further directed that the contemnors “must, within (30) days, transfer to the FTC \$120.2 million[.]”¹² ECF No. 1113 at 3. To comply with that obligation, the law requires the contemnors to make “all reasonable efforts” to comply. *See, e.g., United States v. Darwin Const. Co.*, 873 F.2d 750, 754-55 (4th Cir. 1989) (quoting *United States v. Ryan*, 402 U.S. 530, 534 (1971)); *United v. Ali*, 874 F.3d 825, 833 (4th Cir. 2017) (same). At a minimum, this means turning over to the FTC the common enterprise that the Court found that they control. Importantly, the common enterprise includes the Defaulting Corporate Defendants, which held nearly all Receivership assets potentially at issue, and the FTC (and Receiver) retain those assets notwithstanding *AMG*.¹² Therefore, *AMG* does not

¹² This includes Kanantik because, as discussed above, Exotic Investor is part of the common enterprise that the contemnors must turn over, and Exotic Investor holds approximately one-third of Kanantik. *See also Sanctuary Belize*, 482 F. Supp. at 431-32 (finding that Chadwick’s argument that Exotic Investor was not part of the common enterprise “rings hollow”; finding that Exotic Investor “was and is similarly intertwined with the other [Defaulting] Corporate Defendants”). Likewise, contemnor Usher holds approximately another third that he must turn over pursuant to the contempt order (in addition to the default order, ECF No. 1111). *See* ECF No. 1193; ECF No. 1113 at 3. The balance belonged to nonparty CVM

prevent the Court from approving the Redress Plan and permitting the Receiver to begin the process of compensating consumers.

II. The Redress Plan Should Proceed Because the Judgments Against the Defaulting Corporate Defendants Are Final.

A. The Judgments Against the Defaulting Corporate Defendants Are Final.

1. The Defaulting Corporate Defendants Cannot Appeal.

The judgments against the Defaulting Corporate Defendants are final because Fourth Circuit law forecloses the only two theoretical avenues of attack: direct appeal and a Rule 60(b) motion to vacate.¹³ With respect to a possible direct appeal, the Fourth Circuit prohibits defaulting parties from such appeals. *See, e.g., United States v. Rash*, 464 F. App'x 134, 135 (4th Cir. 2012) (holding that a challenge to a default judgment “should be raised in a motion to set aside the default judgment in the district court under Fed. R. Civ. P. 55(c) and 60(b)”); affirming the default judgment “without prejudice to Rash’s filing a motion to set aside the judgment in the district court”) (citation omitted); *Eddins v. Medlar*, 881 F.2d 1069 (4th Cir. 1989) (“Medlar’s complete default regarding both the liability and damages phases of this litigation precludes normal appellate review of her appeal of the district court’s judgment entered on a finding of default.”) (citing *CFTC v. American Commodity Group Corp.*, 753 F.2d 862, 865-66 (11th Cir. 1984)); *see also United States v. U.S. Currency Totaling \$3,817.49*, 826 F.2d 785, 787 (8th Cir. 1987) (holding that the Court of Appeals “unable” to set aside a default judgment; “[O]nly a district court may enter such relief”). This rule makes sense—no party should have the option to skip this Court by choice and proceed directly to the Fourth Circuit. In

corporation and settling defendant Atlantic International Bank Limited (“AIBL”), which separately transferred their interests to the Receiver. ECF No. 1193 at 2. To the extent Pukke holds an interest in Kanantik through offshore entity Chloris Holdings, LLC, *see* ECF No. 1193 at 3, he also must turn over those interests under the contempt order. *See* ECF No. 1113 at 3.

¹³ Rule 55(c) requires that movants seeking to vacate a final default judgment seek relief under Rule 60(b).

short, because the Fourth Circuit will not permit the Defaulting Corporate Defendants to appeal, their only avenue for relief is a Rule 60(b) motion to vacate filed with this Court.¹⁴

2. The Defaulting Corporate Defendants Cannot Obtain Rule 60(b) Relief.

a. A Post-Judgment Change in Law Is Not a Basis for Rule 60(b) Relief.

None of Rule 60(b)'s six provisions permitting courts to vacate judgments applies here, where the basis to vacate the judgment is a foreseeable change in law. Rule 60(b)(1) covers “surprise” or “mistake,” which is not present in these circumstances. Rule 60(b)(2) (“newly discovered evidence”) and Rule 60(b)(3) (“fraud”) likewise do not apply. Rule 60(b)(4) covers judgments that are “void” because they were rendered without jurisdiction or due process. Specifically, *U.S. Student Aid Funds, Inc. v. Espinosa*, 559 U.S. 260 (2010), held that Rule 60(b)(4) applies only in the rare instance where a judgment is premised either on a certain type of jurisdictional error or on a violation of due process that deprives a party of notice or the opportunity to be heard.” *Id.* at 271. Accordingly, Rule 60(b)(4) is inapplicable.

In some cases, Rule 60(b)(5) provides relief from a judgment when “applying it **prospectively** is no longer equitable.” By its terms, however, this clause covers only

¹⁴ Notably, even if the Fourth Circuit heard a direct appeal from the Defaulting Corporate Defendants—in derogation of its own precedent—such an appeal cannot succeed because the Defaulting Corporate Defendants waived their argument that the FTC cannot recover under Section 13(b) by not appearing in the case. *See, e.g., Holland v. Big River Minerals Corp.*, 181 F.3d 597, 605 (4th Cir. 1999) (noting the “general rule that the failure to raise an issue timely in the district court waives review of that issue”). An intervening change in law is an exception to the waiver rule, but only if “the opposing party was not prejudiced by the failure to raise the issue sooner.” *Id.* at 606 (quotation omitted). In this instance, the waiver stems not from a typical failure to preserve an argument, but from the strategic decision not to participate in the case entirely. The prejudice to the FTC from allowing the Defaulting Corporate Defendants to appear post-judgment would be extraordinary. Among other things: (i) the FTC was entitled to rely on the finality of judgments against defaulting parties when formulating the Redress Plan; and (ii) if the Defaulting Corporate Defendants had raised the argument earlier, that would have meant appearing—and participating in discovery that bolstered other aspects of the FTC’s position, including potential claims pursuant to Section 19 or arguments that the Defaulting Corporate Defendants’ deceptive telemarketing constituted contempt of the final *AmeriDebt* order.

“prospective” (executory) order provisions.¹⁵ Crucially, “‘prospective application’ requires that the judgment be ‘executory’ or involve ‘the supervision of changing conduct or conditions.’” *Maraziti v. Thorpe*, 52 F.3d 252, 254 (9th Cir.1995); *see also Twelve John Does v. District of Columbia*, 841 F.2d 1133, 1139 (D.C. Cir. 1988) (holding that a judgment has “prospective application” under Rule 60(b)(5) if it is “executory” or involves “the supervision of changing conduct or conditions”). However, the Final Order against the Defaulting Corporate Defendants caused the turnover of their assets “by operation of law” on February 12, 2021. ECF No. 1112 at 11. Rule 60(b)(5) cannot afford the Defaulting Corporate Defendants retroactive relief against what occurred in February.¹⁶

Rule 60(b)(5) also authorizes relief from a judgment “based on an earlier judgment that has been reversed or vacated,” but this clause applies only to earlier judgments between the same parties or their privies, not earlier judgments that functioned as precedent. *See, e.g., Dowell v. State Farm Fire & Cas. Auto Ins. Co.*, 993 F.2d 46, 48 (4th Cir. 1993) (“A decisional change in the law subsequent to the issuance of a final judgment, especially, as here, where the earlier judgment is neither *res judicata* nor provides collateral estoppel, does not provide a sufficient basis for vacating the judgment under Rule 60(b)(5).”) (citation omitted).¹⁷ As this Court

¹⁵ In this context, “executory” is “[t]he opposite of executed,” or “depending on some future performance or event.” BLACK’S LAW DICTIONARY 570 (6th ed. 1991). The Final Order against the Defaulting Corporate Defendants became non-executory no later than February 12, 2021, when their assets became Receivership assets without regard to anything that might happen in the future. *See* ECF No. 1112 at 11.

¹⁶ Furthermore, even if the Court viewed the Final Order against the Defaulting Corporate Defendants as a routine judgment (notwithstanding its automatic turnover provisions), this Court has held that a monetary judgment is not prospective simply because it has continuing consequences. *See Schwartz*, 129 F.R.D. at 122 (D. Md. 1990) (quoting *Twelve John Does*, 841 F.2d at 1139 (D.C. Cir. 1988)), *aff’d*, 976 F.2d 213 (4th Cir. 1992); *see also Cook v. Birmingham News*, 618 F.2d 1149, 1152 (5th Cir. 1980) (contrasting provisions “that have prospective effect . . . with those that offer a present remedy for a past wrong”); *United States v. Evler*, 778 F. Supp. 1553, 1557 (M.D. Fla. 1991) (holding that back pay award is “present” rather than “prospective” remedy). Even if a monetary award remains unpaid, it “is nevertheless a final order and is not ‘prospective’ for purposes of Rule 60(b)(5).” *Stokors S.A. v. Morrison*, 147 F.3d 759, 762 (8th Cir. 1998) (concluding “that Rule 60(b)(5)’s equitable leg cannot be used to relieve a party from a money judgment”).

¹⁷ *See also Comfort v. Lynn Sch. Comm.*, 560 F.3d 22, 27 (1st Cir. 2009) (“The provision from which this argument derives requires a direct connection between the prior judgment and

explained regarding Rule 60(b)(5)'s "earlier judgment" clause: "It is . . . the settled rule that a change in the judicial view of the applicable law, after a final judgment, is not a basis for vacating a judgment entered before announcement of the change." *Schwartz*, 129 F.R.D. at 121.

Finally, Rule 60(b)(6) is unavailable because "the United States Court of Appeals for the Fourth Circuit has concluded that "a change in decisional law subsequent to a final judgment provides no basis for relief under Rule 60(b)(6)."¹⁸ *Moore v. Powell*, No. 397-cv-595, 2001 WL 34804603, *1 (E.D. Va. Apr. 30, 2001) (quoting *Dowell*, 993 F.2d at 48); *see also Wadley v. Equifax Info. Servs., LLC*, 296 F. App'x 366, 369 (4th Cir. 2008) ("Nor was the change in decisional law . . . sufficient to establish 'extraordinary circumstances' under Rule 60(b)(6).") (citing *Dowell*, 993 F.2d at 48); *Hall v. Warden*, 364 F.2d 495, 496 (4th Cir. 1966) (en banc) (refusing to vacate judgment on basis that it was erroneous under later Supreme Court decision effecting change in law); *Lepore v. Ramsey*, 149 F.R.D. 90, 94 (D. Md. 1993) ("It is well established that the change in decisional law is not grounds for relief from judgment under Rule 60(b)(6).") (quotation omitted)).¹⁹

the supposedly reversing judgment. The mere emergence of controlling precedent in some other case that shows the incorrectness of the prior judgment is not sufficient.") (court's emphasis); *Klein v. United States*, 880 F.2d 250, 258 n.10 (10th Cir. 1989) ("earlier judgment" clause is limited to cases in which the present judgment is based on the prior judgment in the sense of res judicata or collateral estoppel"; "It does not apply merely because a case relied on as precedent by the court in rendering the present judgment has since been reversed."); *Mayberry v. Maroney*, 558 F.2d 1159, 1164 (3d Cir. 1977) ("Even assuming that *Rizzo* represents a change in the state of the law from the time the consent judgment was entered, it is settled that Rule 60(b)(5) does not contemplate relief based merely upon precedential evolution[.]").

¹⁸ Following a Supreme Court decision that denied Rule 60(b)(6) relief in the habeas context, *see Gonzalez v. Crosby*, 545 U.S. 524, 535 (2005), the Fourth Circuit has reaffirmed that "a change in decisional law subsequent to a final judgment provides no basis for relief under Rule 60(b)(6)."¹⁸ *Moses v. Joyner*, 815 F.3d 163, 168-69 (4th Cir. 2016) (quoting *Dowell*, 993 F.2d at 48); *id.* at 169 (stating that "the law on this issue reflects an admirable consistency" as well as "the gravamen of national circuit law") (citations omitted); *see also United States v. Salas*, 807 F. App'x 218, 229 (4th Cir. 2020) (affirming denial of Rule 60(b)(6) relief from life sentence despite change in law; "[A] change in law governing finality simply does not constitute an extraordinary circumstance justifying relief under Rule 60(b).") (citing *Gonzalez*, 545 U.S. at 535).

¹⁹ *See also Concept Design Elecs. & Mfg., Inc. v. Duplitronics, Inc.*, No. 96-1065, 1996 WL 72963743, *5 (Fed. Cir. Dec. 19, 1996) (explaining that post-final judgment decision that allegedly "would have changed the result" could "not provide proper grounds to reopen the judgment"); *Travelers Indem. Co. v. Sarkisian*, 794 F.2d 754, 757 (2d Cir. 1986) ("[I]t is well

Furthermore, Rule 60(b)(6) permits relief only if, without relief, an “unexpected hardship would occur.” *McCrea v. Wells Fargo*, No. 18-cv-2490, 2019 WL 4962022, *5 (D. Md. Oct. 8, 2019) (quotations omitted). The *AMG* decision was not “unexpected”; indeed, as detailed above, the Defendants raised *AMG* nearly three dozen times. *See, e.g., In re Sanctuary Belize Litig.*, No. 18-cv-3309, 2019 WL 7597770, *1 (D. Md. Nov. 21, 2019) (noting defendants’ argument that, in *AMG*, “the Supreme Court will hold that the FTC Act does not authorize restitutionary relief.”). Because the defendants chose to permit the defaults anyway, they cannot claim surprise.

Put simply, Rule 60(b)(6) does not cover changes in law at all, and certainly not foreseeable ones. Consequently, none of Rule 60(b)’s subsections applies here, and there is no basis under Rule 60(b) by which the Court could (or should) vacate the final default judgments against the Defaulting Corporate Defendants. *See, e.g., Shammass v. Lee*, 187 F. Supp. 3d 659, 662 (E.D. Va. 2016) (“[N]either Rule 60(b)(5) nor Rule 60(b)(6) is an appropriate vehicle for vacating a money judgment on the basis of a change in decisional law.”), *aff’d*, 683 F. App’x 195 (4th Cir. 2017).

b. Defendants Made a Strategic Decision To Permit the Corporations To Default.

In most circumstances, “[a] Rule 60(b) motion cannot stand if the default judgment was due to a strategic decision on the movant’s part.” *Tshering v. Fairfield Fin. Mortg. Grp., Inc.*, No. 08-cv-2777, 2013 WL 3527129, *4 (E.D.N.Y. July 11, 2013); *see also American All. Ins. Co. v. Eagle Ins. Co.*, 92 F.3d 57, 60 (2d Cir. 1996) (“[W]e have refused to vacate a judgment where the moving party had apparently made a strategic decision to default.”) (citation omitted); *United States v. Russell*, 578 F.2d 806, 808 (9th Cir. 1978) (affirming denial of motion to vacate where “[t]here was ample evidence to support the district court’s finding that the default was

settled that a change in decisional law is not grounds for relief under Rule 60(b)(6).”); *Collins v. City of Wichita*, 254 F.2d 837, 839 (10th Cir. 1958) (“A change in the law or in the judicial view of an established law is not such an extraordinary circumstance which justifies relief.”).

willful and knowing”); *United States v. An Undetermined Quantity of an Article of Drug Labeled as Benylin Cough Syrup*, 583 F.2d 942, 947 (7th Cir. 1978) (affirming refusal to vacate default when “the decision not to appear was a strategic one”). This general rule exists because Rule 60(b)(6) requires “extraordinary circumstances,” meaning that the movant “is faultless in the delay,” *Pioneer Investment Services Co. v. Brunswick Associates Limited Partnership*, 507 U.S. 380, 393 (1993), and a strategic choice is not “faultless”—parties are responsible for their decisions.

In this regard, *Ackermann v. United States*, 340 U.S. 193 (1950), is instructive. In *Ackermann*, the government sued to denaturalize a husband and wife (the Ackermanns) and a relative (Keilbar). *Id.* at 194-95. All parties had counsel, and the government prevailed. *Id.* at 195. The Ackermanns could not afford to appeal without selling their house, which they chose not to do. *Id.* at 196. Keilbar, however, appealed, and the Court of Appeals vacated the judgment against Keilbar. *Id.* at 195. The Supreme Court affirmed the denial of the Ackermanns’ subsequent motion to vacate the judgment against as they made a deliberate choice:

His choice was a risk, but calculated and deliberate and such as follows a free choice. Petitioner cannot be relieved of such a choice because hindsight seems to indicate to him that his decision not to appeal was probably wrong, considering the outcome of the Keilbar case. **There must be an end to litigation someday, and free, calculated, deliberate choices are not to be relieved from.**

Id. at 198 (emphasis added). Thus, a deliberate choice is not a basis to vacate a judgment.

Several considerations establish that the Defaulting Corporate Defendants chose not to appear as a tactic intended to facilitate the defense of their controlpersons (Pukke, Chadwick and Baker). First, and most important, as the Court will recall, the individual defendants urged the Court to find that they had only relatively minor roles.²⁰ See, e.g., ECF No. 933 (May 29, 2020)

²⁰ Record references to this defense theme are too numerous to include here; Defendants’ unsuccessful efforts to minimize their roles pervaded the proceedings. See, e.g., ECF No. 993 at 26 (minimizing Chadwick’s role); *id.* at 27 (same); *id.* at 9 (same); ECF No. 1011 at 45-46 (minimizing Pukke’s role); *id.* at 54 (same); *id.* at 41; ECF No. 969-2 at 43 (minimizing Baker’s role); *id.* at 53 (same); *id.* at 55 (same).

at 26 (Chadwick’s proposed findings of fact; proposing that the Court find that “Chadwick was not a ‘main player’ at the Sanctuary Belize entities placed in to [the] receivership”); ECF No. 1011 (Aug. 12, 2020) at 45 (Pukke’s proposed findings of fact; proposing that the Court find he “had no role in control or ownership of the [Sanctuary] parcel since 2006”); ECF No. 969-2 (June 8, 2020) at 48 (Baker’s proposed findings of fact; proposing that the Court find that “it cannot be established that he did have control or that he ever ‘ran’ any of these companies”). Indeed, this served as a key component of their defense. Notably, Chadwick and Pukke filed their answers through counsel, ECF No. 590 (Sept. 16, 2019), ECF No. 175 (Feb. 11, 2019)—they could have directed their counsel to respond on behalf of the companies as well.²¹ Of course, linking their positions (and attorneys) to the corporations would have gutted their theory that they supposedly had little to do with these entities. This may have been a sensible strategy at the time—but it was unquestionably a strategic choice.

Second, because the individual defendants had counsel during at least the beginning of these proceedings (and, in Chadwick’s case, during most of the case), PXA ¶¶ 3-7, they are presumed to know what the consequences of a default would be. *See Howell v. Dep’t of the Army*, 975 F. Supp. 1293, 1297 (M.D. Ala. 1997) (explaining that, when parties are “represented by counsel,” they “can be presumed to appreciate . . . the consequences of default”) (internal quotations omitted); *cf. Stormwater Sys., Inc. v. Reitmeyer*, No. 14-cv-2472, 2015 WL 966279, *9 (E.D. Cal. Mar. 4, 2015) (denying motion to set aside default in part because defaulting party “was represented by counsel . . . who presumably would have informed [the party] of the possible consequences of avoiding service”). Furthermore, as noted above, it is beyond question that the defendants knew about the forthcoming *AMG* decision. Because they knew about what a default would mean—including that the companies would lose the benefit that a favorable *AMG* opinion might provide—yet they chose to allocate their resources and efforts elsewhere even

²¹ Baker filed his answer late, after his counsel had withdrawn. *See* ECF No. 706 (Nov. 25, 2019). Of course, he could have directed his counsel to appear on behalf of the Defaulting Corporate Defendants during the first four months of the matter, when he had representation. *See* PXA ¶ 6.

while represented by counsel, the only reasonable conclusion is that the individual defendants made a considered choice.

Tellingly, the first and only time when the individual defendants sought to represent the corporations was during a brief pre-trial period when all three defendants lacked counsel. In particular, they opposed the FTC's motion for clerk's defaults against the Defaulting Corporate Defendants on the grounds "that they in fact represent one or more of these entities." ECF No. 814 (Jan. 14, 2020) at 1. The court denied the request because *pro se* parties cannot represent artificial entities, *see id.* at 2, but also explained:

Chadwick argues that he, as an individual, should be able to represent certain corporate entities because the asset freeze has made it difficult for him to hire counsel for these entities. This request comes very late in the day, just a few short weeks before trial. Moreover, Chadwick has been represented by counsel during the better part of these proceedings. When he had counsel, neither he nor they ever attempted to file a motion on behalf of the entities he now seeks to represent to release funds on behalf of those entities so that they might engage counsel. Nor did they ever seek to file dispositive motions on behalf of the entities.

Id. at 1 n.1 (emphasis added). In fact, when Chadwick moved to delay the trial only weeks later because "friends and family" had funded new counsel, his motion never referenced the Defaulting Corporate Defendants. *See* ECF No. 814 (Jan. 14, 2020) at 7. If Chadwick or his new counsel thought it made sense, they could have used the funds from friends and family to defend whatever entities Chadwick chose.

Notably, although Chadwick had representation for the longest period (including months of representation from a prominent global firm, PXA ¶¶ 3-5), both Pukke and Baker had representation as well. During the preliminary injunction phase, nine lawyers appeared on Pukke's behalf, PXA ¶ 7 and Pukke spent approximately \$60,000 on an \$850/hour preliminary injunction hearing expert, *id.* at ¶ 11-12. Baker also had counsel through the preliminary injunction hearing. *Id.* at ¶ 6. Additionally, during the course of the litigation, the Court released more than \$115,000 to the defendants for legal expenses (not including living and travel).²²

²² As noted above, the Court released \$30,000 of that money based on Baker's assertion that he needed it to defend the companies. PXA ¶ 15, Tr. 25:11-12; *id.* at 30:7-8.

Given that the Defendants had counsel who presumably understood the consequences of defaults, and everyone knew that the Court would decide *AMG* soon, the only possible inference is that their decision to jettison the defense of companies they controlled was a calculated choice.

Third, the defendants gained additional advantages through the nonappearance of their corporations. For instance, they shielded those entities from discovery that could have produced information that would have further enhanced FTC Act and TSR claims (including under Section 19) or additional evidence demonstrating that these entities are in contempt of the *AmeriDebt* final order. Discovery also could have produced additional evidence strengthening the already-damning evidence against the individual defendants, and information regarding these companies' offshore assets—including assets about which the FTC and Receiver are currently unaware. Furthermore, the individual defendants formed multiple Defaulting Corporate Defendants in Belize and another (Exotic Investor) in Nevis. *See Sanctuary Belize*, 482 F. Supp. 3d at 429-33, 461-65. Through their nonappearance, the individual defendants preserved their ability to obstruct or stall efforts to enforce judgments against them in foreign courts on service grounds or otherwise. In short, the additional potential advantages the individual defendants obtained through the Defaulting Corporate Defendants' nonappearance underscores that their defaults were deliberate.

Finally, even assuming a strategic decision to default is not a *per se* bar to Rule 60(b)(6) relief, and further notwithstanding the law prohibiting such relief based on changes in law, vacating the monetary judgments against the Defaulting Corporate Defendants is inappropriate here because it would extraordinarily prejudice the FTC. Among other things, it likely would require the FTC to litigate the entire case over again against the Defaulting Corporate Defendants under a Section 19 theory, or through a potential contempt motion, because they did not participate in the trial. There is no way to ameliorate that prejudice to the FTC, or the harm to the victims resulting from additional years of delay. Even if some conceivable scenario might exist where a court could excuse a party's deliberate decision to default through a subsequent Rule 60(b) motion, this is not such a circumstance.

Put simply, because the Defaulting Corporate Defendants cannot obtain Rule 60(b) relief, and because the Fourth Circuit does not permit defaulting parties to appeal, the judgments against the Defaulting Corporate Defendants—including their automatic turnover provisions—are final and unreviewable.

B. The Receivership Assets Include Exclusively Settlement Proceeds and Assets Transferred From the Defaulting Corporate Defendants.

As the Receiver explains, none of the Receivership assets are assets that Chadwick, Pukke or Baker held in their own names. PXB ¶¶ 3, 16. Rather, the Receivership consists exclusively of settlement proceeds and, as relevant here, assets the Defaulting Corporate Defendants previously controlled. *Id.* at Ex. 1. Specifically, pursuant to the Final Order against the Defaulting Corporate Defendants, their assets became Receivership assets for the FTC’s benefit “by operation of law” on February 12, 2021. *See* ECF No. 1112 at 11. Because this cannot be undone, this aspect of the case is over, and there is no reason to delay the Redress Plan that would distribute these assets to consumers.

III. The Redress Plan Should Proceed Because AMG Did Not Limit the FTC’s Ability To Recover By Obtaining Relief Based on Matters Already Litigated at Trial, or Through An Administrative Complaint.

The FTC has already outlined that, even without the two pathways explained above (contempt and defaults), it can recover all of the assets at issue through an administrative complaint. *See* ECF No. 1160 (Feb. 26, 2021) at 6, 13-15. Likewise, even without these pathways, given the evidence already presented at trial, the FTC can recover all of the assets at issue through Section 19 of the FTC Act, 45 U.S.C. § 57b. *See* FED. R. CIV. P. 54(c) (providing that, other than default judgments, “[e]very other final judgment should grant the relief to which each party is entitled, even if the party has not demanded that relief in its pleadings”). In fact, the Court’s Final Order against Pukke, Baker and Chadwick already provides that, “[t]o the extent necessary, the Court amends the allegations in the Amended Complaint to conform to the proof at trial.” ECF No. 1111 at 1. The FTC is working to prepare associated materials and,

subject to the Court's ruling on this motion, will file them promptly thereafter. Because these routes provide appropriate pathways to clarify the judgments against the individual defendants following *AMG*, they are additional reasons why *AMG* is not a basis to delay beginning the consumer compensation process that the Redress Plan entails.

Conclusion

For all the aforementioned reasons, the Court should approve the proposed Redress Plan so the Receiver can quickly begin work.

Dated: May 7, 2021

Respectfully Submitted,

/s/ Jonathan Cohen
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Certificate of Service

I certify that on May 7, 2021, I caused to be served the foregoing filing, and all related documents, through ECF and otherwise by email or Federal Express to the following people and entities identified below:

Andris Pukke and entities he owns or controls at ekkup@msn.com;

Peter Baker and entities he owns or controls at peterbakerx@gmail.com;

Luke Chadwick and entities he owns or controls at luketchadwick@gmail.com;

John Usher and entities he owns or controls at cotingabz59@gmail.com; and

Gary Caris, James E. Van Horn, and Kevin Driscoll, counsel for the Receiver, by ECF or at gcaris@btlaw.com; jvanhorn@btlaw.com; kevin.driscoll@btlaw.com.

/s/ Jonathan Cohen

PXA

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
SOUTHERN DIVISION**

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**DECLARATION OF CAROLINE DORSEY
PURSUANT TO 28 U.S.C. § 1746**

I have personal knowledge of the facts set forth below and am competent to testify about them. If called as a witness, I could and would testify as follows:

1. I am a United States citizen over the age of 18. I am employed by the Federal Trade Commission (“FTC”) as an Honors Paralegal in the Bureau of Consumer Protection. My business address is 600 Pennsylvania Avenue, N.W., Mail Drop 9528, Washington, D.C. 20580.

2. The FTC assigned me to work on the Sanctuary Belize matter, which involves sales of lots in a real estate development in Belize that has been called “Sanctuary Bay,” “Sanctuary Belize,” and “The Reserve,” and which I refer to as “Sanctuary Belize” for ease and clarity.

3. Chadwick has had counsel during this matter for all but a few weeks. From the filing of this matter until May 2019, Frank, Sims & Stolper LLP represented Chadwick. **PXA1** is a true and correct copy of an email from Andrew Stolper to Jonathan Cohen that was sent on November 16, 2018. **PXA2** is a true and correct copy of an email from Andrew Stolper to Jonathan Cohen that was sent on November 17, 2018. Andrew Stolper, acting as counsel for Chadwick, signed the “Joint Stipulation and Proposed Order for Release of Luke Chadwick’s Australian Passport” on December 7, 2018, ECF No. 58.

4. Foley & Lardner LLP represented Chadwick from May 2019 until November 21, 2019. Kendall Waters filed a “Motion for Admission Pro Hac Vice” on May 28, 2019, ECF No. 483 in the matter of *In re Sanctuary Belize Litigation 18-3309*. **PXA3** is a true and correct copy of excerpts from a transcript of telephone conference proceedings held on November 21, 2019 in the matter of *In re Sanctuary Belize Litigation 18-3309*. The Court granted Foley & Lardner’s Motion to Withdraw on November 22, 2019, ECF No. 714 “Order Foley Withdrawal.” **PXA3** at 48:25-49:12 and 52:8-11 show that the Court permitted Foley to withdraw on the condition it provide Chadwick with forty hours of additional work to help him prepare for trial.

5. Bruce Searby, Esq. represented Chadwick from January through trial and post-trial proceedings. **PXA4** is a true and correct copy of an email from Luke Chadwick to Jonathan Cohen and others that was sent on January 13, 2020 forwarding a note from Bruce Searby. Searby filed a “Motion for Leave to Enter an Appearance on Behalf of Defendant Luke Chadwick for the Limited Purpose for Moving to Continue Trial; and Incorporated Memorandum of Law” on January 13, 2020, ECF No. 811 in the matter of *In re Sanctuary Belize Litigation 18-3309*. The Court approved Searby’s appearance on January 14, 2020, ECF No. 816. Searby continued to assist Chadwick with post-trial motions. ECF No. 936-1 lists docket entries for which Searby assisted Chadwick: ECF No. 906, ECF No. 907, ECF No. 908, ECF No. 909, ECF No. 910, ECF No. 911, ECF No. 928, as well as the April 24, 2020 “Opposition to the FTC’s Omnibus Post Trial Motion to Strike and For Related Relief.” Chadwick’s post-trial filings continue to note Searby’s assistance, including: ECF No. 978 at 1, ECF No. 979 at 1, ECF No. 992 at 2, ECF No. 993 at 1, ECF No. 997 at 1, ECF No. 1001 at 1, ECF No. 1010 at 1, ECF No. 1013 at 1, ECF No. 1016 at 1, and ECF No. 1041 at 1. Additionally, Searby signed the

recent “Motion By Defendant Luke Chadwick for Release of Funds from Receivership for Legal Fees; and Incorporated Memorandum of Law” filed on April 21, 2021, ECF No. 1199.

6. Baker also had the assistance of counsel during this matter. On March 1, 2019 William Rothbard entered a corrected "Motion for Admission Pro Hac Vice," ECF No. 256 in the matter of *In re Sanctuary Belize Litigation 18-3309*. The Court approved Rothbard's withdrawal on June 21, 2019, ECF No. 504.

7. Pukke has been represented by many attorneys through the course of this matter. On November 28, 2018 various attorneys from Pierce Bainbridge Beck Price & Hecht LLP filed Motions to Appear Pro Hac Vice, ECF No.'s 43-45 (Jeffrey Newton, Patrick Bradford, and Vaness Biondo, respectively). Glenn Ivey filed a Notice of Appearance on November 28, 2018 as well, ECF No. 46. On January 3, 2019 two additional attorneys filed Motions to Appear Pro Hac Vice, ECF No.'s 89 and 90 (Stephen Farrelly and Eric Creizman, respectively). On February 7, 2019 Jesse Stein filed a Notice of Appearance, ECF No. 156. On February 13, 2019 Minyao Wang filed a Motion to Appear Pro Hac Vice, ECF No. 192. On February 26, 2021 Andrew Williamson filed a Notice of Appearance, ECF No. 227. The Court approved the withdrawal of Pierce Bainbridge Beck Price & Hecht LLP on August 15, 2019, ECF No. 550.

8. Counsel for Chadwick filed an Amended Answer to the FTC's Amended Complaint on September 16, 2019, ECF No. 590.

9. Baker filed an Answer and Affirmative Defenses to the FTC's Amended Complaint on November 21, 2019, ECF No. 706.

10. Counsel for Pukke filed an Answer and Affirmative Defenses to the FTC's Amended Complaint on February 11, 2019, ECF No. 175.

11. **PXA5** is a true and correct copy of an excerpt from a transcript of the deposition of Eric Sussman taken on March 8, 2019 in the matter of *In re Sanctuary Belize Litigation 18-3309*.

12. The hourly rate for Pukke's expert witness Eric Sussman was \$850 according to his expert report, ECF No. 170-1 at 3.

13. **PXA6** is a true and correct copy of an excerpt from a transcript of the Preliminary Injunction Hearing on September 24, 2019 in the matter of *In re Sanctuary Belize Litigation 18-3309*. Additionally, in PXA6 at 46:4-11, the Court refers to Chadwick's absence at the Preliminary Injunction Hearing that occurred in March 2019.

14. I have reviewed the website of the law firm Frank Sims & Stolper LLP. Andrew Stolper's biography page on this website includes a description of his experience as an Assistant United States Attorney, or federal prosecutor, for the Central District of California.

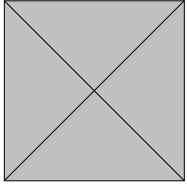
15. **PXA7** is a true and correct copy of an excerpt from a transcript of telephone proceedings held on February 14, 2019 in the matter of *In re Sanctuary Belize Litigation 18-3309*.

Executed in the United States of America this 7th day of May 2021.

/s/ Caroline Dorsey

PXA1

From: Andrew Stolper <astolper@lawfss.com>
Sent: Friday, November 16, 2018 12:13 AM
To: Cohen, Jonathan <jcohen2@ftc.gov>
Subject: Left you vm earlier today. Please give me a call when you can. Thanks, Andrew
Attach: image001.png; image002.png



Andrew Stolper | Partner 

- 1.949.201.2402
- 1.949.201.2405

Newport Gateway | 19800 MacArthur Blvd. Suite 855 | Irvine, CA 92612

PXA2

From: Andrew Stolper <astolper@lawfss.com>
Sent: Saturday, November 17, 2018 1:25 AM
To: Cohen, Jonathan <jcohen2@ftc.gov>
Subject: Settlement Privileged Communication
Attach: image001.png; image002.png

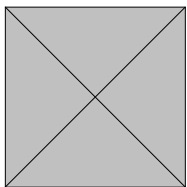
Mr. Cohen-

I have spent most of the day with Mr. Chadwick.

I believe we are prepared to settle the matter along the lines we discussed. I would like to set a call tomorrow to discuss. I am available for most of the morning.

LMK and thanks,

Andrew



Andrew Stolper | Partner 

- 1.949.201.2402
- 1.949.201.2405

Newport Gateway | 19800 MacArthur Blvd. Suite 855 | Irvine, CA 92612

PXA3

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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
SOUTHERN DIVISION

IN RE: : Civil Action No.
SANCTUARY BELIZE LITIGATION : PJM 18-3309

_____/ Greenbelt, Maryland
November 21, 2019
3:30 p.m.

TRANSCRIPT OF TELEPHONE CONFERENCE PROCEEDINGS
BEFORE THE HONORABLE PETER J. MESSITTE
UNITED STATES DISTRICT JUDGE

APPEARANCES:

FOR THE FEDERAL TRADE COMMISSION: JONATHAN A. COHEN, Esquire
BENJAMIN THEISMAN, Esquire
CHRISTOPHER J. ERICKSON, Esquire
Federal Trade Commission
600 Pennsylvania Avenue, NW cc-9528
Washington, D.C. 20580
202-326-2551

FOR THE DEFENDANT LUKE CHADWICK: F. PHILLIP HOSP, V, Esquire
PAMELA JOHNSTON, Esquire
Foley and Lardner, LLP
555 South Flower Street, Suite 3300
Los Angeles, California 90071
213-972-4556

FOR THE LAW FIRM FOLEY AND LARDNER: JOSEPH EDMONDSON, Esquire
Foley and Lardner, LLP
Washington, D.C.

OFFICIAL COURT REPORTER: LINDA C. MARSHALL, (301) 344-3229

COMPUTER-AIDED TRANSCRIPTION OF STENOTYPE NOTES

P-R-O-C-E-E-D-I-N-G-S

1 THE COURT: Counsel, Judge Messitte here.

2 If counsel for the FTC would identify themselves.

3 MR. COHEN: Good afternoon, Your Honor. This is
4 Jonathan Cohen for the Federal Trade Commission. And with me
5 this afternoon are my co-counsel Benjamin Theisman and
6 Christopher Erickson.

7 THE COURT: All right, for Mr. Chadwick.

8 MR. HOSP: Good morning, Your Honor. This is
9 Phil Hosp and joining me is Pam Johnston of Foley and Lardner on
10 behalf of defendant, Luke Chadwick. I also have Mr. Chadwick
11 and his wife Rebecca Chadwick here.

12 THE COURT: All right.

13 MR. EDMONDSON: Your Honor?

14 THE COURT: Yes, is somebody else on the line?

15 MR. EDMONDSON: Yes, Your Honor. Good afternoon,
16 Your Honor. Joseph Edmondson in the D.C. office of Foley.
17 I'm -- as you may recall, I'm counsel for the firm in connection
18 with the production of documents pursuant to the FTC subpoena.
19 We had Motion to Compel that resulted in this Court's order.
20 And there is some, I think, aspects of that production that are
21 at issue in this motion, so I thought it would be appropriate
22 that I ride along in case my input is needed.

23 THE COURT: Okay. First of all, we are on the record,
24 so this is a proceeding which will be available if, as and when
25

1 where the client fails substantially to fulfill an obligation to
2 the lawyer regarding the services after reasonable warning. And
3 there have been many decisions where attorneys have been
4 permitted to withdraw where clients have failed to pay fees in
5 accordance with the terms of the engagement. And sometimes as
6 close as trial as we have in the present case.

7 And particularly, this is so where there are other
8 manifestations of deterioration of the attorney/client
9 relationship. So, those are the parameters for the decision.

10 As a general proposition, ordering an attorney to stay
11 in a case against his will or his firm's will is a little bit
12 like involuntary servitude. And not only that, but it really
13 reflects on the quality of the representation that the lawyer
14 might render given the involuntariness of the presence of the
15 lawyer there.

16 We haven't heard -- I haven't heard a waiver from
17 Mr. Chadwick, but he fully has been advised now that there are
18 issues that he's going to need to concern himself with as he
19 goes forward pro se. He, I -- to think I can fashion a result
20 consistent with what Mr. Hosp has said that will sufficiently
21 bring Mr. Chadwick up to speed as to what his attorneys know or
22 should know about this case.

23 So, my general feeling is that I'm going to grant the
24 Motion to Withdraw, but I'm doing it subject to some important
25 conditions. First that, Mr. Hosp, you and your firm should be

1 prepared to devote at least 40 full hours to educating
2 Mr. Chadwick about this case. Bring him to your firm, walk
3 through the whole case with him as far as you know. Talk about
4 all the things that you have done for him, even when it went
5 beyond the scope, if you did it, so that you can, at least,
6 educate him as to what you've been doing heretofore.

7 That's a condition of the withdrawal, that you must
8 have those 40 hours, five full days between now and January 21st
9 to advise him. You do not have to appear in court. You do not
10 have to file pleadings on his behalf. You do not have to tell
11 him what the best strategy is. You need to educate him, though,
12 on what's gone on in this case. That's a condition.

13 Number two, I must tell you that there are very
14 concerning aspects of the way Foley and Lardner has comported
15 itself in this case. I have concerns over whether in fact Foley
16 and Lardner -- I'm not making the finding, because there will be
17 a specific recommendation at the end, but I do have concerns
18 about whether Foley and Lardner entered this case for strategic
19 purposes to service another client, that they did that without
20 the necessary objective of advocating vigorously for Chadwick.

21 There's a question that's serious as to whether Foley
22 and Lardner knew that Chadwick whose non-payment is at issue was
23 subject to an asset freeze anyway, so could he ever pay. There
24 was suggestion that he was equally obligated to pay in this case
25 as opposed to Mango Delaware. And it looks to me as I read it,

1 well, maybe he was the secondary obligor.

2 And again, there may be yet some lingering issues
3 about whether there's been a vigorous attempt to collect from
4 Mango now or potentially in the future.

5 Whether there was an obligation on the part of Foley
6 and Lardner to advise the Court and certainly the FTC that they
7 were coming in for a limited purpose is an open question we're
8 exploring, and that's where it's left.

9 I'm going to refer this matter to the Disciplinary
10 Committee, the whole issue of Foley and Lardner's comportment in
11 this case. As I say, all those issues it seems to me are fairly
12 examined as to whether, indeed, there was a strategic purpose
13 for the entry of Foley and Lardner in the case and whether
14 that's permissible; whether they had some obligation to advise
15 the Court and the opposing party as to why they were coming into
16 the case and with what limitation; whether they really in fact
17 based on their potentially strategic reason for entering for
18 some other client advocated as vigorously for Chadwick as they
19 should have been able to do; whether they went in with their
20 eyes open knowing Chadwick could not pay; and whether there's,
21 basically, a -- there's been an effort to go after what looks to
22 have been a primary obligor here, Mango.

23 I used to be chairman of the Disciplinary Committee.
24 I am a member. I will not in any way participate in this, but I
25 am going to refer this matter to the Disciplinary Committee.

1 So that, Mr. Hosp, you and colleagues should
2 understand, you will be subject to a recommendation by me to the
3 full bench that this matter be sent out to an attorney
4 investigator for the preparation of a report.

5 I don't know what the consequence will be of that, but
6 so that you should understand the fallout when we make --
7 usually when a judge makes a recommendation, it goes to the
8 Disciplinary Committee first. I sit on the committee, will not
9 participate in the presentation.

10 It then goes to the full bench to determine whether it
11 should go to an attorney investigator. If that's approved, the
12 attorney investigator prepares a report after consulting the
13 documents, consulting the parties and then there is a hearing if
14 the parties so desire before a three judge panel of the court.
15 That will take time. That's going to take a year or more by the
16 time you're done, so that you know what's in store.

17 So, I'm letting you out of the case, Mr. Hosp, you and
18 your colleagues, but I am not letting you walk away from what I
19 think are some seriously concerning issues. I don't want to
20 make you an involuntary servant in this case, but there are
21 aspects that reflect on the administration of justice here and
22 that's prejudice. That's prejudice even if in the end
23 Mr. Chadwick is like Mr. Baker and Mr. Pukke, and he has to swim
24 pro se. I'm concerned about the way in which the Court has got
25 put into this.

1 And I say, very prominently among this is were the
2 non-payment of fees really what was at issue here? And at
3 least, that was a representation made to the Court. And I think
4 it's Rule 3.3, you're supposed to be candid with the Court when
5 you come in in these cases, and I'm not prepared to say one way
6 or another whether conclusively Foley was or was not, but it's
7 worth an investigation.

8 So, it's not a total win for Foley and Lardner here.
9 You are out of the case. You have 40 hours, five full days that
10 you must sit down in appropriate fashion and consult with
11 Mr. Chadwick and educate him about the case.

12 You do not have to file pleadings. You don't have to
13 appear for him. You don't have to strategize with him. Just
14 educate him is all you have to do. And then, as I say, you will
15 await whatever the outcome is. There will be no hurry
16 necessarily in the referral to the Disciplinary Committee. That
17 will be something that probably will not even begin until after
18 the trial.

19 So, that's my ruling, folks, and suspect you may want
20 a copy of the transcript. Does anyone want this? Anybody
21 interested in this transcript?

22 MR. COHEN: The FTC would like a copy, Your Honor.

23 THE COURT: All right, very well. In any event,
24 that's where we are. The short answer is that Foley and Lardner
25 is out of the case except insofar as I've conditioned their

PXA4

From: Luke Chadwick <luketchadwick@gmail.com>
Sent: Monday, January 13, 2020 5:28 PM
To: Peter Baker <peterbakerx@gmail.com>; Andris pukke <ekkup@msn.com>; Cohen, Jonathan <jcohen2@ftc.gov>; Theisman, Benjamin <btheisman@ftc.gov>; Erickson, Christopher <cerickson@ftc.gov>
Subject: Fwd: Email to all counsel and unrepresented parties in In re Sanctuary Belize Litigation re: forthcoming Motion to Continue Trial Date by Defendant Luke Chadwick

To Counsel and unrepresented defendants,
Please see the email below and respond to accordingly regarding a brief continuance in this matter.

Regards,

Luke Chadwick
Pro Se Defendant

----- Forwarded message -----

From: **Bruce Searby** <bsearby@searby.law>
Date: Mon, Jan 13, 2020 at 8:46 AM
Subject: Email to all counsel and unrepresented parties in In re Sanctuary Belize Litigation re: forthcoming Motion to Continue Trial Date by Defendant Luke Chadwick
To: Luke Chadwick <luketchadwick@gmail.com>

Luke,
Please forward this email, copying me, to all counsel and unrepresented defendants and parties you are required to serve requesting their consent or other position in regards to your forthcoming Motion to Continue Trial Date, in which you will seek a continuance on the following basic grounds:

- Your engagement of new counsel, whom you intend to have represent you at trial, but who needs time to prepare
- The prejudice to you from the ongoing discovery production by the FTC on the current timetable for trial
- The lack of prejudice of sufficiently countervailing significance to the FTC's and the public's interests

You will propose that the length of the continuance should be 90 days.

As you know, I am this moment still in the process of seeking to enter my appearance, and thus you are sending this out in your pro se capacity so that the other parties can send us their consent before we file.

Best,

Bruce

Bruce H. Searby
Searby LLP
1627 Connecticut Avenue, NW, Suite 4
Washington, DC 20009

office: 202-750-6165

cell: 310-569-4081
website: www.searby.law

PXA5

In the Matter of:

FTC v. Ecological Fox, et al.

March 8, 2019

Eric Sussman

Condensed Transcript with Word Index



For The Record, Inc.
(301) 870-8025 - www.ftrinc.net - (800) 921-5555

1

1 UNITED STATES DISTRICT COURT
 2 DISTRICT OF MARYLAND
 3 SOUTHERN DIVISION
 4
 5 FEDERAL TRADE COMMISSION,)
 6)
 7 Plaintiff,)
 8)
 9 v.) Case No. 18-cv-
 10) 3309-PJM
 11 ECOLOGICAL FOX, LLC, a)
 12 Maryland limited liability)
 13 company, et al.,)
 14)
 15 Defendants.)
 16 _____)
 17)
 18)
 19)
 20 Deposition of PROFESSOR ERIC SUSSMAN, taken
 21 on behalf of the Plaintiff, at 10900 Wilshire
 22 Boulevard, Suite 400, Los Angeles, California 90024,
 23 commencing at 9:06 A.M. on March 8, 2019, before
 24 Colleen McGovern, RPR, and Certified Shorthand
 25 Reporter No. 10360.

3

1 A P P E A R A N C E S: (Continued)
 2
 3 FOR DEFENDANT ATLANTIC INTERNATIONAL BANK LIMITED:
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 6 BY: SHAWN LARSEN-BRIGHT, ESQ.
 7 (Present Telephonically
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 9 Suite 6100
 10 Seattle, Washington 98104-7043
 11 206.903.2417
 12 larsen.bright.shawn@dorsey.com
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2

1 A P P E A R A N C E S:
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 3 FEDERAL TRADE COMMISSION
 4 BUREAU OF CONSUMER PROTECTION
 5 BY: JONATHAN COHEN, ESQ.
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 20 BY: PATRICK A. BRADFORD, ESQ.
 21 277 Park Avenue
 22 Forty-Fifth Floor
 23 New York, New York 10172
 24 212.484.9866 x7420
 25 pbradford@piercebainbridge.com

4

1 I N D E X
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17 QUESTIONS INSTRUCTED NOT TO ANSWER
18 (None)

21 QUESTIONS MARKED
22 (None)

1 MR. LARSEN-BRIGHT: And this is, on the
2 phone, Shawn Larsen-Bright from Dorsey & Whitney on
3 behalf of Atlantic International Bank Limited.
4 MR. COHEN: And, Mr. Bradford, on behalf
5 of Mr. Sussman, but also on behalf of Mr. Pukke?
6 MR. BRADFORD: Yeah. I believe
7 everyone.
8 MR. COHEN: Just for the record.
9 MR. BRADFORD: I believe all present,
10 except maybe the court reporter, understands that my
11 client is Andris Pukke.
12 MR. COHEN: And no one else is on the
13 line? Okay.
14 **Q. You've been deposed before; correct?**
15 A. Yes.
16 **Q. Approximately how many times?**
17 A. Over 40, I think, at this point.
18 Something like that.
19 **Q. You generally understand how depositions**
20 **work?**
21 A. Yes, sir.
22 **Q. You'll let me know if you don't**
23 **understand one of my questions?**
24 A. Certainly.
25 **Q. And you'll let me know if you need a**

1 LOS ANGELES, CALIFORNIA
2 FRIDAY, MARCH 8, 2019
3 9:06 a.m.

4

5 THE REPORTER: Do you solemnly state
6 that the testimony you're about to give in the
7 following deposition will be the truth, the whole
8 truth, and nothing but the truth, so help you God?
9 THE WITNESS: Yes.

10

11 PROFESSOR ERIC SUSSMAN,
12 the witness, was sworn and
13 examined and testified as follows:

14

15 EXAMINATION

16 BY MR. COHEN:

17 **Q. Good morning. My name is Jonathan**
18 **Cohen. I'm an attorney for the United States**
19 **Federal Trade Commission. With me today is my**
20 **co-counsel, Khouryanna DiPrima, to my left. And if**
21 **the other attorneys present could state their**
22 **appearance for the record, please.**

23 MR. BRADFORD: This is Patrick Bradford
24 from Pierce Bainbridge on behalf of Professor Eric
25 Sussman.

1 **break?**
2 A. Certainly.
3 **Q. I'm going to be referring to various**
4 **monetary amounts throughout this deposition. Those**
5 **monetary amounts are in U.S. dollars as opposed to**
6 **Belizean dollars or some other currency unless I say**
7 **otherwise.**
8 **Is that all right?**
9 A. Sure.
10 **Q. With respect to the name of the**
11 **development we'll be discussing, I'll probably use**
12 **Sanctuary Belize, but it's sometimes known as The**
13 **Reserve or Sanctuary Bay. I want you to make sure**
14 **-- I want to make sure that you understand that I'm**
15 **always referring to the same development.**
16 A. Fair enough.
17 MR. BRADFORD: And just for the record,
18 and I did this with Peiser, there's no corporate
19 entity called Sanctuary Belize. As I did at the
20 beginning of the Peiser deposition, you're talking
21 about the real estate development known as sanctuary
22 Belize or The Reserve; is that right?
23 MR. COHEN: That's right.
24 MR. BRADFORD: I just want to make sure.
25 MR. COHEN: The real estate development

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1 and saw the project. I insisted.

2 **Q. Was there any issues upon which you were**
3 **not told to give opinions? Withdrawn. Sorry about**
4 **that.**

5 **Were you -- were there any issues upon**
6 **which you were told not to give opinions?**

7 MR. BRADFORD: Objection.

8 THE WITNESS: Not that I recall. No.

9 BY MR. COHEN:

10 **Q. Were there any issues you felt qualified**
11 **to give opinions on but did not give opinions?**

12 MR. BRADFORD: Objection.

13 THE WITNESS: I'm not sure how to answer
14 that question. I'd like to think I have expertise
15 in a lot of different things we talked about
16 earlier, but I don't know if they're relevant to the
17 case. But so I don't think that crossed my mind.

18 BY MR. COHEN:

19 **Q. How did you get to Belize?**

20 A. Well, let's see. I took an American
21 Airlines red eye flight to Miami and took a
22 connecting night to Belize City on American. I took
23 a puddle jumper. I can't remember the type of
24 plane, but a small plane, to Dangriga,
25 D-a-n-g-r-i-g-a. I was met by a driver there from

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1 the hotel. And he drove me to -- well, he drove me
2 to the hotel. And then the next day, as I recall,
3 Mr. Mock picked me up from the hotel and drove me to
4 the project.

5 **Q. Which hotel?**

6 A. I didn't see it very much. I wasn't
7 there very much. What was it called? I can find
8 out for you. I just don't remember the name of it
9 off the top of my head.

10 **Q. Was the hotel in Dangriga?**

11 A. No, it was not in Dangriga. It was in
12 Hopkins, a town called Hopkins as I recall.

13 **Q. Was the hotel Robert's Grove?**

14 A. It was not Robert's Grove. Yeah.
15 Again, I don't want to mislead you or give you the
16 wrong answer. I have it certainly and I can get
17 that for you.

18 MR. BRADFORD: Jonathan, I can provide
19 the name of the hotel if it's important.

20 BY MR. COHEN:

21 **Q. Did you stay with anyone else?**

22 A. No.

23 **Q. Did anyone accompany you on the trip to**
24 **Belize?**

25 A. No.

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1 **Q. Did you visit an airport that was under**
2 **construction at any time during your trip to Belize?**

3 A. Did I -- I'm sorry. Forgive me.

4 **Q. Did you visit an airport that was under**
5 **construction at any time during your trip to Belize?**

6 A. Right. I didn't visit it. I drove by
7 the airport outside Placencia, P-l-a-c-e-n-c-i-a.
8 But, again, I wouldn't call that visiting it. I
9 drove by it and saw the site.

10 **Q. Did you stop your vehicle?**

11 A. No.

12 **Q. Did you take any photographs?**

13 A. Of that? I did not.

14 **Q. Were you in the vehicle with Mr. Mock at**
15 **the time?**

16 A. Yes. I believe that's right.

17 **Q. How many times did you drive past it?**

18 A. Twice. Once on the way into Placencia
19 and once on the way out of Placencia.

20 **Q. Did you stay at the same hotel the**
21 **entire time that you were in Belize?**

22 A. Yes.

23 **Q. So you did not stay overnight on**
24 **Sanctuary Belize?**

25 A. I did not.

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1 **Q. Returning to the airport, was there**
2 **active construction at the airport when you drove**
3 **past people working?**

4 A. Just to be clear, at which airport?

5 **Q. The airport that you drove past en route**
6 **to and from Placencia.**

7 A. No. Because to go to the Dangriga
8 Airport, you don't go by Placencia. So the answer
9 is no.

10 **Q. Okay. I don't think my question was**
11 **clear. There was an airport that you drove past on**
12 **your way to and from Placencia; correct?**

13 A. To be clear, it was -- it's not an
14 airport that's open. And my understanding was it
15 was an international airport or an airport that was
16 contemplated by the Belizean government, but it's
17 not completed.

18 **Q. What's the basis for your understanding**
19 **that it was contemplated by the Belizean government?**

20 A. I think it came up in discussions with
21 Mr. Mock, and I believe I may have even read
22 somewhere about it. That's my recollection anyhow.

23 **Q. You didn't do any other investigation as**
24 **to whether it was contemplated by the Belizean**
25 **government?**

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1 A. Well, other than I think international
2 airports, by their very nature, must be either under
3 the auspices or jurisdiction or significant
4 involvement of government, of course.

5 **Q. And that's based on your expertise in
6 what in particular?**

7 A. Life. Flying.

8 **Q. When you drove past this airport, was it
9 an active construction site?**

10 A. It did not appear so. But I can't be
11 definitive.

12 **Q. Who paid the trip expenses?**

13 A. Well, Pierce Bainbridge I believe. And
14 I billed for my expenses. So the flights, well, I
15 presume Pierce Bainbridge. I don't know. They took
16 care of the flight arrangements. I paid -- and the
17 hotel. I actually paid for food and a few other
18 incidentals. And whatever that number was, it's on
19 my bills. I don't know. So I have not been
20 reimbursed yet for those, as far as I know.

21 **Q. But it's your understanding that Pierce
22 Bainbridge will reimburse you for the trip expenses
23 such as incidentals and food?**

24 A. Yes. And Uber and Lyft, the parking at
25 the airport and that sort of stuff, yes.

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1 **Q. Did you bill for your time on the trip?**

2 A. Of course.

3 **Q. And that includes the time to get to
4 Belize?**

5 A. Yes.

6 **Q. What was the total cost of the trip?**

7 A. Just, again, to be clear, when you say
8 total cost, are you talking about the travel or are
9 you talking about my billings?

10 **Q. Both. The total cost. The total cost
11 to Pierce Bainbridge from the day that -- the moment
12 that you left your residence to the moment that you
13 returned, in terms of time, in terms of expenses?**

14 A. Right. I'm not sure without my time
15 sheets I could be that specific.

16 **Q. Can you give me an approximation, sir?**

17 A. I'm heading there. My total billings in
18 the case thus far, I'm going to work through it, are
19 something like 60,000-ish. Something like that.
20 It's in that ballpark. So the trip part obviously
21 was a significant part of it. I did bill my travel
22 at a discounted rate, which is in my engagement
23 letter, as I think you have a copy of that. And I
24 don't know the actual cost of the ticket and the
25 hotel because, again, I did not pay for that. So I

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1 don't want to be speculative, but \$20,000, \$25,000.
2 Something like that. But that's, again, my best
3 guess. You can certainly look at my billing records
4 and probably be far more precise.

5 MR. COHEN: We've been at it for about
6 an hour. Is this a good time to take a break?

7 MR. BRADFORD: Sure.

8 MR. COHEN: Why don't we take a
9 five-minute break.

10 MR. BRADFORD: Sure.

11 MR. COHEN: Off the record.

12 (Break taken.)

13 MR. COHEN: Back on the record.

14 **Q. I'm going to provide you what's been
15 previously marked as Sussman 1 or just marked as
16 Sussman 1, with a copy for your counsel as well.**

17 (The document referred to was
18 subsequently marked by the Court
19 Reporter as Plaintiff's Exhibit
20 1 for identification and is
21 attached hereto.)

22 BY MR. COHEN:

23 **Q. And just to sort of short-circuit
24 something that is possibly just administrative, I'm
25 also going to mark -- and you'll note the docket**

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1 number across the top is 170-1. I read that
2 correctly?

3 A. Oh, yes.

4 **Q. Yes. And Mr. Bradford probably knows
5 what I'm going to just clear up here real quickly,
6 which is I'm also going to give you what's been
7 marked as Sussman 2 and provide a copy to Counsel.**

8 And I'll represent to you that this
9 appeared on -- and the docket number here is 173-1.
10 And I'll represent to you that what was -- that this
11 was filed, I think, possibly only a few minutes
12 later as an amended or corrected report.

13 (The document referred to was
14 subsequently marked by the Court
15 Reporter as Plaintiff's Exhibit
16 2 for identification and is
17 attached hereto.)

18 BY MR. COHEN:

19 **Q. On its face, it looks like the
20 difference between the two is that one contains an
21 attachment. The second one, Sussman 2, contains
22 photographs and whereas Sussman 1 looks like perhaps
23 the photographs were inadvertently omitted.**

24 **Are you, the witness, aware of any other
25 differences between the documents?**

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1 BY MR. COHEN:
2 **Q. So the existence of debt could, but does**
3 **not necessarily influence your opinion regarding the**
4 **efficacy of the no debt business model?**
5 A. In the abstract, I'd have to say that's
6 possible.
7 MR. COHEN: Nothing further.
8
9 FURTHER EXAMINATION
10 BY MR. BRADFORD:
11 **Q. Professor Sussman, in your expert**
12 **opinion, if Sanctuary Belize had been funded with a**
13 **traditional debt model, and Professor Peiser**
14 **testified that the traditional benchmark would be**
15 **about 50 percent, so I'm going to go with Professor**
16 **Peiser's 50 percent --**
17 MR. COHEN: I object to your
18 characterization of his report. But go ahead.
19 BY MR. BRADFORD:
20 **Q. His testimony. I'm talking about his**
21 **testimony.**
22 MR. COHEN: I object to your
23 characterization of his testimony.
24 MR. BRADFORD: That's fine because we
25 have the testimony.

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1 **Q. In your expert opinion, if Sanctuary**
2 **Belize had been initially financed with 50 percent**
3 **debt, would it have gone bust or would it be**
4 **thriving the way it is now?**
5 A. In my opinion, if Sanctuary Belize had
6 been funded in a traditional manner, it would have
7 gone bankrupt.
8 MR. BRADFORD: No further questions.
9
10 FURTHER EXAMINATION
11 BY MR. COHEN:
12 **Q. You testified earlier that it was not**
13 **possible for Sanctuary Belize at the outset to be**
14 **funded in a traditional manner, did you not?**
15 A. I did say that.
16 MR. COHEN: No further questions.
17 (Whereupon, the deposition was
18 concluded at 6:24 P.M.)
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1 DECLARATION UNDER PENALTY OF PERJURY
2
3 * * *
4
5 I declare under penalty of perjury under the
6 laws of the State of California that the foregoing
7 is true and correct.
8 Executed at _____,
9 California, this _____ day of _____,
10 20_____.
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15 _____
16 PROFESSOR ERIC SUSSMAN
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380

1 STATE OF CALIFORNIA)
2 : ss
3 COUNTY OF LOS ANGELES)
4
5 I, the undersigned, a Certified Shorthand
6 Reporter of the State of California, do hereby
7 certify:
8 That the foregoing proceedings were taken
9 before me at the time and place herein set forth;
10 that any witnesses in the foregoing proceedings,
11 prior to testifying, were placed under oath; that a
12 verbatim record of the proceedings was made by me
13 using machine shorthand, which was thereafter
14 transcribed under my direction; further, that the
15 foregoing is an accurate transcription thereof.
16 I further certify that I am neither
17 financially interested in the action nor a relative
18 or employee of any attorney of any of the parties.
19 IN WITNESS WHEREOF, I have this date
20 subscribed my name.
21
22 Dated _____
23
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25 _____
Colleen McGovern, RPR, CSR No. 10360

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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
SOUTHERN DIVISION

: Civil Action No.
IN RE: SANCTUARY BELIZE : PJM 18-3309
: Greenbelt, Maryland
: Tuesday, September 24, 2019
: 10:08 A.M.

TRANSCRIPT OF MOTION PROCEEDINGS
BEFORE THE HONORABLE PETER J. MESSITTE
UNITED STATES DISTRICT JUDGE

APPEARANCES:

FOR THE GOVERNMENT: JONATHAN A. COHEN, Esquire
BENJAMIN THEISMAN, Esquire (via telephone)
Federal Trade Commission
600 Pennsylvania Ave. NW cc-9528
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202-326-2551

FOR THE DEFENDANT LUKE CHADWICK: F. PHILLIP HOSP, V, Esquire
Foley and Lardner, LLP
555 South Flower St. Ste. 3300
Los Angeles, CA 90071
213-972-4556

FOR THE DEFENDANT PETER BAKER: PETER BAKER, pro se
(Appearing via Telephone)

FOR THE DEFENDANT MICHAEL SANTOS: MICHAEL SANTOS, pro se
(Appearing via Telephone)

FOR THE RECEIVER: GARY OWEN CARIS, Esquire (via telephone)
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OFFICIAL COURT REPORTER: LINDA C. MARSHALL, (301) 344-3229
COMPUTER-AIDED TRANSCRIPTION OF STENOTYPE NOTES

P-R-O-C-E-E-D-I-N-G-S

1
2 THE DEPUTY CLERK: The matter now pending before the
3 Court is Civil Case Number PJM-18-3309, In Re: Sanctuary Belize
4 Litigation. The matter comes before this Court for a
5 preliminary injunction hearing.

6 THE COURT: All right. Counsel for FTC identify
7 yourselves please.

8 MR. COHEN: Good morning, Your Honor. Jonathan Cohen
9 for the Federal Trade Commission. With me in the courtroom is
10 my co-counsel, Christopher Erikson. And then with me in Los
11 Angeles is my co-counsel, Benjamin Theisman.

12 THE COURT: All right. And for defendant Chadwick?

13 MR. HOSP: Good morning, Your Honor. Phil Hosp of
14 Foley and Lardner here on behalf of defendant Luke Chadwick.

15 THE COURT: All right. We have the link-up with
16 California. I gather it's the FTC offices there, Mr. Cohen?

17 MR. COHEN: Yes, Your Honor.

18 THE COURT: All right. Who do we have in California?
19 Mr. Baker, are you there?

20 MR. BAKER: Yes, Your Honor, Peter Baker here.

21 THE COURT: And you are not represented by counsel?

22 MR. BAKER: No, Your Honor, I'm pro se.

23 THE COURT: All right. Very good. And who else do we
24 have there?

25 MR. SANTOS: Michael Santos, defendant, pro se.

1 that Mr. Chadwick is involved with controlling or otherwise, and
2 given that now, I mean, the issue is finally you can try and
3 establish at the final hearing that he has no connection
4 whatsoever and everything he's done is on the up and up and so
5 on. I mean, but right now, you're asking me to truncate and I
6 really haven't seen the evidence --

7 MR. HOSP: I'm not asking you to truncate.

8 THE COURT: I'm not going to buy your argument. The
9 short of it is, I don't buy your argument now. We'll perhaps
10 hear more about it from you at the --

11 MR. HOSP: Just so I'm clear and this is all just to
12 prevent parties from accidentally violating the Court order and
13 being held in contempt.

14 THE COURT: It's no different in my view from the kind
15 of standard language where an individual defendant is enjoined
16 from doing something and everybody related to him in any way
17 potentially in concert with him is. And that's certainly more
18 than ever relevant in a preliminary injunction decision.

19 MR. HOSP: I agree with, Your Honor.

20 THE COURT: So, I don't want to debate that with you
21 now. I'm not making any final finding about Mr. Chadwick.

22 I must say to you, you know, Mr. Chadwick's
23 credibility is very much in play here. Everything that he
24 says --

25 I mean, the one thing that sticks in my mind, as I

1 recall, he's the one who said to Mr. Pukke, tell them that your
2 name is Marc Romeo or whatever the guy's name was. He admitted
3 that or someone -- Mr. Baker said that.

4 Well, I'm telling you there are things that are in my
5 mind that, sort of, raised red flags about whatever Mr. Chadwick
6 says. I haven't heard from Mr. Chadwick yet. Didn't hear from
7 him at the preliminary injunction hearing. Perhaps he'll grace
8 us with his presence at the final hearing and I'll hear from
9 him. But right now, I'm not going to accept counsel's
10 representation that he's not involved, that it goes beyond where
11 the Court --

12 MR. HOSP: Your Honor, please and I beg your --

13 THE COURT: Don't have to beg me.

14 MR. HOSP: I'm just asking the Court to -- I am not
15 asking the Court to make -- I'm just asking the Court to limit
16 the proposed preliminary injunction to representations about
17 Sanctuary.

18 THE COURT: All right, thank you. I've heard your
19 argument. I don't agree with it. It's going to stay the way it
20 is.

21 All right. Let's move on. Going through the findings
22 of fact. Any other issues on findings of fact?

23 Any issues on definitions?

24 MR. HOSP: Yes, Your Honor, we have an issue with the
25 definition of receivership entities, page nine.

1 THE COURT: All right.

2 MR. HOSP: As currently defined, as we were speaking
3 about that this is broad and overreaching, and as drafted not
4 definite or certainly not capable of being determined by any
5 type of legal scholar I know, because -- and I'll point you to
6 exactly what I'm talking about, because it just -- with
7 sub-parts two and three are -- it refers to assist, facilitates
8 or otherwise conducts business related to the acts identified in
9 the findings of fact in this order. So --

10 THE COURT: And? That's not an "or". It's "and is
11 owned --

12 MR. HOSP: And is owned and controlled --

13 THE COURT: -- and controlled by any defendant.

14 MR. HOSP: -- by any defendant, right.

15 THE COURT: Those are important words.

16 MR. HOSP: Sure, but that, again, expands this beyond
17 Sanctuary and expands this beyond --

18 Let me give you an example is that you have other
19 parties here who had a resort that's not Sanctuary Belize,
20 that's not any way related to this, other than there is some
21 common ownership, but the fact is Sanctuary Belize was a
22 completely different development.

23 And I'm not -- and that was presented, actually, at
24 the hearing. So what I'm suggesting the Court and what I'm
25 asking for is that it clarify that this relates to Sanctuary.

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THE COURT: Okay. Well, we'll look to get something from you shortly. I'm hearing you say, by end of the week certainly.

MR. COHEN: Certainly by the end of the week. Might even do a little better than that.

THE COURT: Okay. Anything else?

All right. Thank you, everyone, and we'll connect sometime very soon, all right.

(Recess at 3:41 p.m.)

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
SOUTHERN DIVISION

FEDERAL TRADE COMMISSION,)
Plaintiff,)
) CIVIL CASE NO. PJM-18-3309
vs.)
) FEBRUARY 14, 2019, 2:00 P.M.
ECOLOGICAL FOX, LLC, et al.,)
Defendants.)

BEFORE THE HONORABLE PETER J. MESSITTE
UNITED STATES DISTRICT JUDGE
GREENBELT, MARYLAND

A P P E A R A N C E S

PLAINTIFF - FEDERAL TRADE COMMISSION
BY: JONATHAN COHEN, ESQ, BENJAMIN THEISMAN, ESQ,
KHOURYANNA DIPRIMA, ESQ

DEFENDANT - ATLANTIC INTERNATIONAL BANK, LTD
BY: SHAWN LARSEN-BRIGHT, ESQ

DEFENDANT - ANDRIS PUKKE
BY: PATRICK BRADFORD, ESQ, STEPHEN FARRELLY, ESQ,
ERIC CREIZMAN, ESQ

DEFENDANT - GLOBAL PROPERTY ALLIANCE, et al.,
BY: PETER BAKER

DEFENDANT - MICHAEL SANTOS
BY: COURTNEY FORREST, ESQ

DEFENDANT - ANGELA CHITTENDEN
BY: JOSHUA ROBBINS, ESQ

RECEIVER: - ROBB EVANS & ASSOCIATES, LLC
BY: GARY CARIS, ESQ

Proceedings Recorded by Mechanical Stenography
Produced By Computer-Aided Transcription

MARLENE MARTIN-KERR, RPR, RMR, CRR, FCRR
FEDERAL OFFICIAL COURT REPORTER
6500 CHERRYWOOD LANE, STE 200
GREENBELT, MARYLAND 20770
(301)344-3499

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P R O C E E D I N G S

THE COURT: All right, Judge Messitte here.

Let me call out your parties, and Counsel, if you'll identify yourselves. We're on the record.

For the FTC?

MR. THEISMAN: Yes, Your Honor. This is Benjamin Theisman with the Federal Trade Commission, and also here with me is Jonathan Cohen and Khouryanna DiPrima.

THE COURT: Very good.

And for Atlantic Bank?

MR. BRIGHT: Yes, Your Honor. This is Shawn Larsen-Bright from Dorsey on behalf of Atlantic International Bank.

THE COURT: All right.

For Andris Pukke?

MR. BRADFORD: Judge, this is Patrick Bradford in New York from Pierce Bainbridge. I'm here with my colleague Stephen Farrelly and my law partner Eric Creizman, C-r-e-i-z-m-a-n.

THE COURT: All right.

And Mr. Baker, Peter Baker, are you on the line?

MR. BAKER: Yes, Your Honor. This is Peter Baker.

THE COURT: Okay.

And for Michael Santos?

MS. FOREST: Courtney Forrest, Your Honor, from

1 baseless and just not true.

2 The account that they are asking if I have access to is my
3 wife's account. I have never -- I had -- her Visa requirement
4 was a co-signer on that account when she opened it. I've never
5 accessed that account. I do not have a bank card for that
6 account. I have never used that account. I helped her open
7 it. It's her account, which she made the money working and
8 paid taxes on and owed 17,000 in taxes herself that we are
9 having her -- she was going to file a motion to release her
10 account today, because she would like to return to her family
11 and doesn't want her funds to get away from this because she's
12 feeling unfairly treated by the FTC who has accused of her
13 having fake teeth.

14 My wife has her original teeth, and I said to the FTC,
15 I'll take a picture like a horse and show you. I mean, the
16 allegations -- the only allegations they can come up with me
17 are that my wife had dental cosmetic surgery. My wife has her
18 original teeth and has never had dental cosmetic surgery.

19 My wife is a very sensitive and shy person and would like
20 to take her funds and return and not -- I wouldn't call it a
21 divorce, but she would like some time away and does not want
22 her funds touched, and she will file a motion to that effect
23 today.

24 So my only recourse is I do not have a bank account. Per
25 my agreement with my co-defendants, I was an absentee owner who

1 living expenses --

2 THE COURT: Wait a minute now -- wait, wait, wait,
3 wait, wait. Don't go into that right now. I don't need to
4 hear your whole defense.

5 MR. BAKER: Okay, fair enough.

6 THE COURT: No, no, no. I don't want to hear it. I
7 don't want to hear it.

8 MR. BAKER: Well, I understand, Your Honor. My
9 only -- my point is that I didn't have access to any other
10 accounts besides the account with Eco Futures where I was
11 hoping to pay for my legal fees since I am the owner and having
12 to defend these companies -- and not just personally. I'm
13 having to defend these companies. So how are these companies
14 supposed to defend themselves without legal representation?

15 THE COURT: All right, before you go any further, let
16 me ask a couple of questions.

17 MR. BAKER: Yes, sir.

18 THE COURT: As far as the FTC is concerned, how have
19 you verified that Mr. Baker is a co-owner or in any way has
20 ownership interest in the account with his wife? Or is it
21 Mr. Caris? I guess you answer that question. Or who answers
22 that question? I don't know.

23 MR. CARIS: Your Honor, this is Gary Caris, and I'll
24 defer to Mr. Thiesman in a moment, but I think Mr. Baker just
25 acknowledged that he's a joint signatory on the account. Under

1 California community property law, earnings of one spouse are
2 the joint ownership of both spouses and each has an undivided
3 interest in the entirety.

4 They may have amongst themselves believed that she was the
5 one that was in charge of the account, but Mr. Baker
6 acknowledges he's a signatory on the account. The account is
7 -- I can represent the account is frozen because of Mr. Baker
8 being a joint signatory on the account. The bank would not
9 have frozen the account had he not been a signatory.

10 It's entirely reasonable that, you know, if you want a
11 limited amount of money for legal expenses and travel expenses,
12 and the Receiver doesn't object to that, that he ought to look
13 first to personal assets that are in that account before
14 attempting to invade other accounts that, frankly, are
15 absolutely critical to this -- to the Receiver and the
16 Receiver's continued maintenance of the development that
17 Mr. Baker appears to be so concerned about preserving.

18 THE COURT: Let me ask you this, Mr. Caris: Do you
19 know how much in bank you have for Eco Futures Development?

20 MR. CARIS: Your Honor, the answer is -- the only
21 account -- I'm looking at a list now. The only account in that
22 name that I see looks like it originally totaled \$248,000.
23 That was the original balance, but that would be part of the
24 pool of the original 985,000 that I mentioned to the Court.
25 That's not segregated. That was brought into the receivership.

1 And the lion's share of the money that's been brought into
2 the receivership that's been accessible to the Receiver,
3 meaning not the lead defendant funds or not otherwise subject
4 to a claim that it is not receivership property, we're looking
5 at, you know, less than \$1 million dollars brought in and about
6 \$700,000 already spent.

7 THE COURT: But of that \$1 million brought in, you
8 think a quarter of a million is from Eco Futures?

9 MR. CARIS: It appears to be that. That's correct,
10 Your Honor.

11 THE COURT: All right.

12 FTC have any thoughts about this?

13 MR. THEISMAN: Yes, Your Honor. I would just simply
14 like to echo Mr. Caris' comments. Mr. Baker is a co-signer on
15 the account. Community property is what it is. Mr. Baker is
16 listed on the account statements as an account holder.

17 And I would also just like to, you know, point out that,
18 you know, there is Eco Futures here in the United States. The
19 FTC has discovered that there is Eco Futures Development, Inc.,
20 which is a Panamanian company, which Mr. Baker has never
21 disclosed either to the FTC or the Receiver. The FTC is still
22 looking into what sort of accounts and financial information
23 that Eco Futures Development, Inc. Panama may have.

24 THE COURT: Mr. Baker?

25 MR. BAKER: Yes, this is Mr. Baker.

1 There is no account in Panama with respect to the fact
2 that that Eco Futures is the -- what was formed as the
3 Development Company. It's a Development Company only. There
4 is no account with money or assets, and I'm sure the Receiver
5 would have found that out since they have all of the accounts
6 and traced all of the money.

7 I have never had any other account to use since the
8 forming of this company. I've had to live off only the Eco
9 Futures account for the last ten years.

10 THE COURT: Question --

11 MR. BAKER: That was my arrangement. That was my
12 deal.

13 THE COURT: All right. The \$3,000 per month that is
14 being paid out in particular to Mr. Baker for living expenses,
15 what's the source of those funds, Mr. Caris?

16 MR. CARIS: Your Honor, it's my understanding that
17 that \$3,000 did come from the joint account that we've been
18 talking about with Mr. Baker and his wife Paula Kudrjavceva.

19 THE COURT: Is that right, Mr. Baker?

20 MR. BAKER: Yes, sir, that's true. My wife is
21 accepting the fact that living expenses, since she lives with
22 the family, we will -- she will pay for. She, however,
23 disagrees with me representing myself and this business, the
24 business through her personal account. She just -- she draws
25 the line and wants to go home.

1 THE COURT: When you say "wants to go home" --

2 MR. BAKER: You know, I can't unfairly treat her.

3 THE COURT: -- what do you mean wants to go? To
4 another country?

5 MR. BAKER: Yes, sir. She's not -- she's an
6 immigrant.

7 THE COURT: Where is she from?

8 MR. BAKER: Lafia, sir.

9 THE COURT: Okay.

10 Well, hard call really in terms of where we are. Here's
11 what I think, something of a compromise. First of all, the
12 \$3,000 continues to be authorized from the private account, and
13 that's in addition to the amount that I'm going to authorize
14 now. It's not a part of. So that 3,000 exists for non-lawyer
15 expenses. We're talking now about lawyer expenses.

16 I'm going to authorize a total of \$30,000 for lawyer
17 expenses, 10,000 to come from the joint account with the wife,
18 the balance to come from Eco Futures Development, and we'll
19 square accounts down the road.

20 So that's where we are, and live with that for whatever --
21 for good or bad. And that's how it goes.

22 So, Mr. Caris, you're authorized to write a check for
23 \$20,000 from Eco Futures to Mr. Baker.

24 MR. CARIS: Your Honor, this is Gary Caris.

25 Just to be clear, since the money from the Eco Futures

1 accounts were turned over to the receivership estate and are
2 part of the receivership account, I'm assuming we're just --
3 we're writing a check from the receivership account in the
4 amount of \$20,000?

5 THE COURT: That's correct, specifically authorized
6 for Mr. Baker.

7 To some extent, he's right in a sense that he's trying to
8 defend the welfare of the companies, too, even though you're
9 the Receiver. So I will authorize that at least the 20,000
10 come from that. 10,000 more authorized from the private
11 account. And then 3,000 from the private account for living
12 expenses, apart from attorney's fees. And that's the way we'll
13 do it.

14 This is not to be a precedent in the future, Mr. Baker.
15 It's a one-time thing, because I do think you need to get a
16 lawyer ASAP if you're going to be deposed. We have a hearing
17 coming up quickly.

18 MR. BAKER: Yes, sir.

19 THE COURT: So you'd better have something on the
20 table, something on the barrel head to give the lawyer so you
21 can get going with the lawyer.

22 MR. BAKER: Thank you, Your Honor.

23 I have one more question, Your Honor, if that's okay?

24 THE COURT: Okay, well, let's see what it is.

25 MR. BAKER: My wife had that motion that she was

1 going to file today to release her account for her to return to
2 her country and for her. She wants her money. What do I do
3 there?

4 THE COURT: Well, you can file a motion. I'm sure it
5 will be opposed. So I can't tell you today what the answer to
6 that is, but you have to file a motion.

7 MR. BAKER: Okay, so -- okay, she'll be filing a
8 motion. I just wanted to -- you know, with your ruling, I
9 don't know how it would affect --

10 THE COURT: Well, I'm not saying anything about
11 anything in the future for the ruling. What I've done is tried
12 to balance to some extent your involvement with the companies
13 and your personal assets. I mean, there is a case that
14 certainly sounds like it can be made, that however you may
15 consider the case as between you and your wife externally, it
16 don't necessarily appear that way. Externally, it looks like a
17 joint asset.

18 I don't need to say that finally and definitively, but
19 you'll have to file a motion. Okay?

20 MR. BAKER: Okay. So she -- so I'll just tell her
21 she can do what she was going to do and file the motion on her
22 behalf.

23 THE COURT: She can file a motion on her own behalf.

24 All right, is there anything else?

25 MR. BAKER: Okay, thank you.

1 I, Marlene Martin-Kerr, FCRR, RPR, CRR, RMR, certify that
2 the foregoing is a correct transcript of the stenographic
3 record of proceedings in the above-entitled matter.

4
5 Dated this 26th day of February, 2019.

6 /s/

7 _____
8 Marlene Martin-Kerr
9 Federal Official Court Reporter
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UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**DECLARATION OF BRICK KANE IN SUPPORT OF OPPOSITION TO MOTION BY
DEFENDANT LUKE CHADWICK FOR RELEASE OF FUNDS FROM
RECEIVERSHIP ESTATE FOR LEGAL FEES**

I, Brick Kane, declare:

1. I am the President of Robb Evans & Associates LLC (“Receiver”), the receiver in this action. This lawsuit was commenced on October 31, 2018 by the Federal Trade Commission (“FTC”) with its filing of a Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”). The lawsuit named 17 entity defendants and seven individual defendants, in addition to five relief defendants. The Court issued the Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Restraining Order and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”) on November 5, 2018. Under the TRO, the Receiver became temporary receiver over all entity defendants except for Atlantic International Bank, Ltd. (“AIBL”) and over the assets of Andris Pukke (“Pukke”) and Peter Baker (“Baker”) valued at \$1,000 or more. The Court extended the duration of the TRO pursuant to an Extension of Temporary Restraining Order and Interim Preliminary Injunction on November 20, 2018. The FTC filed a motion to amend the Complaint and a proposed Amended Complaint for Permanent Injunction and Other Equitable Relief (“Amended Complaint”) on December 28, 2018 adding Michael Santos and Newport

Land Group, LLC (“NLG”) as defendants. The Court granted the motion to amend on January 11, 2019. On February 13, 2019 the Court entered a Stipulated Preliminary Injunction as to Defendants Rod Kazazi, Foundation Partners, Brandi Greenfield, BG Marketing LLC, Frank Costanzo, Deborah Connelly, Ecological Fox LLC, Michael Santos, Angela Chittenden, and Beach Bunny Holdings LLC (“Stipulated Preliminary Injunction”). Under the Stipulated Preliminary Injunction, the Receiver remained as receiver over the stipulating Receivership Entities BG Marketing, LLC, Ecological Fox, LLC, and Foundation Partners, and NLG was expressly added as a named Receivership Entity. On October 3, 2019, the Court issued the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (“Pukke Preliminary Injunction”). Under the Pukke Preliminary Injunction, the Receiver was named as permanent receiver over at least 16 Receivership Entities and over Pukke’s, Baker’s and Luke Chadwick’s (“Chadwick”) assets valued at \$1,000 or more. On November 6, 2019, a Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendants Frank Costanzo and Ecological Fox LLC and Relief Defendant Deborah Connelly (“Costanzo Stipulated Judgment”) was entered. Among other things, the Receiver remained as permanent receiver over Ecological Fox LLC under the Costanzo Stipulated Judgment. Subsequently, several other stipulated judgments were entered against various Defendants and Relief Defendants, each of which vested certain duties, powers and authority in the Receiver, including the Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendant Michael Santos (“Santos Stipulated Judgment”). Additionally, on January 13, 2021, the Court entered its Order for Permanent Injunction and Monetary Judgment Against Defaulting Defendants John Usher et al. (“Default Judgment”). Pursuant to the Default Judgment, the Receiver remained as permanent

receiver over the Defaulting Corporate Defendants, as defined therein, and John Usher (“Usher”) was ordered to transfer his assets to the Receiver which would become assets of the receivership estate, with limited exceptions as set forth in the Default Judgment. On March 24, 2021 the Court entered its Amended Final Order for Permanent Injunction and Monetary Judgment Against Defendants Andris Pukke, Peter Baker and Luke Chadwick (“Pukke Final Judgment”). The Receiver remained as permanent receiver over the assets of Pukke, Baker and Chadwick, with limited exceptions as set forth in the Pukke Final Judgment.

2. I have been one of the members of Robb Evans & Associates LLC primarily responsible for the supervision, management and administration of the receivership estate, the Receiver’s taking possession and control of the business and operations of the Receivership Entities, as defined in the various orders described above, the review and investigation of the business, operations and assets of the Receivership Entities and the individuals whose assets are under receivership, and the Receiver’s exercise of the other powers and duties set forth in the orders and judgments described above. I have been involved in the Receiver’s ongoing review and detailed analysis of the Receivership Entities’ financial records, banking records, and other business records and files. I was personally involved in the preparation and review of the Receiver’s Report of Activities for the Period From November 6, 2018 to February 21, 2019 (“First Report”) filed on February 22, 2019 and the Receiver’s Second Court Report Dated July 2, 2019 (“Second Report”). The description of the manner in which the receivership estate asserts the right to the tangible and intangible assets described in this declaration is detailed in the First Report, Second Report, and/or evidence in the form of prior declarations I supplied in support of motions for the approval of the sale or liquidation of such assets. I have personal

knowledge of the matters set forth in this declaration and if I were called upon to testify as to these matters I could and would competently testify thereto based on my personal knowledge.

3. The Receiver is in possession of no money in this receivership that originated from accounts, funds or other assets directly owned or held by Pukke, Baker or Chadwick. Attached hereto as Exhibit 1 is a financial report entitled Receiver Administrative Expenses & Fund Balance (“Financial Report”) from the inception of the receivership on November 8, 2018 to September 30, 2020 which was filed on November 3, 2020 in connection with the last motion brought by the Receiver for the approval and authorization of payment of the fees and expenses of the Receiver and its counsel. The first two pages of the Financial Report lists all of the cash assets of the receivership estate which have been collected by and were in the possession of the Receiver as of September 30, 2020, including cash which has been obtained from the liquidation of non-cash receivership assets. While the cash position of the receivership has changed since September 30, 2020, there have been no material cash recoveries since that time from sources other than the sources reflected on this Financial Report. As will be explained in this declaration, none of the cash assets held by the Receiver originate from or are assets directly owned by Pukke, Baker or Chadwick.

4. The first seventeen line items in the Financial Report under the sub-heading “Funds Turned Over” represent funds collected from various bank accounts, all in the names of various entities, except for a small amount collected from the business premises of the Defendants on Michelson Drive in Irvine, California and referenced as “office and petty cash.” Almost all of these entities are named Receivership Entities, as defined in one or more of the orders referenced above, or were deemed to belong to Receivership Entities and/or the receivership estate based on the Receiver’s investigation and forensic analysis. One line item in

this sub-heading reflects money collected by the Receiver from Mango Springs Development, LLC in June 2020. All of that money was immediately paid out by the Receiver for Kanantik expenses, as set forth on page 5 of the Financial Report. None of the cash reflected in these seventeen line items was obtained from accounts held by or in the name of Pukke, Baker or Chadwick.

5. The next sub-heading in the Financial Report is entitled “Other Funds Collected.” The first line item under this sub-heading references “104 Kings Place Rent.” This refers to rental income obtained by the Receiver for the real property at 104 Kings Place, Newport Beach, California (“Kings Place Property”). In the Receiver’s First Report and Second Report, the Receiver described that over \$3.7 million from various Receivership Entities was used to acquire and remodel the Kings Place Property, including funds from Global Property Alliance, Exotic Investor LLC, Foundation Partners and Power Haus Marketing. The property was placed in Angela Chittenden’s (“Chittenden”) name and then transferred into the name of the AAC Family HYCET Trust (“Chittenden Trust”), a purported asset protection trust created for Chittenden. Pursuant to the Stipulated Order for Final Judgment Against Relief Defendants Angela Chittenden and Beach Bunny Holdings LLC filed January 14, 2020 (“Chittenden Stipulated Judgment”), all of Chittenden’s and Chittenden Trust’s interests in the Kings Place Property were relinquished, including the rental income collected by the Receiver for this property.

6. The next line item refers to the Receiver’s settlement entered into with the prior owner of the real property at 2729 Bristol Street, Costa Mesa, California (“Bristol Property”), who sold the Bristol Property to 2729 Bristol LLC shortly before the inception of the receivership and who carried back a purchase money first trust deed on the Bristol Property in connection with that sale. The buyer, 2729 Bristol LLC, was assigned its interest in the sale

contract by Receivership Entity Eco Futures Development. The Receiver's investigation determined that 2729 Bristol LLC was formed for the purpose of taking title to the Bristol Property. The Bristol Property was intended to be the new business location for the Receivership Entities before the FTC filed its lawsuit. The Receiver advised the Court in its First Report and its motion to settle with the seller that \$558,237.14 came from two Receivership Entities, Buy International and Eco Futures Development, to fund most of the down payment and other closing costs associated with the acquisition of the property. None of the funds originated from Pukke, Baker or Chadwick.

7. The next line item reflects recoveries from the Chittenden Trust. These funds are derived from rental income which the Chittenden Trust obtained in connection with the Kings Place Property and the property at 1833 Port Barmouth Place, Newport Beach, California ("Port Barmouth Property") and turned over to the Receiver. As set forth above, the Chittenden Trust relinquished any interest in the Kings Place Property or its proceeds under the Chittenden Stipulated Judgment. The Chittenden Trust also relinquished any interest in the Port Barmouth Property or its proceeds (as did Chittenden) in the Chittenden Stipulated Judgment. The Port Barmouth Property is described in further detail below.

8. Other substantial funds set forth under the "Other Funds Collected" sub-heading include funds from Receivership Entity Foundation Partners, the liquidation of personal property assets at the Michelson business premises where the Receivership Entities operated and a refund of a portion of the security deposit on the Michelson business premises from the landlord following vacation of the premises by the Receiver.

9. The next several line items under the "Other Funds Collected" sub-heading represent rental income from properties relinquished by Michael Santos to the Receiver under

the Santos Stipulated Judgment and a settlement with a purported lienholder on several of those properties, Lee Nobmann, in exchange for which the Receiver released any interest in these properties.

10. The next line item under “Other Funds Collected” reflects the proceeds from the sale of the Port Barmouth Property. The First Report and the motion to approve the sale of this property described that all of the funds for the down payment for the Port Barmouth Property came from the sale of lots at the Reserve (Sanctuary Belize), with the balance of the purchase price financed by a loan. Chittenden originally took title to the Port Barmouth Property and it was then transferred to the Chittenden Trust. As noted above, Chittenden and the Chittenden Trust relinquished any interest in the Port Barmouth Property as part of the Chittenden Stipulated Judgment. Chittenden had already relinquished any interest in the Receiver’s sale of Port Barmouth at the time it was sold by the Receiver.

11. The next line item under “Other Funds Collected” reflects the proceeds from the sale of the property at 3905 Marcus Avenue, Newport Beach, California (“Marcus Property”). The Receiver’s forensic accounting, as set out in the Receiver’s motion to approve and confirm the sale of the Marcus Property, demonstrated why the Marcus Property, held in the name of 3905 Marcus, LLC, was property of the receivership estate. Specifically, the Receiver demonstrated that the entire down payment and all mortgage payments made until the inception of the receivership were funded by the Receivership Entity Buy International, Inc.

12. At the top of the second page of the Financial Report, the first three line items under the sub-heading “Relief Defendants’ Assets” set forth the money paid by those Relief Defendants in satisfaction of their obligations originally set out in the TRO, including

Chittenden, Chittenden's company, Beach Bunny Holdings LLC ("Beach Bunny"), and John Vipulis.

13. Next on page 2 of the Financial Report, under the sub-heading "Other Collections" includes money from Gordon Barienbrock ("Barienbrock") under the settlement between the Receiver and Barienbrock pursuant to which he paid the Receiver to relinquish and sell its one-half interest in a boat co-owned with Barienbrock. One or more of the Receivership Entities had held the estate's one-half interest in the boat. The next entry reflects the receivership estate's recovery from an interest in Online Wedding Solutions, Inc. through a stock repurchase. The Receiver's forensic accounting determined that this was an investment of \$975,000, of which \$875,000 was funded by various Receivership Entities and \$100,000 was funded by Chittenden's company, Beach Bunny. The investment was placed in Chittenden's name, but she relinquished any interest in the entire proceeds of the stock repurchase reflected on the Financial Report. Below that entry on the Financial Report is an entry representing the receivership estate's recovery from an interest in Remote.com, Inc. through another stock repurchase. The Receiver's forensic accounting determined that this investment was exclusively funded by Receivership Entities. The details of the funding for the ownership interests in Online Wedding Solutions and Remote.com are set out in the First Report, Second Report and my declarations in support of the stock repurchase agreements which were approved by the Court and resulted in the collections set out in the Financial Report.

14. The remainder of the funds in the receivership estate which have been collected by the Receiver and are set out in the Financial Report originates from services, amenities and rentals at the Reserve or the sale of various personal property at the Reserve.

15. The Receiver is also holding \$23 million paid by AIBL pursuant to the Stipulated Order for Permanent Injunction and Monetary Judgment Against Atlantic International Bank Limited (“AIBL Stipulated Judgment”), filed September 25, 2019.

16. The Receiver is in possession and control of various non-cash assets of the receivership estate. However, none of these assets are held in the name of or directly owned by Pukke, Baker or Chadwick.

17. As part of the Receiver’s settlement with Barienbrock, the Receiver also obtained an assignment of a loan from Barienbrock to Chadwick secured by a first trust deed on Chadwick’s real property, a single family residence at 1828 Jamaica Road, Costa Mesa, California (“Jamaica Road Property”). As of May 1, 2021 the loan has an outstanding balance of not less than \$1,080,316.03 including principal and three years’ worth of unpaid interest. Based upon my review of a preliminary title report the Receiver obtained, there are multiple tax liens on the Jamaica Road Property in favor of the United States of America and the State of California, subordinate to the Receiver’s lien, in the aggregate face amount of \$1,424,938.71. Estimates of value obtained on the internet from five sources (Zillow, Redfin, Trulia, Coldwell Banker and Homes.com) indicate that the Jamaica Road Property has a present value somewhere in the range of between \$1,306,771 and \$2,234,624. While this value would have to be further refined, it is apparent that there is no equity in the property for Chadwick given that there are present liens against the property, including the lien in favor of the Receiver and the junior tax liens, of at least \$2,505,254.74.


18. The Receiver’s investigation has revealed that the Jamaica Road Property is being leased to a third party by Chadwick and that the lease began in January 2021. No funds from this lease has been turned over to the Receiver by Chadwick and the Receiver has made no demand

on Chadwick for these funds. The Receiver has not been advised of the monthly rental amount despite requesting a copy of the written lease agreement.

19. Receivership Entity Prodigy Management owns a vacant residential lot in Cape Girardeau, Missouri which Chadwick has estimated is worth \$30,000.

20. Pursuant to the AIBL Stipulated Judgment, AIBL assigned all of the loans by AIBL to Mango Springs Development Ltd. ("Mango Springs Belize"), Kanantik International Ltd. ("Kanantik International") and Receivership Entity Southern Belize Holdings LLC ("Southern Belize Holdings") to the Receiver. Each of these loans is guaranteed by Chadwick personally and the guaranties may be enforced against Chadwick by the Receiver. Based on records supplied by AIBL to the Receiver in connection with these loan assignments, as of April 29, 2020 (one year ago), the Mango Springs Belize loan had a balance of at least \$254,959.04, the Kanantik International loan had a balance of at least \$1,139,880.90 and the Southern Belize Holdings loan had a balance of at least \$568,771.79.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on May 3, 2021 at Alhambra, California.


BRICK KANE

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EXHIBIT 1

From inception (November 8, 2018) to September 30, 2020

	Previously Reported and Approved	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	4/1/20~9/30/20	TOTAL
Corporate/Defendants' Assets									
Funds Turned Over									
2729 Bristol LLC	3,729.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,729.22
3905 Marcus LLC	1,742.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,742.51
Belize Real Estate Affiliates	94.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	94.55
Buy International Inc	71,155.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	71,155.69
Cortez Properties LLC	21,290.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,290.93
Eco Future Belize Ltd	21,134.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,134.52
Eco Futures Development	286,935.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	286,935.30
Eco Futures Management Co. Ltd	1,576.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,576.15
Foundations Partners	67,559.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67,559.34
Global Property Alliance Inc.	252,537.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	252,537.72
Mango Springs Development LLC	0.00	0.00	0.00	18,616.36	0.00	0.00	0.00	18,616.36	18,616.36
Newport Land Group LLC	3,757,345.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,757,345.09
Office & Petty Cash	1,527.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,527.38
Power Haus Marketing	42,141.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42,141.82
Prodigy Management Group	0.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.32
Sanctuary Belize POA	347,347.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	347,347.56
Southern Belize Realty LLC	4.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.50
Total Funds Turned Over	4,876,122.60	0.00	0.00	18,616.36	0.00	0.00	0.00	18,616.36	4,894,738.96
Other Funds Collected									
104 Kings Place Rent	775,000.00	52,500.00	52,500.00	52,500.00	0.00	105,000.00	0.00	262,500.00	1,037,500.00
2729 Bristol St Settlement	0.00	320,000.00	0.00	0.00	0.00	0.00	0.00	320,000.00	320,000.00
AAC Family HYCET Trust	197,772.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	197,772.23
Biltong Brand, LLC	2,592.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,592.00
Foundation Partners	8,452.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,452.17
Irvine Office Auction Proceeds	9,659.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,659.69
Lessor Refund	16,066.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,066.21
Santos Properties									
1807 Coastal Way Rent	7,000.00	2,000.00	0.00	0.00	0.00	0.00	0.00	2,000.00	9,000.00
14070 Falling Leaf Rd. Rent	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,400.00
17085 Birch Hill Rd. Rent	14,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,000.00
L. Nobmann Settlement	350,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	350,000.00
Total Santos Properties	373,400.00	2,000.00	0.00	0.00	0.00	0.00	0.00	2,000.00	375,400.00
Sale - 1833 Port Barsmouth	862,413.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	862,413.63
Sale - 3905 Marcus Ave.	512,215.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	512,215.37
Total Other Funds Collected	2,757,571.30	374,500.00	52,500.00	52,500.00	0.00	105,000.00	0.00	584,500.00	3,342,071.30
Total Corporate/Defendants' Assets	7,633,693.90	374,500.00	52,500.00	71,116.36	0.00	105,000.00	0.00	603,116.36	8,236,810.26

From inception (November 8, 2018) to September 30, 2020

	Previously Reported and Approved	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	4/1/20~9/30/20	TOTAL
Relief Defendants' Assets									
A. Chittenden	150,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150,000.00
Beach Bunny Holdings LLC	115,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	115,000.00
John Vipulis	4,112,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,112,000.00
Total Relief Defendants' Assets	4,377,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,377,000.00
Other Collections									
Corporate Tax Refunds	0.00	0.00	0.00	2,410.13	0.00	0.00	0.00	2,410.13	2,410.13
G. Barienbrock Family Trust	50,000.00	25,000.00	0.00	0.00	25,000.00	0.00	0.00	50,000.00	100,000.00
Interest Income	30,883.53	1,107.58	1,023.13	995.72	996.43	1,004.43	1,000.57	6,127.86	37,011.39
Online Wedding Solutions Inc.	176,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	176,000.00
Misc. Refunds	3,022.41	0.00	0.00	2,647.45	0.00	0.00	0.00	2,647.45	5,669.86
Remote.com Inc.	150,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150,000.00
UnitedCheck Card Refunds	451.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	451.00
Total Other Collections	410,356.94	26,107.58	1,023.13	6,053.30	25,996.43	1,004.43	1,000.57	61,185.44	471,542.38
The Sanctuary Reserve- Misc									
Beach Club Funds Received	2,172.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,172.41
Boat Charter Fees	1,950.00	0.00	0.00	600.00	0.00	0.00	0.00	600.00	2,550.00
Marina Sales & Docking Services	39,956.58	369.88	3,505.59	2,086.04	100.00	5,372.41	8,320.63	19,754.55	59,711.13
Collection for Logs/Materials	6,725.00	0.00	0.00	0.00	400.00	0.00	0.00	400.00	7,125.00
Equipment Rental	200.00	0.00	406.25	500.00	0.00	250.00	0.00	1,156.25	1,356.25
Horse Back Riding Fees	315.80	0.00	30.00	0.00	30.00	0.00	0.00	60.00	375.80
Laundry Coin Collected	182.00	0.00	0.00	0.00	7.00	0.00	0.00	7.00	189.00
Miscellaneous	337.93	0.00	1,000.00	4,477.70	50.00	325.00	0.00	5,852.70	6,190.63
Rent Collections									
Bill Allen Rent	4,975.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,975.00
Lombak Villa Rent	1,000.00	0.00	0.00	0.00	300.00	600.00	600.00	1,500.00	2,500.00
Waimea Villa Rent	3,070.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,070.32
Visitor Rent	4,375.00	0.00	0.00	0.00	0.00	937.50	75.00	1,012.50	5,387.50
Total Rent Collections	13,420.32	0.00	0.00	0.00	300.00	1,537.50	675.00	2,512.50	15,932.82
Sale of Horses									
Vehicle Cleaning Fees	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
Vehicle & Equipment Repairs	15.00	0.00	0.00	10.00	0.00	0.00	0.00	10.00	25.00
Total The Sanctuary Reserve- Misc Col	833.05	0.00	0.00	0.00	0.00	5.00	10.00	15.00	848.05
	67,108.09	369.88	4,941.84	7,673.74	887.00	7,489.91	9,005.63	30,368.00	97,476.09
Total Funds Collected	12,488,158.93	400,977.46	58,464.97	84,843.40	26,883.43	113,494.34	10,006.20	694,669.80	13,182,828.73

From inception (November 8, 2018) to September 30, 2020

	Previously Reported and Approved	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	4/1/20~9/30/20	TOTAL
Expenses									
Corporate Entity Expenses									
Buy Belize International Inc.									
IRA Contributions	259.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	259.87
Total Buy Belize International Inc.	259.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	259.87
Buy Belize LLC									
Corporation Taxes	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,600.00
PTO/Sick Pay	3,403.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,403.80
Total Buy Belize LLC	5,003.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,003.80
Buy International Inc.									
Corporation Taxes	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,600.00
Payroll Earnings	53,443.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	53,443.38
PTO/Sick Pay	20,735.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,735.46
Total Buy International Inc.	75,778.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75,778.84
Eco Futures Development									
Corporation Taxes	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,600.00
Payroll Earnings	1,626.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,626.00
PTO/Sick Pay	1,846.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,846.08
Total Eco Futures Development	5,072.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,072.08
Global Property Alliance Inc.									
Corporation Taxes	1,850.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,850.00
Total Global Property Alliance Inc.	1,850.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,850.00
Power Haus Marketing									
Corporation Taxes	1,850.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,850.00
Total Power Haus Marketing	1,850.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,850.00
Total Corporate Entity Expenses	89,814.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	89,814.59
Court Approved Legal Fees for P. Baker	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00
Court Approved Trial Allowance	15,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,000.00
Payroll Processing Fees	951.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	951.31
Property Expenses									
7862 Chase Avenue									
Property Insurance Premiums	268.45	62.24	0.00	0.00	0.00	0.00	0.00	62.24	330.69
Total 7862 Chase Avenue	268.45	62.24	0.00	0.00	0.00	0.00	0.00	62.24	330.69

From inception (November 8, 2018) to September 30, 2020

	Previously Reported and Approved	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	4/1/20~9/30/20	TOTAL
104 Kings Place									
Appraisal Fees	3,700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,700.00
Litigation Guarantee Costs	1,151.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,151.00
Mortgage Payments	580,243.53	36,737.54	36,934.42	36,934.42	36,934.42	36,934.42	36,737.54	221,015.88	801,259.41
Property Insurance Premiums	442.24	27.95	28.88	27.95	28.88	28.88	27.95	170.49	612.73
Repairs & Maintenance									
Insurance Funded Expenses	(4,554.92)	0.00	0.00	0.00	(29,633.12)	4,410.00	(2,186.21)	(27,409.33)	(31,904.25)
Repairs & Maintenance	45,285.71	0.00	0.00	0.00	32,386.12	0.00	0.00	32,386.12	77,671.83
Total Repairs & Maintenance	40,730.79	0.00	0.00	0.00	2,753.00	4,410.00	(2,186.21)	4,976.79	45,707.58
Total 104 Kings Place	626,267.56	36,765.49	36,963.30	36,765.49	39,716.30	41,373.30	34,579.28	226,163.16	852,430.72
1833 Port Barmouth Place									
Appraisal Fees	1,750.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,750.00
Electricity	1,358.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,358.50
Gardening	550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	550.00
Litigation Guarantee Costs	1,151.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,151.00
Mortgage Payments	97,300.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	97,300.53
Natural Gas	221.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	221.17
Pool Maintenance	722.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	722.50
Property Insurance Premiums	186.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	186.32
Water/Sewer	565.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	565.36
Total 1833 Port Barmouth Place	103,805.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	103,805.38
2729 Bristol St. Office									
Appraisal Fees	1,970.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,970.00
Electricity	11,835.02	270.94	0.00	0.00	0.00	0.00	0.00	270.94	12,105.96
Landscaping Services	7,932.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,932.14
Litigation Guarantee Costs	1,151.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,151.00
Property Insurance	89,101.37	5,293.15	0.00	0.00	0.00	0.00	0.00	5,293.15	94,394.52
Repairs & Maintenance	7,012.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,012.34
Secured Property Taxes	49,372.67	(49,372.67)	0.00	0.00	0.00	0.00	0.00	(49,372.67)	0.00
Security Patrol Services	9,154.42	1,291.46	1,124.82	0.00	0.00	0.00	0.00	2,416.28	11,570.70
Water	3,895.35	0.00	568.55	0.00	0.00	0.00	0.00	568.55	4,463.90
Total 2729 Bristol St. Office	181,424.31	(42,517.12)	1,693.37	0.00	0.00	0.00	0.00	(40,823.75)	140,600.56
3905 Marcus Ave.									
Appraisal Fees	2,450.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,450.00
Electricity	60.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.31
Legal Fees	400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	400.00

From inception (November 8, 2018) to September 30, 2020

Previously Reported and Approved	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	9/30/20~	TOTAL
Litigation Guarantee Costs	1,151.00	0.00	0.00	0.00	0.00	0.00	0.00	1,151.00
Moving Expenses	2,740.01	0.00	0.00	0.00	0.00	0.00	0.00	2,740.01
Property Insurance Premiums	3,285.29	0.00	0.00	0.00	0.00	0.00	0.00	3,285.29
Repairs & Maintenance	145.26	0.00	0.00	0.00	0.00	0.00	0.00	145.26
Water	431.98	0.00	0.00	0.00	0.00	0.00	0.00	431.98
Total 3905 Marcus Ave.	10,663.85	0.00	0.00	0.00	0.00	0.00	0.00	10,663.85
Santos Properties								
460 Lindberg Circle								
Notary Fees	0.00	0.00	0.00	0.00	0.00	0.00	60.00	60.00
Property Insurance Premiums	542.80	0.00	0.00	0.00	0.00	0.00	111.34	654.14
Total 460 Lindberg Circle	542.80	0.00	0.00	0.00	0.00	0.00	171.34	714.14
1807 Coastal Way								
Mortgage Payments	8,838.24	0.00	0.00	0.00	0.00	0.00	0.00	8,838.24
Property Insurance Premiums	839.41	0.00	0.00	0.00	0.00	0.00	172.18	1,011.59
Total 1807 Coastal Way	9,677.65	0.00	0.00	0.00	0.00	0.00	172.18	9,849.83
14070 Falling Leaf Rd.								
Mortgage Payments	2,307.66	0.00	0.00	0.00	0.00	0.00	0.00	2,307.66
Property Insurance Premiums	269.25	0.00	0.00	0.00	0.00	0.00	55.23	324.48
Total 14070 Falling Leaf Rd.	2,576.91	0.00	0.00	0.00	0.00	0.00	55.23	2,632.14
17085 Birch Hill Rd.								
Mortgage Payments	9,233.24	0.00	0.00	0.00	0.00	0.00	0.00	9,233.24
Property Insurance Premiums	1,055.67	0.00	0.00	0.00	0.00	0.00	216.55	1,272.22
Total 17085 Birch Hill Rd.	10,288.91	0.00	0.00	0.00	0.00	0.00	216.55	10,505.46
Total Santos Properties	23,086.27	615.30	0.00	0.00	0.00	0.00	615.30	23,701.57
The Sanctuary Reserve								
Customs Extensions Paid	0.00	0.00	572.50	600.00	700.00	0.00	1,872.50	1,872.50
Horse & Dog Feed and Supplies	0.00	450.45	45.90	0.00	0.00	0.00	496.35	496.35
Veterinary Services	0.00	405.00	507.50	0.00	192.50	0.00	1,105.00	1,105.00
Mango Springs Development LLC	0.00	0.00	18,616.36	0.00	0.00	0.00	18,616.36	18,616.36
Annual Station Licenses	1,375.00	0.00	0.00	0.00	0.00	0.00	0.00	1,375.00
Bank Fees	2,149.03	72.00	102.00	66.00	108.00	36.00	420.00	2,569.03
Boarding Fees	725.00	0.00	0.00	0.00	0.00	0.00	0.00	725.00
Conservation Mgmt Fees	52,535.00	0.00	0.00	0.00	0.00	0.00	0.00	52,535.00
Consumer Committee Expenses	16,637.04	0.00	0.00	0.00	0.00	2,386.19	2,386.19	19,023.23
Electricity	169,163.43	3,632.34	8,910.65	8,042.93	6,559.59	7,224.03	39,174.16	208,337.59

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	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	4/1/20~ 9/30/20	TOTAL
Previously Reported and Approved								
Employee Relations	5,434.85	250.40	111.50	290.17	0.00	0.00	6,086.92	11,363.74
Equipment	37,828.97	4,279.95	5,936.75	13,303.57	5,017.50	12,048.83	40,586.60	78,415.57
Equipment Maintenance	6,248.87	0.00	6,037.50	350.00	14,401.88	3,307.01	24,096.39	30,345.26
Equipment Parts & Supplies	71,945.74	0.00	8,756.64	11,440.69	13,358.72	19,767.46	65,364.39	137,310.13
Equipment Transport & Shipping	9,386.90	0.00	0.00	0.00	0.00	0.00	0.00	9,386.90
Gasoline and Diesel	101,994.40	202.52	11,900.48	50.00	13,661.35	13,566.72	53,914.94	155,909.34
General Liability Insurance	52,100.00	0.00	0.00	0.00	0.00	52,125.00	52,125.00	104,225.00
General Maintenance & Supplies	135,461.35	22,013.24	31,561.23	25,442.57	39,331.18	14,528.24	134,559.66	270,021.01
Government of Belize Taxes	257,009.57	8,560.85	9,005.12	15,481.92	9,652.49	11,347.13	42,813.98	299,823.55
Internet & Phones	57,136.94	1,600.00	791.01	2,130.69	2,163.26	2,115.23	11,529.75	68,666.69
Land & Lot Surveying	6,307.20	6,307.20	3,153.60	0.00	0.00	0.00	9,460.80	15,768.00
Legal Fees & Costs	117,733.46	3,375.00	2,250.00	3,375.00	36,095.00	3,375.00	53,420.00	171,153.46
License & Registration	12,516.92	1,175.00	737.50	423.98	412.50	947.50	3,696.48	16,213.40
Meals	2,296.17	0.00	0.00	0.00	206.64	140.25	346.89	2,643.06
Miscellaneous	1,524.97	490.00	555.07	487.50	350.00	1,400.00	3,482.57	5,007.54
Office & Misc Supplies	7,093.62	65.88	522.72	1,008.50	51.95	93.80	1,742.85	8,836.47
Pool Supplies & Maintenance	16,495.10	0.00	1,054.00	0.00	0.00	1,305.00	2,359.00	18,854.10
Postage & Delivery Charges	1,962.27	0.00	0.00	0.00	0.00	0.00	0.00	1,962.27
Post Office Box rental	120.00	0.00	0.00	0.00	0.00	0.00	0.00	120.00
Security Training	435.50	0.00	0.00	0.00	0.00	0.00	0.00	435.50
Staff & Mangement Fees	1,165,564.40	30,596.65	60,892.51	63,792.05	98,055.02	75,265.99	387,735.02	1,553,299.42
Vehicle/Motorcycle Fleet Insurance	12,554.17	0.00	0.00	0.00	0.00	0.00	0.00	12,554.17
Water Quality Testing	4,751.76	0.00	0.00	0.00	0.00	0.00	0.00	4,751.76
Total The Sanctuary Reserve	2,326,329.60	126,355.35	172,020.54	146,285.57	240,317.58	220,979.38	957,391.80	3,283,721.40
Total Property Expenses	3,271,845.42	165,012.02	208,786.03	186,001.87	281,690.88	255,558.66	1,143,408.75	4,415,254.17
Receiver Fees & Expenses								
Receiver Fees								
R. Evans	1,071.00	0.00	0.00	0.00	0.00	0.00	0.00	1,071.00
B. Kane	260,877.60	5,848.20	3,420.00	4,172.40	8,002.80	10,465.20	37,483.20	298,360.80
V. Miller	363,238.20	10,738.80	10,807.20	11,970.00	12,551.40	16,552.80	74,521.80	437,760.00
K. Johnson	94,221.00	786.60	1,402.20	957.60	2,804.40	4,104.00	11,696.40	105,917.40
S. Krishnan	8,755.20	0.00	0.00	0.00	0.00	1,573.20	1,573.20	10,328.40
A. Jen	177,156.00	3,796.20	1,675.80	1,983.60	2,872.80	3,214.80	19,494.00	196,650.00
M. Lin	109,866.60	0.00	0.00	0.00	0.00	0.00	0.00	109,866.60
T. Chung	295,681.05	3,648.15	2,562.75	0.00	1,085.40	13,597.65	23,426.55	319,107.60
F. Jen	69,797.25	150.75	90.45	120.60	0.00	4,733.55	5,095.35	74,892.60
C. Callahan	44,752.50	360.00	855.00	225.00	225.00	607.50	2,430.00	47,182.50
H. Jen	207,940.50	18,400.50	4,941.00	7,398.00	10,962.00	11,799.00	62,991.00	270,931.50

From inception (November 8, 2018) to September 30, 2020

	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	4/1/20~ 9/30/20	TOTAL
Previously Reported and Approved								
C. DeCius	85,147.20	2,976.75	1,858.95	2,563.65	3,183.30	2,830.95	16,353.90	101,501.10
J. Dadbin	27,232.20	0.00	0.00	0.00	0.00	0.00	0.00	27,232.20
Support Staff	6,777.00	0.00	0.00	0.00	0.00	0.00	0.00	6,777.00
Total Receiver Fees	1,752,513.30	36,327.15	27,613.35	29,390.85	41,687.10	69,478.65	255,065.40	2,007,578.70
Receiver Expenses								
Frances Griffith Services	0.00	1,650.00	0.00	0.00	0.00	0.00	1,650.00	1,650.00
Asset & Investigative Searches	2,740.06	0.00	0.00	0.00	0.00	0.00	0.00	2,740.06
Bank Fees	520.80	75.00	0.00	0.00	0.00	0.00	(269.80)	251.00
Document Reproduction	17,796.50	0.00	0.00	0.00	0.00	0.00	0.00	17,796.50
External Storage Device	1,495.19	0.00	0.00	0.00	0.00	0.00	0.00	1,495.19
Locksmith Services	2,872.91	0.00	0.00	0.00	0.00	0.00	0.00	2,872.91
Office Moving Expenses	585.00	0.00	0.00	0.00	0.00	0.00	0.00	585.00
Office Supplies	837.43	0.00	0.00	0.00	983.72	2,609.31	3,593.03	4,430.46
Parking & Tolls	647.15	0.00	0.00	0.00	0.00	0.00	0.00	647.15
Postage & Delivery	4,619.11	47.42	41.79	78.51	8.15	114.58	435.01	5,054.12
Security Guard	1,900.80	0.00	0.00	0.00	0.00	0.00	0.00	1,900.80
Storage Unit Rent	6,154.33	370.00	370.00	370.00	370.00	370.00	2,220.00	8,374.33
Tax Return Preparation	18,235.88	0.00	0.00	0.00	0.00	15,015.50	15,015.50	33,251.38
Travel Expenses	50,857.96	0.00	0.00	0.00	0.00	0.00	(5,965.61)	44,892.35
Website Support	4,795.32	79.85	26.62	57.67	102.03	75.41	718.64	5,513.96
Total Receiver Expenses	114,058.44	2,222.27	438.41	506.18	1,463.90	18,184.80	17,396.77	131,455.21
Legal Fees & Costs								
Barnes & Thornburg LLP								
Legal Fees	915,940.05	36,923.40	11,944.75	20,913.75	29,663.90	55,288.10	203,548.20	1,119,488.25
Legal Costs	35,877.48	1,754.88	226.82	2,000.00	2,076.33	634.35	7,667.22	43,544.70
Total Barnes & Thornburg LLP	951,817.53	38,678.28	12,171.57	22,913.75	31,740.23	55,922.45	211,215.42	1,163,032.95
Total Legal Fees & Costs	951,817.53	38,678.28	12,171.57	22,913.75	31,740.23	55,922.45	211,215.42	1,163,032.95
Total Receiver Fees & Expenses	2,818,389.27	77,227.70	40,223.33	52,810.78	74,891.23	143,585.90	483,677.59	3,302,066.86
Total Expenses	6,216,000.59	242,239.72	249,009.36	238,812.65	356,582.11	399,144.56	1,627,086.34	7,843,086.93
Fund Balance	6,272,158.34							5,339,741.80
Defendant's Funds Held by the Receiver								
Atlantic International Bank Ltd	23,000,000.06	0.00	0.00	0.00	0.00	0.00	0.00	23,000,000.06
Total Defendant's Funds Held by the Receiver	23,000,000.06	0.00	0.00	0.00	0.00	0.00	0.00	23,000,000.06