

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

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

PROPOSED INTERIM ORDER CONCERNING KANANTIK

The Federal Trade Commission (“FTC” or “Commission”) has moved the Court to confirm that Kanantik is within the Receivership under the Preliminary Injunction. Based on the evidence presented, the Court finds:

(1) “Kanantik” is a collection of intertwined entities that collectively compromise a development parcel near Sanctuary Belize. As used herein, “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”).

(2) Five parties have interests in Kanantik: Defendant Luke Chadwick, non-party CVM Corporation (“CVM”), Defendant John Usher, Defendant Andris Pukke, and Defendant Atlantic International Bank Limited (“AIBL”). All five parties interests in Kanantik have already been transferred to the Receiver, placed within the Receivership, or frozen pursuant to existing Court orders in this matter.

(3) Pursuant to the Preliminary Injunction, ECF No. 615 at 31-33, the Court placed Defendant Luke Chadwick’s assets in the Receivership pending further order.

(4) Pursuant to the Preliminary Injunction, ECF No. 615 at 31-33, the Court placed Defendant Andris Pukke’s assets in the Receivership pending further order.

(5) Pursuant to the Preliminary Injunction, ECF No. 615 at 12-15, the Court froze Defendant John Usher’s assets.

(6) Pursuant to a Court-approved settlement between CVM and the Receiver, CVM transferred its interests in Kanantik to the Receiver. ECF No. 895-2 at 41-42.

(7) Pursuant to a Court-approved settlement between AIBL and the FTC, AIBL transferred its interests in Kanantik to the Receiver. ECF No. 607 at 8.

(8) Mango Belize is the primary Kanantik entity and directly or indirectly controls the other Kanantik entities.¹ Importantly, the current Mango Belize board of directors has asked the Court to confirm its status within Receivership, ECF No. 1026, withdrawing its earlier opposition, ECF No. 938.

(9) The owners of Mango Belize include Chadwick (39%), CVM (33%), and Usher (28%).² Therefore, the Receiver currently controls 72% of Mango Belize, and the balance is frozen. AIBL also has a secured interest in Mango Belize, but it is unnecessary to address that because the Receiver also controls AIBL's interest.³

(10) The owners of Kanantik International include Chadwick (50%), and CVM (50%).⁴ Therefore, the Receiver currently controls 100% of Kanantik International. AIBL also has a secured interest in Kanantik International, but it is unnecessary to address that because the Receiver also controls AIBL's interest.⁵

¹ PXA4 at 160:23-161:1; PXA3 at 52:15-18; PXA1.

² PXA1, PXA5 (reflecting current proportions). Chadwick controls his interest through a Nevis entity, Exotic Investor ("EI"), which he wholly owns. PXA1; Tr. 48:3-8 (Jan. 30, 2020 am). EI is a Defendant that the Court found liable. *See In re Sanctuary Belize Litig.*, No. 18-cv-3309, 2020 WL 5095531, *37 (D. Md. Aug. 28, 2020).

³ PXA6 (AIBL made a \$385,000 secured loan to Mango Belize)

⁴ PXA8 at 2.

⁵ PXA7 (Kanantik International Limited borrowed approximately \$1 million through a secured loan from AIBL).

(11) The owners of Palmaya include Chadwick (50%) and Usher (50%).⁶ Therefore, the Receiver currently controls all of Palmaya as a practical matter because half is within the Receivership, and the other half is frozen. Pukke also has a disputed interest in Palmaya, but it is unnecessary to address that because the Receiver also controls Pukke's interest.⁷

(12) The owners of G&R include Palmaya (70%) and CVM (30%).⁸ Therefore, because the Receiver currently controls Palmaya, and CVM transferred its interests in G&R to the Receiver, the Receiver currently controls all of G&R.

(13) The owners of Mango Nevada include Palmaya (50%) and CVM (50%).⁹ Therefore, because the Receiver currently controls Palmaya, and CVM transferred its interests in Mango Nevada and G&R to the Receiver, the Receiver currently controls all of Mango Nevada.

(14) Chadwick opposes including Kanantik in the Receivership under the Preliminary Injunction, ECF No. 992, but Chadwick does not dispute that, under existing orders, the Receiver controls interests in Kanantik that equal majority control over Kanantik.

Therefore, for good cause shown,

IT IS HEREBY ORDERED:

A. At least until further order of the Court, the entities comprising the Kanantik development in Belize are receivership assets under existing court orders, including Mango Springs Development Ltd., G&R Development Company of Belize, Ltd., Kanantik International Limited, Palmaya Development, Ltd., and Mango Springs Development, LLC.

⁶ PXA1 at 2; Chadwick owns his interest through EI. PXA1 at 2; Tr. 48:3-8 (Jan. 30, 2020 am).

⁷ Pukke controls his option through Chloris Holdings, LLC. PXA11 at 4; PXA10.

⁸ PXA1.

⁹ PXA9 ¶¶ 5, 7.

B. Kanantik lots purchased by consumers are not receivership assets.

SO ORDERED, this 5 day of Nov, 2020.



UNITED STATES DISTRICT JUDGE