

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**MOTION FOR ORDER APPROVING: (1) SETTLEMENT AGREEMENT AND
RELEASE BETWEEN RECEIVER AND GORDON BARIENBROCK; AND (2)
SETTLEMENT AGREEMENT AND RELEASE BETWEEN RECEIVER AND
VIOLETTE ELEANOR MATHIS**

Receiver Robb Evans & Associates LLC (“Receiver”), the Receiver appointed as permanent receiver pursuant to, among other orders, the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (Doc. 615), hereby moves the Court for an order approving the: (1) Settlement Agreement and Release entered into between the Receiver and Gordon Barienbrock (“Barienbrock”), individually and as sole trustee of his family trust (collectively, the “Barienbrock Parties”), a copy of which is attached to the Declaration of Brick Kane (“Kane Declaration”) as Exhibit 1 (“Barienbrock Agreement”); and (2) Settlement Agreement and Release entered into between the Receiver and Violette Eleanor Mathis (“Mathis”), individually and as sole trustee of her family trust, and CVM Corporation (“CVM”) (“collectively, the “Mathis Parties”), a copy of which is attached to the Kane Declaration as Exhibit 2 (“Mathis Agreement”).

The Federal Trade Commission (“FTC”) has indicated that the Barienbrock Parties and the Mathis Parties may have liability under the FTC Act and/or Telemarketing Act for their acts and omissions with respect to the development projects in Belize known as Sanctuary Belize and Kanantik. The Barienbrock Parties and the Mathis Parties deny that they have any liability to the FTC, the Receiver or the receivership estate in connection with the Sanctuary Belize and Kanantik development projects or otherwise. The Barienbrock Parties and the Receiver have entered into the Barienbrock Agreement for the purpose of resolving all disputes and differences they may have as more particularly set forth in the Barienbrock Agreement. The Mathis Parties and the Receiver have entered into the Mathis Agreement for the purpose of resolving all disputes and differences they may have as more particularly set forth in the Mathis Agreement.

The Barienbrock Agreement provides, among other things, that: (a) the Barienbrock Parties transfer and assign to the Receiver all loans and notes made by or beneficially held by any of the Barienbrock Parties related to Sanctuary Belize or Kanantik, including a \$1,000,000 secured promissory note in favor of Barienbrock executed by defendant Luke Chadwick (“Chadwick”) and his wife, secured by their home in Costa Mesa, California, and a secured promissory note in favor of the Barienbrock family trust in the original principal amount of \$4,635,500 executed by Eco-Futures Belize, Limited (“Eco-Futures Belize”); (b) the Barienbrock Parties and entities owned by Barienbrock retain their ownership interests in eight lots in Sanctuary Belize and six lots in Kanantik; (c) the Receiver sells and assigns its one-half interest in a boat co-owned with Barienbrock, his family trust and/or entities owned by Barienbrock or his family trust for \$100,000; (d) an island in Belize known as “Long Caye Island” owned by Barienbrock, his family trust and/or entities owned by Barienbrock or his family trust is retained by that owner; and (e) the parties enter into general and mutual releases.

The Mathis Agreement provides, among other things, that: (a) the Mathis Parties transfer and assign to the Receiver all loans and ownership interests that the Mathis Parties hold related to Sanctuary Belize and Kanantik including the following: (1) 30% ownership interest in G & R Development Company of Belize Ltd. (“G & R Development”) in favor of CVM; (2) secured promissory note in favor of CVM pursuant to which CVM loaned Eco-Futures Belize \$2,500,000; (3) 33 1/3% interest in Mango Springs Development, Limited (“Mango Springs Ltd.”) in favor of CVM; (4) 33.3% interest in Palmaya Development, Inc. (“Palmaya”) in favor of Mathis; (5) 49% interest in Southern Belize Realty, LLC (“Southern Belize Realty”) in favor of CVM; (6) promissory note in favor of CVM pursuant to which CVM loaned Mango Springs, Ltd. \$500,000; (7) potential 33.33% interest in Mango Springs Development, LLC in favor of CVM; (8) potential 50% interest in Kanantik International Ltd. in favor of Mathis; and (9) potential 49% interest in Southern Belize Holdings, LLC in favor of CVM; (b) Mathis and CVM are released from all guaranties given by Mathis and CVM to guaranty various loans and extensions of credit made by Atlantic International Bank Limited (“AIBL”) which have been assigned to the Receiver pursuant to the stipulated judgment between the FTC and the Liquidator for AIBL; (c) the Mathis Parties and related persons and entities retain their ownership interests in six Sanctuary Belize lots and 13 Kanantik lots; (d) CVM obtains all right, title and interest in three of four lots which were the subject of joint venture agreements with Eco-Futures, Inc. and the Receiver obtains all right, title and interest in the fourth lot; (e) Mathis Lot Owners, as defined in the Mathis Agreement, may participate in any receivership estate claims allowance and payment process ordered by the Court based solely on claims arising on account of their position as Mathis Lot Owners; and (f) the parties enter into general and mutual releases.

This Motion is made and based upon the Memorandum of Points and Authorities and Kane Declaration which are filed and served concurrently herewith.

Dated: April 10, 2020

Respectfully submitted,

/s/ Gary Owen Caris
Gary Owen Caris, Calif. Bar No. 088918
Admitted Pro Hac Vice 11/30/18
BARNES & THORNBURG LLP
2029 Century Park East, Suite 300
Los Angeles, CA 90067
Telephone: (310) 248-3880
Facsimile (310) 248-3894
Email: gcaris@btlaw.com

and

/s/ James E. Van Horn
James E. Van Horn (Bar No. 29210)
BARNES & THORNBURG LLP
1717 Pennsylvania Avenue, NW, Suite 500
Washington, DC 20006
Telephone: (202) 371-6351
Facsimile (202) 289-1330
Email: jvanhorn@btlaw.com

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UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF
MOTION FOR ORDER APPROVING: (1) SETTLEMENT AGREEMENT AND
RELEASE BETWEEN RECEIVER AND GORDON BARIENBROCK; AND (2)
SETTLEMENT AGREEMENT AND RELEASE BETWEEN RECEIVER AND
VIOLETTE ELEANOR MATHIS**

I. INTRODUCTION AND STATEMENT OF FACTS

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 (Doc. 1) (“Complaint”). The lawsuit named 17 entity defendants and seven individual defendants, in addition to five relief defendants. On November 5, 2018, the Court issued an Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”). 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 the 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 (Doc. 87) adding Michael Santos and Newport Land Group, LLC (“NLG”) as defendants. The Court granted the motion to amend on January 11, 2019 (Doc. 107) and extended the asset freeze to Michael Santos on that date. 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 (Doc. 195) (“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 (Doc. 615) (“Preliminary Injunction”). Under the Preliminary Injunction, the Receiver was named as permanent receiver over at least 16 Receivership Entities and over Pukke, Baker and Luke Chadwick’s (“Chadwick”) assets valued at \$1,000 or more.

II. BARIENBROCK AGREEMENT

A. Barienbrock’s Relationship With Receivership Entities and Individual Defendants

Gordon Barienbrock (“Barienbrock”), individually and in his capacity as sole Trustee of the Gordon Barienbrock Family Trust dated June 19, 1985 (“Barienbrock Trust”) had a close financial relationship with the Receivership Entities and certain of the individual Defendants.

Barienbrock became a creditor of Chadwick and his wife Rebecca Dawn Chadwick pursuant to a Secured Promissory Note in his favor dated February 2, 2015 in the original principal amount of \$1,000,000, pursuant to which Barienbrock loaned Chadwick and his wife the principal sum of \$1,000,000. The Secured Promissory Note was modified by an Agreement Pertaining to Modification of Chadwick Loan dated August 1, 2017 (“Chadwick Loan Modification”). (The Secured Promissory Note and Chadwick Loan Modification are collectively referred to as the “Chadwick Note.”) The Chadwick Note is in default for the monthly payment due June 1, 2018 and all subsequent payments. The current outstanding principal balance under the Chadwick Note is \$907,812.89, plus accrued interest from May 1, 2018. The Chadwick Note is secured by a first deed of trust on the real property commonly described as 1828 Jamaica Road, Costa Mesa, California, APN No. 139-122-04.

The Barienbrock Trust became a creditor of Receivership Entity Eco-Futures Belize, Limited (“Eco-Futures Belize”) pursuant to a Secured Promissory Note (“Eco-Futures Note”) in its favor dated November 10, 2017 in the original principal amount of \$4,635,500, which remains unpaid in whole or in part, pursuant to which, among other things, prior outstanding loans from Eco-Futures Belize to the Barienbrock Trust were consolidated into the Eco-Futures Note and the Eco-Futures Note was secured by a first deed of trust on certain property in Sanctuary Belize described in the Eco-Futures Note. The Chadwick Note and the Eco-Futures Note, together with all other loans and notes made by or beneficially held by any of the Barienbrock Parties or any other entity the majority interest of which is directly or indirectly owned or controlled by either of the Barienbrock Parties and in any way related or pertaining to Sanctuary Belize or another real estate development in Belize located near Sanctuary Belize, involving at least some of the same Defendants involved in Sanctuary Belize, including

Chadwick, known as “Kanantik,” are collectively referred to as the “Barienbrock Loans.”

Barienbrock, the Barienbrock Trust and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns purchased eight lots in Sanctuary Belize, as follows: (a) Lot 403 in North Ridge; (b) Lot 405 in North Ridge; (c) Lot 406 in North Ridge; (d) Lot 542 in North Ridge; (e) Lot 543 in North Ridge; (f) Lot 600 in North Ridge; (g) Lot 668 in North Ridge; and (h) Lot 3 in Island (the “Barienbrock Sanctuary Belize Lots”).

Barienbrock acquired six lots in Kanantik pursuant to the Chadwick Loan Modification. The six lots acquired in Kanantik are Lots K121, K206, K432, K743, KB879 and KB880. (“Barienbrock Kanantik Lots”). Barienbrock, the Barienbrock Trust, and/or entities Barienbrock directly or indirectly owns that acquired Barienbrock Sanctuary Belize Lots and/or Barienbrock Kanantik Lots are referred to herein as the “Barienbrock Lot Owners.”

Barienbrock, the Barienbrock Trust and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns is the owner of a one-half interest in the boat named “Mariah,” Hull ID HQZ00189G080 (the “Boat”). The other one-half interest in the Boat is owned by one or more of the Receivership Entities.

Barienbrock, the Barienbrock Trust and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns is the owner of an island in Belize commonly described as Long Caye (“Long Caye Island”).

The FTC may contend that the Barienbrock Parties have liability under the FTC Act and/or Telemarketing Act for their acts and omissions with respect to the Sanctuary Belize and Kanantik development projects, including, without limitation, the acts and omissions represented by and/or related to the Barienbrock Loans, which liability may be asserted by the FTC and/or the Receiver. The Barienbrock Parties deny that they have any liability to the FTC, the Receiver,

the receivership estate or otherwise in connection with any acts or omissions pertaining to Sanctuary Belize, Kanantik, and the Barienbrock Loans.

The Barienbrock Parties and the Receiver desire to resolve all disputes and differences that may pertain in any way to Sanctuary Belize, Kanantik, the FTC action, the receivership estate created in the FTC action, the Barienbrock Loans, the Barienbrock Sanctuary Belize Lots and the Barienbrock Kanantik Lots.

B. Terms of the Barienbrock Settlement Agreement

The Receiver and Barienbrock have negotiated and executed a comprehensive Settlement Agreement and Release (“Barienbrock Agreement”), a copy of which is attached as Exhibit 1 to the accompanying Kane Declaration in support of this Motion. The key provisions of the Barienbrock Agreement are:

1. The Barienbrock Parties will transfer and assign to the Receiver all loans and notes made by or beneficially held by any of the Barienbrock Parties related to Sanctuary Belize or Kanantik, including the Chadwick Note and Eco-Futures Note.
2. The Barienbrock Lot Owners retain their ownership interests in eight lots in Sanctuary Belize and six lots in Kanantik.
3. The Receiver sells and assigns its one-half interest in the Boat to Barienbrock for \$100,000.
4. The present owner of Long Caye Island retains his/its ownership interest.
5. General and mutual releases are entered into between the Barienbrock Parties and the Receiver.
6. The Barienbrock Agreement becomes effective upon Court approval.

III. MATHIS AGREEMENT

A. Mathis's Relationship With Receivership Entities and Individual Defendants

Mathis, individually and in her capacity as sole Trustee of the Mathis Revocable Trust dated November 8, 1998 and all trusts existing thereunder (individually and collectively, the "Mathis Trust"), her deceased husband Cleo Mathis, and CVM Corporation ("CVM"), wholly owned by the Mathis Trust, also had a close financial relationship with the Receivership Entities and certain of the individual Defendants.

Mathis, the Mathis Trust and/or CVM became a creditor or owner pursuant to various loans or investments made by them related to Sanctuary Belize and/or related to Kanantik. These loans or investments included, without limitation, the following: (a) Kanantik Joint Venture Agreement dated April 2, 2012, entered into between CVM and Palmaya Development, Ltd. ("Palmaya") pursuant to which CVM acquired a 30% interest in G & R Development Company of Belize Ltd. ("G & R Development") along with future rights to 14 unspecified and undivided beachfront lots for \$6.5 million; (b) Secured Promissory Note in favor of CVM dated February 21, 2013, pursuant to which CVM loaned Eco-Futures Belize Ltd. ("Eco-Futures Belize") the original principal amount of \$2,500,000, which loan remains unpaid, in whole or in part; (c) Joint Venture Agreement dated September 12, 2013, pursuant to which CVM acquired a 33 1/3% interest in Mango Springs Development, Limited, a Belize limited liability company ("Mango Springs, Ltd.") from Chadwick and John Usher ("Usher") for \$3,316,505.20; (d) Memorandum dated September 12, 2013, reflecting that Mathis obtained a 33.3% interest in Palmaya in exchange for Mathis providing the funds required to purchase a 3,866 acre parcel of land that Palmaya had contracted to purchase; (e) Agreement dated June 2, 2014, pursuant to which CVM acquired a 49% interest in Southern Belize Realty, LLC ("Southern Belize Realty") from Exotic

Investor, LLC (“Exotic Investor”) for \$1.5 million; and (f) Promissory Note in favor of CVM dated November 28, 2014 pursuant to which CVM loaned Mango Springs, Ltd. the original principal amount of \$500,000, which loan remains unpaid, in whole or in part. In addition, Chadwick has represented to the Receiver that: (g) CVM owns a 33.33% interest in Mango Springs Development, LLC, a Nevis entity; (h) Mathis owns a 50% interest in Kanantik International Ltd., a Nevis entity; and (i) CVM owns a 49% interest in Southern Belize Holdings, LLC, a Nevis entity. These loans, together with all other loans and investments made by or beneficially owned by any of the Mathis Parties or any other entity the majority interest of which is directly or indirectly owned or controlled by Mathis and in any way related or pertaining to Sanctuary Belize or Kanantik, excluding various Sanctuary Belize lots and Kanantik Lots described below, are collectively referred to as the “Mathis Loans and Ownership Interests.”

CVM guaranteed certain loans and extensions of credit made by AIBL, including, without limitation, the following guaranties: (a) Guaranty dated in 2015 to guaranty obligations payable by Mango Springs LLC to AIBL, limited to the sum of \$385,000; and (b) Guaranty dated in 2018 to guaranty obligations payable by Kanantik International to AIBL, limited to the sum of \$1,053,000. Mathis guaranteed loans and extensions of credit made by AIBL, including, without limitation, the Guaranty dated May 15, 2018 to guaranty obligations payable by Kanantik International to AIBL, limited to the sum of \$1,053,000. These guaranties and all other guaranties made by Mathis and CVM in favor of AIBL, are collectively referred to as the “Mathis Guaranties.”

In addition to certain other lots described below, Mathis, Cleo Mathis, the Mathis Trust, CVM and/or other entities Mathis directly or indirectly owns purchased six lots in Sanctuary Belize, as follows: (a) SR001 in Sapodilla Ridge for \$613,000; (b) SR002 in Sapodilla Ridge for

\$600,000; (c) SR003 in Sapodilla Ridge for \$1,087,000; (d) SR009 in Sapodilla Ridge for \$300,000; (e) SR245 in Sapodilla Ridge which Mathis contends was for \$250,000 but was fraudulently documented by Chadwick as a purchase for \$30,000; and (f) AP02 in All Pines for \$525,000 (“Mathis Sanctuary Belize Lots”). The sales were all-cash purchases at the prices described herein.

Mathis, Cleo Mathis, the Mathis Trust, CVM and/or other entities Mathis directly or indirectly owns, purchased 13 specified lots in Kanantik. The 13 lots purchased in Kanantik are Lots 458, 474, 475, 495, 556, 557, 629, 630, 736, 776, 878, 933 and 957 (“Mathis Kanantik Lots”). The Mathis Kanantik Lots do not include the 14 unspecified and undivided beachfront lots which are referenced in the Kanantik Joint Venture Agreement. Mathis, the Mathis Trust, CVM and/or other entities Mathis directly or indirectly owns that purchased Mathis Sanctuary Belize Lots and/or Mathis Kanantik Lots are referred to herein as the “Mathis Lot Owners.”

CVM and Eco-Futures, Inc. entered into a Joint Venture Agreement dated March 21, 2012 (“First JVA”), pursuant to which Lot SR 258 (“Lot SR 258”), owned by CVM, and Lots SR 253 and 254 (“Lot SR 253” and “Lot SR 254,” respectively), owned by Eco-Futures, Inc., were contributed to the joint venture. Under the First JVA, houses were built on each of the three properties at CVM’s expense. The First JVA further provided how proceeds would be divided upon sale of the houses. CVM and Eco-Futures, Inc. entered into a Joint Venture Agreement dated May 20, 2013 (“Second JVA”), pursuant to which Lot SR 256 (“Lot SR 256”), owned by Eco-Futures, Inc., was contributed to the joint venture. Under the Second JVA, a house was built on the property at CVM’s expense. The Second JVA further provided how proceeds would be divided upon sale of the house. The four lots are all located in Sanctuary Belize. The First JVA and Second JVA are referred to as the “Joint Venture Lot Agreements”

and the four lots are referred to collectively as the “Joint Venture Lots.”

On August 10, 2017 Mathis, Cleo Mathis and CVM, derivatively and on behalf of Mango Springs Development, LLC, a Nevada limited liability company, brought a lawsuit against Chadwick, Palmaya, Exotic Investor, Ltd., and Mango Springs Ltd. in Orange County Superior Court, Case No. 30-2017-00936852 (“Chadwick Litigation”), alleging, among other things, multiple causes of action for breach of contract, breach of fiduciary duties, and fraud, as well as a cause of action for elder abuse. The Chadwick Litigation is presently stayed pursuant to the Preliminary Injunction.

On August 1, 2018 Steven Liss and Kim Liss (collectively, “Liss”) brought a lawsuit against Mathis and the Estate of Cleo Mathis in Orange County Superior Court, Case No. 30-2018-01009281-CU-MC-CJC (“Liss Litigation”) seeking to recover the principal sum of \$213,895.49, among other monetary relief sought, based on a dispute arising out of the purchase of Lot E09 in Equestrian Estates in Sanctuary Belize (“Lot E09”) by Liss from Sittee River Wildlife Reserve in which it was alleged that Liss paid certain sums for the acquisition of Lot E09 directly to Mathis and Cleo Mathis. The records of the Receivership Entities reflect that Mathis and Cleo Mathis own Lot E09. The Liss Litigation is ongoing.

The FTC may contend that the Mathis Parties have liability under the FTC Act and/or Telemarketing Act for their acts and omissions with respect to the Sanctuary Belize and Kanantik development projects, including, without limitation, the acts and omissions represented by and/or related to the Mathis Loans and Ownership Interests and the Mathis Guaranties, which liability may be asserted by the FTC and/or the Receiver. The Mathis Parties deny that they have any liability to the FTC, the Receiver, the receivership estate or otherwise in connection with any acts or omissions pertaining to Sanctuary Belize, Kanantik, the Mathis Loans and Ownership

Interests and the Mathis Guaranties.

The Mathis Parties and the Receiver desire to resolve all disputes and differences among them that may pertain in any way to Sanctuary Belize, Kanantik, the FTC action, the receivership estate created in the FTC action, the Mathis Loans and Ownership Interests, the Mathis Guaranties, the Mathis Sanctuary Belize Lots, the Joint Venture Lots, the Joint Venture Lot Agreements and the Mathis Kanantik Lots.

B. Terms of the Mathis Settlement Agreement

The Receiver and Mathis have negotiated and executed a comprehensive Settlement Agreement and Release (“Mathis Agreement”), a copy of which is attached as Exhibit 2 to the Kane Declaration. The key provisions of the Mathis Agreement are:

1. The Mathis Parties will transfer and assign to the Receiver all of the Mathis Loans and Ownership Interests.
2. Mathis and CVM are released from all guaranties given by Mathis and CVM to AIBL which have been assigned to the Receiver pursuant to the stipulated judgment between the FTC and the Liquidator for AIBL.
3. The Mathis Parties and related persons and entities retain their ownership interests in the six Sanctuary Belize lots and 13 Kanantik lots.
4. CVM obtains all right, title and interest in three of four Joint Venture Lots which were the subject of joint venture agreements with Eco-Futures, Inc. and the Receiver obtains all right, title and interest in the fourth Joint Venture Lot.
5. The Mathis Lot Owners may participate in any receivership estate claims allowance and payment process ordered by the Court based solely on claims arising on account of their position as Mathis Lot Owners.

6. Mathis may continue litigation solely against Chadwick and any entities owned or controlled by Chadwick and which are created after the Effective Date of the Mathis Agreement (“New Chadwick Entities”), and may seek and obtain a money judgment and any other relief against Chadwick in the Chadwick Litigation, provided however, that Mathis shall not take any steps to obtain or perfect any pre-judgment liens in connection with the Chadwick Litigation or to obtain or perfect any post-judgment liens in connection with the Chadwick Litigation and/or to otherwise execute upon such judgment, or assert any rights as a judgment creditor. Any payment received by or on behalf of Mathis from or on behalf of Chadwick or New Chadwick Entities prior to the time the receivership estate is wound up and the Receiver is discharged in the FTC action shall be the sole and exclusive property of the receivership estate and shall be promptly turned over by Mathis to the Receiver.

7. In the event that the Mathis Parties, or any of them, resolve the Liss Litigation by paying Liss money in exchange for Liss’s agreement to permit any of the Mathis Parties to retain Lot E09, such payment to Liss shall be deemed by the Receiver to be consideration paid to the Receiver for Lot E09 and in such event the amount of the Mathis Lot Owners’ claim in the receivership estate may include the amount of such payment as the amount they paid for Lot E09, to the extent the amount paid for a lot is relevant in the claims allowance and payment process. In the event that the Mathis Parties, or any of them, resolve the Liss Litigation by enabling Liss to acquire Lot E09, whether or not monetary consideration is paid by any of the Mathis Parties to Liss or paid by Liss to any of the Mathis Parties as part of such a resolution, the Receiver shall have no right to receive any of such monetary consideration that may be transferred between the Mathis Parties and Liss in connection with such settlement.

8. General and mutual releases are entered into between the Mathis Parties and the Receiver.

9. The Mathis Agreement becomes effective upon Court approval.

IV. THE SETTLEMENTS ARE FAIR AND REASONABLE AND SHOULD BE APPROVED

The leading treatise on receivership law states:

The only justification for the compromise of claims is that it is done for the best interests of the receivership and the estate under the control and possession of the court.

3 Clark on Receivers § 655 (3d ed. 1992).

The court appointing a receiver must use its discretion in determining whether it is for the best interests of the estate that the receiver be authorized to compromise a claim, and when the appointing court has not abused its discretion in giving instructions to the receiver, its orders will not be disturbed or reviewed in the appellate court.

Id. at § 770.

Under Rule 9019 of the Federal Rules of Bankruptcy Procedure, the court in a bankruptcy case may approve a proposed compromise of controversies after notice and an opportunity for hearing. In the Fourth Circuit, courts have adopted a four-part test in evaluating compromises in bankruptcy:

In order to approve a settlement . . . , a court must consider the following factors: (1) the probability of success in litigation; (2) the likely difficulties in collection; (3) the complexity of the litigation

involved, and the expense, inconvenience and delay necessarily attending it; and (4) the paramount interest of the creditors. *Will v. Northwestern Univ. (In re Nutraquest, Inc.)*, 434 F.3d 639, 644 (3d Cir. 2006) (citation omitted); *see also In re Bowman*, 181 B.R. 836, 843 (Bankr.D.Md.1995).

In Re Final Analysis, Inc., 417 B.R. 332, 341 (Bankr. D. Md. 2009); *see also In re Bowman*, 181 B.R. 836 (Bankr. D. Md. 1995), adopting this four-part standard and citing other Circuit Courts of Appeal, including the Seventh Circuit in *In re American Reserve Corp.*, 841 F.2d 159, 161 (7th Cir. 1987) and the Ninth Circuit in *In re Woodson*, 839 F.2d 610, 620 (9th Cir. 1988).

The foregoing factors have been examined by courts in receiverships in approving settlements, but the court in a federal equity receivership has even broader authority to approve proposed settlements by a receiver and to look to other factors in determining that the settlement should be approved. *See Gordon v. Dadante*, 336 Fed. Appx. 540 (6th Cir. 2009) (settlement by receiver in a federal equity receivership within the receiver's discretion and should be approved if it is fair); *Securities and Exchange Commission v. Credit Bancorp, Ltd.*, No. 99 Civ. 11395, 2002 WL 1792053 at *4-5 (S.D.N.Y. Aug. 2, 2002); *Securities and Exchange Commission v. Princeton Economic International, Inc.*, No. 99 Civ. 9667, 2002 WL 206990 at *1 (S.D.N.Y. Feb. 8, 2002). “[R]eceptors benefit from the general presumption that district courts favor settlements.” *Sterling v. Stewart*, 158 F.3d 1199, 1202 (11th Cir. 1998). The District Court's determination of the fairness of a settlement by the Receiver is subject to the sound discretion of the Court and will only be overturned based on a clear showing of abuse of discretion. *Gordon v. Dadante*, 336 Fed. Appx. at 545 (holding that district court did not abuse its discretion in

approving settlement agreement entered into by a receiver); *Securities and Exchange Commission v. Arkansas Loan and Thrift Corp.*, 427 F.2d 1171, 1172 (8th Cir. 1970) (court finds no abuse of discretion in trial court's approval of receiver's settlement on fidelity bond claim); *see also Sterling v. Stewart*, 158 F.3d at 1204 (affirming the district court's approval of a settlement because "the court did not abuse its discretion in concluding that the settlement decision was fair.")

Courts in the Fourth Circuit have held that there is a strong presumption in favor of finding a settlement fair. *See, e.g., Lomascolo v. Parsons Brinckerhoff, Inc.*, 2009 WL 3094955, at *10 (E.D.Va. Sept. 28, 2009) (noting the "strong presumption in favor of finding a settlement fair" in the context of a class action settlement) (internal quotation omitted). Because a settlement hearing is not a trial, the court's role is more "balancing of likelihoods rather than an actual determination of the facts and law in passing upon ... the proposed settlement." *Decohen v. Abbasi, LLC*, 299 F.R.D. 469, 479 (D. Md. 2014) (quoting *Flynn v. FMC Corp.*, 528 F.2d 1169, 1173 (4th Cir. 1975) (internal quotations omitted).)

The settlements between the Receiver and Barienbrock and between the Receiver and Mathis are very favorable resolutions for the estate and should be approved under the foregoing authorities.

Both of these settlements are beneficial to the Receiver. The Barienbrock Parties assign two valuable loans to the Receiver: the Chadwick Note with a principal balance in excess of \$900,000, secured by a first priority deed of trust on Chadwick's home in Costa Mesa, California, and the Eco-Futures Note, a \$4,635,500 promissory note secured by a first trust deed on certain property in Sanctuary Belize. The Chadwick Note will generate significant value for the receivership estate, as the value of Chadwick's home is believed to be at least as much as the

amount of the indebtedness and can be foreclosed on by the Receiver if the Chadwick Note is not paid. The Eco-Futures Note is also very valuable for the receivership, because it eliminates Barienbrock as a potential significant secured creditor of the receivership estate by eliminating his ability to assert a secured claim on Sanctuary Belize property. The Barienbrock Agreement also generates another \$100,000 for the estate for a one-half interest in the Boat, which is of modest value and which would be difficult if not impossible to sell to any other person. In exchange, Barienbrock is permitted to retain interests in Sanctuary Belize and Kanantik lots and Long Caye Island, all of which he paid value for. Finally, the Barienbrock Agreement resolves all claims between the Receiver and the Barienbrock Parties, eliminating any future litigation risk or uncertainty.

Under the Mathis Agreement, all of the Mathis Loans and Ownership Interests are assigned to the Receiver. The effect of this broad assignment eliminates Mathis as a potential significant creditor of the receivership estate by eliminating her position as a noteholder on at least two promissory notes with original principal balances aggregating \$3,000,000. Equally important, because many of the investments (ownership interests) being assigned relate to the Kanantik development, the Receiver is assured a majority, controlling interest in the Kanantik development. This is because, at present, there are three interest holders in the Kanantik development, each with an approximate one-third interest: Mathis, Usher and Chadwick. By taking control of Mathis's ownership interests, the Receiver becomes the majority, controlling party by virtue of its status as receiver over Chadwick's assets under the Preliminary Injunction. This will enable the Receiver to control the Kanantik assets and the ultimate disposition of the Kanantik development. In addition, the Receiver understands that the FTC is concerned that consumers in Kanantik are being deceived in a manner similar to the deceptive marketing

practices which occurred at Sanctuary Belize and may seek to expand the receivership to include the Kanantik development. In the event the Court expands the receivership to expressly include Kanantik, the Receiver's status as controlling owner will facilitate an orderly transition of those assets to it.

In exchange for the valuable assignment of the Mathis Loans and Ownership Interests, Mathis and CVM are released from their guaranty liability on AIBL loans, the Mathis Lot Owners, as defined in the Mathis Agreement, retain their ownership interest in the Sanctuary Belize and Kanantik lots they acquired, Mathis is given three of the four Joint Venture Lots, the Mathis Lot Owners are permitted to participate in the claims allowance and payment process on account of their position as lot owners, Mathis is permitted to continue to litigate against Chadwick on a limited basis without interfering with the receivership, and the Mathis Parties are permitted to resolve the Liss Litigation without interference by the Receiver. This allows the Mathis Parties to retain their interest in various properties acquired for value by them, permits her to participate, on a limited basis, in the receivership claims and allowance process and provides her other specific benefits as it relates to the Joint Venture Lots and her disputes with Chadwick and Liss. Finally, the Mathis Agreement resolves all claims between the Receiver and the Mathis Parties, eliminating any future litigation risk or uncertainty.

These agreements provide substantial value to the Receiver by giving the Receiver specific assets of value and by eliminating any impediment to the Receiver's control over either Sanctuary Belize or Kanantik as a result of the interests of Barienbrock and Mathis, whether as creditor or owner. In exchange, the Receiver permits the settling parties to retain their interests as lot owners and in connection with certain other discrete tangible and intangible assets.

V. **CONCLUSION**

Based on the Motion, this Memorandum of Points and Authorities, and Kane Declaration, it is respectfully requested that the Court grant this Motion to approve the Barienbrock Agreement and Mathis Agreement in their entirety, and enter the proposed order submitted concurrently herewith.

Dated: April 10, 2020

Respectfully submitted,

/s/ Gary Owen Caris
Gary Owen Caris, Calif. Bar No. 088918
Admitted Pro Hac Vice 11/30/18
BARNES & THORNBURG LLP
2029 Century Park East, Suite 300
Los Angeles, CA 90067
Telephone: (310) 248-3880
Facsimile (310) 248-3894
Email: gcaris@btlaw.com

and

/s/ James E. Van Horn
James E. Van Horn (Bar No. 29210)
BARNES & THORNBURG LLP
1717 Pennsylvania Avenue, NW, Suite 500
Washington, DC 20006
Telephone: (202) 371-6351
Facsimile (202) 289-1330
Email: jvanhorn@btlaw.com

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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 MOTION FOR ORDER
APPROVING: (1) SETTLEMENT AGREEMENT AND RELEASE BETWEEN
RECEIVER AND GORDON BARIENBROCK; AND (2) SETTLEMENT AGREEMENT
AND RELEASE BETWEEN RECEIVER AND VIOLETTE ELEANOR MATHIS**

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, 2019. 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 (“Preliminary Injunction”). Under the Preliminary Injunction, the Receiver was named as permanent receiver over at least 16 Receivership Entities and over Pukke, Baker 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 (“Stipulated Judgment”) was entered. Among other things, the Receiver remained as permanent receiver over Ecological Fox LLC under the Stipulated 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 TRO, Stipulated Preliminary Injunction and Preliminary Injunction, 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 TRO, Stipulated Preliminary Injunction and Preliminary Injunction. 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"). I have also reviewed or supervised the review of numerous documents relevant to the financial relationship which Gordon Barienbrock ("Barienbrock") and Violette Eleanor Mathis ("Mathis") and persons related to and entities owned or controlled by Barienbrock and Mathis had with various of the Receivership Entities and individual Defendants in this matter. I also met with and interviewed Luke Chadwick ("Chadwick") about various information pertinent to the settlement agreements which are discussed in this declaration. I have personal knowledge of the matters set forth in this declaration or I have gained knowledge of these matters from my review of the documents which are pertinent to the transactions discussed herein and/or from my supervision and management of this receivership estate. If I were called upon to testify as to these matters I could and would competently testify thereto.

3. Barienbrock, individually and in his capacity as sole Trustee of the Gordon Barienbrock Family Trust dated June 19, 1985 ("Barienbrock Trust") had a close financial relationship with the Receivership Entities and certain of the individual Defendants.

4. Barienbrock became a creditor of Chadwick and his wife Rebecca Dawn Chadwick pursuant to a Secured Promissory Note in his favor dated February 2, 2015 in the original principal amount of \$1,000,000, pursuant to which Barienbrock loaned Chadwick and his wife the principal sum of \$1,000,000. The Secured Promissory Note was modified by an

Agreement Pertaining to Modification of Chadwick Loan dated August 1, 2017 (“Chadwick Loan Modification”). (The Secured Promissory Note and Chadwick Loan Modification are collectively referred to as the “Chadwick Note.”) The Chadwick Note is in default for the monthly payment due June 1, 2018 and all subsequent payments. The current outstanding principal balance under the Chadwick Note is \$907,812.89, plus accrued interest from May 1, 2018. The Chadwick Note is secured by a first deed of trust on the real property commonly described as 1828 Jamaica Road, Costa Mesa, California, APN No. 139-122-04.

5. The Barienbrock Trust became a creditor of Receivership Entity Eco-Futures Belize, Limited (“Eco-Futures Belize”) pursuant to a Secured Promissory Note (“Eco-Futures Note”) in its favor dated November 10, 2017 in the original principal amount of \$4,635,500, which remains unpaid in whole or in part, pursuant to which, among other things, prior outstanding loans from Eco-Futures Belize to the Barienbrock Trust were consolidated into the Eco-Futures Note and the Eco-Futures Note was secured by a first deed of trust on certain property in Sanctuary Belize described in the Eco-Futures Note. The Chadwick Note and the Eco-Futures Note, together with all other loans and notes made by or beneficially held by any of the Barienbrock Parties or any other entity the majority interest of which is directly or indirectly owned or controlled by either of the Barienbrock Parties and in any way related or pertaining to Sanctuary Belize or another real estate development in Belize located near Sanctuary Belize, involving at least some of the same Defendants involved in Sanctuary Belize, including Chadwick, known as “Kananatik,” are collectively referred to as the “Barienbrock Loans.”

6. Barienbrock, the Barienbrock Trust and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns purchased eight lots in Sanctuary Belize, as follows: (a) Lot 403 in North Ridge; (b) Lot 405 in North Ridge; (c) Lot 406 in North Ridge;

(d) Lot 542 in North Ridge; (e) Lot 543 in North Ridge; (f) Lot 600 in North Ridge; (g) Lot 668 in North Ridge; and (h) Lot 3 in Island (the “Barienbrock Sanctuary Belize Lots”).

7. Barienbrock acquired six lots in Kanantik pursuant to the Chadwick Loan Modification. The six lots acquired in Kanantik are Lots K121, K206, K432, K743, KB879 and KB880. (“Barienbrock Kanantik Lots”). Barienbrock, the Barienbrock Trust, and/or entities Barienbrock directly or indirectly owns that acquired Barienbrock Sanctuary Belize Lots and/or Barienbrock Kanantik Lots are referred to herein as the “Barienbrock Lot Owners.”

8. Barienbrock, the Barienbrock Trust and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns is the owner of a one-half interest in the boat named “Mariah,” Hull ID HQZ00189G080 (the “Boat”). The other one-half interest in the Boat is owned by one or more of the Receivership Entities.

9. Barienbrock, the Barienbrock Trust and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns is the owner of an island in Belize commonly described as Long Caye (“Long Caye Island”).

10. The FTC has advised the Receiver that it may contend that the Barienbrock Parties have liability under the FTC Act and/or Telemarketing Act for their acts and omissions with respect to the Sanctuary Belize and Kanantik development projects, including, without limitation, the acts and omissions represented by and/or related to the Barienbrock Loans, which liability may be asserted by the FTC and/or the Receiver. The Barienbrock Parties deny that they have any liability to the FTC, the Receiver, the receivership estate or otherwise in connection with any acts or omissions pertaining to Sanctuary Belize, Kanantik, and the Barienbrock Loans.

11. The Receiver and Barienbrock have negotiated and executed a comprehensive Settlement Agreement and Release (“Barienbrock Agreement”), a true and correct copy of which is attached as Exhibit 1 hereto. The key provisions of the Barienbrock Agreement are:

(a) The Barienbrock Parties will transfer and assign to the Receiver all loans and notes made by or beneficially held by any of the Barienbrock Parties related to Sanctuary Belize or Kanantik, including the Chadwick Note and Eco-Futures Note.

(b) The Barienbrock Lot Owners retain their ownership interests in eight lots in Sanctuary Belize and six lots in Kanantik.

(c) The Receiver sells and assigns its one-half interest in the Boat to Barienbrock for \$100,000.

(d) The present owner of Long Caye Island retains his/its ownership interest.

(e) General and mutual releases are entered into between the Barienbrock Parties and the Receiver.

(f) The Barienbrock Agreement becomes effective upon Court approval.

12. Mathis, individually and in her capacity as sole Trustee of the Mathis Revocable Trust dated November 8, 1998 and all trusts existing thereunder (individually and collectively, the “Mathis Trust”), her deceased husband Cleo Mathis, and CVM Corporation (“CVM”), wholly owned by the Mathis Trust, also had a close financial relationship with the Receivership Entities and certain of the individual Defendants.

13. Mathis, the Mathis Trust and/or CVM became a creditor or owner pursuant to various loans or investments made by them related to Sanctuary Belize and/or related to Kanantik. These loans or investments included, without limitation, the following: (a) Kanantik Joint Venture Agreement dated April 2, 2012, entered into between CVM and Palmaya

Development, Ltd. (“Palmaya”) pursuant to which CVM acquired a 30% interest in G & R Development Company of Belize Ltd. (“G & R Development”) along with future rights to 14 unspecified and undivided beachfront lots for \$6.5 million; (b) Secured Promissory Note in favor of CVM dated February 21, 2013, pursuant to which CVM loaned Eco-Futures Belize the original principal amount of \$2,500,000, which loan remains unpaid, in whole or in part; (c) Joint Venture Agreement dated September 12, 2013, pursuant to which CVM acquired a 33 1/3% interest in Mango Springs Development, Limited, a Belize limited liability company (“Mango Springs, Ltd.”) from Chadwick and John Usher (“Usher”) for \$3,316,505.20; (d) Memorandum dated September 12, 2013, reflecting that Mathis obtained a 33.3% interest in Palmaya in exchange for Mathis providing the funds required to purchase a 3,866 acre parcel of land that Palmaya had contracted to purchase; (e) Agreement dated June 2, 2014, pursuant to which CVM acquired a 49% interest in Southern Belize Realty, LLC (“Southern Belize Realty”) from Exotic Investor, LLC (“Exotic Investor”) for \$1.5 million; and (f) Promissory Note in favor of CVM dated November 28, 2014 pursuant to which CVM loaned Mango Springs, Ltd. the original principal amount of \$500,000, which loan remains unpaid, in whole or in part. In addition, Chadwick has represented to the Receiver that: (g) CVM owns a 33.33% interest in Mango Springs Development, LLC, a Nevis entity; (h) Mathis owns a 50% interest in Kanantik International Ltd., a Nevis entity; and (i) CVM owns a 49% interest in Southern Belize Holdings, LLC, a Nevis entity. All of these loans, together with all other loans and investments made by or beneficially owned by any of the Mathis Parties or any other entity the majority interest of which is directly or indirectly owned or controlled by Mathis and in any way related or pertaining to Sanctuary Belize or Kanantik, excluding various Sanctuary Belize lots and Kanantik Lots described below, are collectively referred to as the “Mathis Loans and Ownership Interests.”

14. CVM guaranteed certain loans and extensions of credit made by AIBL, including, without limitation, the following guaranties: (a) Guaranty dated in 2015 to guaranty obligations payable by Mango Springs LLC to AIBL, limited to the sum of \$385,000; and (b) Guaranty dated in 2018 to guaranty obligations payable by Kanantik International to AIBL, limited to the sum of \$1,053,000. Mathis guaranteed loans and extensions of credit made by AIBL, including, without limitation, the Guaranty dated May 15, 2018 to guaranty obligations payable by Kanantik International to AIBL, limited to the sum of \$1,053,000. These guaranties and all other guaranties made by Mathis and CVM in favor of AIBL, are collectively referred to as the “Mathis Guaranties.”

15. In addition to certain other lots described below, Mathis, Cleo Mathis, the Mathis Trust, CVM and/or other entities Mathis directly or indirectly owns purchased six lots in Sanctuary Belize, as follows: (a) SR001 in Sapodilla Ridge for \$613,000; (b) SR002 in Sapodilla Ridge for \$600,000; (c) SR003 in Sapodilla Ridge for \$1,087,000; (d) SR009 in Sapodilla Ridge for \$300,000; (e) SR245 in Sapodilla Ridge which Mathis contends was for \$250,000 but was fraudulently documented by Chadwick as a purchase for \$30,000; and (f) AP02 in All Pines for \$525,000 (“Mathis Sanctuary Belize Lots”). The sales were all-cash purchases at the prices described herein.

16. Mathis, Cleo Mathis, the Mathis Trust, CVM and/or other entities Mathis directly or indirectly owns, purchased 13 specified lots in Kanantik. The 13 lots purchased in Kanantik are Lots 458, 474, 475, 495, 556, 557, 629, 630, 736, 776, 878, 933 and 957 (“Mathis Kanantik Lots”). The Mathis Kanantik Lots do not include the 14 unspecified and undivided beachfront lots which are referenced in the Kanantik Joint Venture Agreement. Mathis, the Mathis Trust,

CVM and/or other entities Mathis directly or indirectly owns that purchased Mathis Sanctuary Belize Lots and/or Mathis Kanantik Lots are referred to herein as the “Mathis Lot Owners.”

17. CVM and Eco-Futures, Inc. entered into a Joint Venture Agreement dated March 21, 2012 (“First JVA”), pursuant to which Lot SR 258 (“Lot SR 258”), owned by CVM, and Lots SR 253 and 254 (“Lot SR 253” and “Lot SR 254,” respectively), owned by Eco-Futures, Inc., were contributed to the joint venture. Under the First JVA, houses were built on each of the three properties at CVM’s expense. The First JVA further provided how proceeds would be divided upon sale of the houses. CVM and Eco-Futures, Inc. entered into a Joint Venture Agreement dated May 20, 2013 (“Second JVA”), pursuant to which Lot SR 256 (“Lot SR 256”), owned by Eco-Futures, Inc., was contributed to the joint venture. Under the Second JVA, a house was built on the property at CVM’s expense. The Second JVA further provided how proceeds would be divided upon sale of the house. The four lots are all located in Sanctuary Belize. The First JVA and Second JVA are referred to as the “Joint Venture Lot Agreements” and the four lots are referred to collectively as the “Joint Venture Lots.”

18. On August 10, 2017 Mathis, Cleo Mathis and CVM, derivatively and on behalf of Mango Springs Development, LLC, a Nevada limited liability company, brought a lawsuit against Chadwick, Palmaya, Exotic Investor, Ltd., and Mango Springs Ltd. in Orange County Superior Court, Case No. 30-2017-00936852 (“Chadwick Litigation”), alleging, among other things, multiple causes of action for breach of contract, breach of fiduciary duties, and fraud, as well as a cause of action for elder abuse. The Chadwick Litigation is presently stayed pursuant to the Preliminary Injunction.

19. On August 1, 2018 Steven Liss and Kim Liss (collectively, “Liss”) brought a lawsuit against Mathis and the Estate of Cleo Mathis in Orange County Superior Court, Case No.

30-2018-01009281-CU-MC-CJC (“Liss Litigation”) seeking to recover the principal sum of \$213,895.49, among other monetary relief sought, based on a dispute arising out of the purchase of Lot E09 in Equestrian Estates in Sanctuary Belize (“Lot E09”) by Liss from Sittee River Wildlife Reserve in which it was alleged that Liss paid certain sums for the acquisition of Lot E09 directly to Mathis and Cleo Mathis. The records of the Receivership Entities reflect that Mathis and Cleo Mathis own Lot E09. The Liss Litigation is ongoing.

20. The Receiver is advised that the FTC may contend that the Mathis Parties have liability under the FTC Act and/or Telemarketing Act for their acts and omissions with respect to the Sanctuary Belize and Kanantik development projects, including, without limitation, the acts and omissions represented by and/or related to the Mathis Loans and Ownership Interests and the Mathis Guaranties, which liability may be asserted by the FTC and/or the Receiver. The Mathis Parties deny that they have any liability to the FTC, the Receiver, the receivership estate or otherwise in connection with any acts or omissions pertaining to Sanctuary Belize, Kanantik, the Mathis Loans and Ownership Interests and the Mathis Guaranties.

21. The Receiver and Mathis have negotiated and executed a comprehensive Settlement Agreement and Release (“Mathis Agreement”), a true and correct copy of which is attached hereto as Exhibit 2. The key provisions of the Mathis Agreement are:

(a) the Mathis Parties will transfer and assign to the Receiver all of the Mathis Loans and Ownership Interests.

(b) Mathis and CVM are released from all guaranties given by Mathis and CVM to AIBL which have been assigned to the Receiver pursuant to the stipulated judgment between the FTC and the Liquidator for AIBL.

(c) The Mathis Parties and related persons and entities retain their ownership

interests in the six Sanctuary Belize lots and 13 Kanantik lots.

(d) CVM obtains all right, title and interest in three of four Joint Venture Lots which were the subject of joint venture agreements with Eco-Futures, Inc. and the Receiver obtains all right, title and interest in the fourth Joint Venture Lot.

(e) The Mathis Lot Owners may participate in any receivership estate claims allowance and payment process ordered by the Court based solely on claims arising on account of their position as Mathis Lot Owners.

(f) Mathis may continue litigation solely against Chadwick and any entities owned or controlled by Chadwick and which are created after the Effective Date of the Mathis Agreement (“New Chadwick Entities”), and may seek and obtain a money judgment and any other relief against Chadwick in the Chadwick Litigation, provided however, that Mathis shall not take any steps to obtain or perfect any pre-judgment liens in connection with the Chadwick Litigation or to obtain or perfect any post-judgment liens in connection with the Chadwick Litigation and/or to otherwise execute upon such judgment, or assert any rights as a judgment creditor. Any payment received by or on behalf of Mathis from or on behalf of Chadwick or New Chadwick Entities prior to the time the receivership estate is wound up and the Receiver is discharged in the FTC action shall be the sole and exclusive property of the receivership estate and shall be promptly turned over by Mathis to the Receiver.

(g) In the event that the Mathis Parties, or any of them, resolve the Liss Litigation by paying Liss money in exchange for Liss’s agreement to permit any of the Mathis Parties to retain Lot E09, such payment to Liss shall be deemed by the Receiver to be consideration paid to the Receiver for Lot E09 and in such event the amount of the Mathis Lot Owners’ claim in the receivership estate may include the amount of such payment as the amount

they paid for Lot E09, to the extent the amount paid for a lot is relevant in the claims allowance and payment process. In the event that the Mathis Parties, or any of them, resolve the Liss Litigation by enabling Liss to acquire Lot E09, whether or not monetary consideration is paid by any of the Mathis Parties to Liss or paid by Liss to any of the Mathis Parties as part of such a resolution, the Receiver shall have no right to receive any of such monetary consideration that may be transferred between the Mathis Parties and Liss in connection with such settlement.

(h) General and mutual releases are entered into between the Mathis Parties and the Receiver.

(i) The Mathis Agreement becomes effective upon Court approval.

22. I believe that the settlements between the Receiver and Barienbrock and between the Receiver and Mathis are very favorable resolutions for the estate and should be approved. The Barienbrock Parties assign two valuable loans to the Receiver: the Chadwick Note with a principal balance in excess of \$900,000, secured by a first priority deed of trust on Chadwick's home in Costa Mesa, California, and the Eco-Futures Note, a \$4,635,500 promissory note secured by a first trust deed on certain property in Sanctuary Belize. The Chadwick Note will generate significant value for the receivership estate, as the value of Chadwick's home is believed to be at least as much as the amount of the indebtedness and can be foreclosed on by the Receiver if the Chadwick Note is not paid. The Eco-Futures Note is also very valuable for the receivership, because it eliminates Barienbrock as a potential significant secured creditor of the receivership estate by eliminating his ability to assert a secured claim on Sanctuary Belize property. The Barienbrock Agreement also generates another \$100,000 for the estate for a one-half interest in the Boat, which is of modest value and which would be difficult if not impossible to sell to any other person. In exchange, Barienbrock is permitted to retain interests in Sanctuary

Belize and Kanantik lots and Long Caye Island, all of which he paid value for. Finally, the Barienbrock Agreement resolves all claims between the Receiver and the Barienbrock Parties, eliminating any future litigation risk or uncertainty.

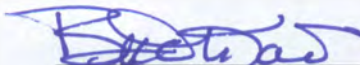
23. Under the Mathis Agreement, all of the Mathis Loans and Ownership Interests are assigned to the Receiver. The effect of this broad assignment eliminates Mathis as a potential significant creditor of the receivership estate by eliminating her position as a noteholder on at least two promissory notes with original principal balances aggregating \$3,000,000. Equally important, because many of the investments (ownership interests) being assigned relate to the Kanantik development, the Receiver is assured a majority, controlling interest in the Kanantik development. This is because, at present, there are three interest holders in the Kanantik development, each with an approximate one-third interest: Mathis, Usher and Chadwick. By taking control of Mathis's ownership interests, the Receiver becomes the majority, controlling party by virtue of its status as receiver over Chadwick's assets under the Preliminary Injunction. This will enable the Receiver to control the Kanantik assets and the ultimate disposition of the Kanantik development. In addition, the Receiver understands that the FTC is concerned that consumers in Kanantik are being deceived in a manner similar to the deceptive marketing practices which occurred at Sanctuary Belize and may seek to expand the receivership to include the Kanantik development. In the event the Court expands the receivership to expressly include Kanantik, the Receiver's status as controlling owner will facilitate an orderly transition of those assets to it.

24. In exchange for the valuable assignment of the Mathis Loans and Ownership Interests, Mathis and CVM are released from their guaranty liability on AIBL loans, the Mathis Lot Owners, as defined in the Mathis Agreement, retain their ownership interest in the Sanctuary

Belize and Kanantik lots they acquired, Mathis is given three of the four Joint Venture Lots, the Mathis Lot Owners are permitted to participate in the claims allowance and payment process on account of their position as lot owners, Mathis is permitted to continue to litigate against Chadwick on a limited basis without interfering with the receivership, and the Mathis Parties are permitted to resolve the Liss Litigation without interference by the Receiver. This allows the Mathis Parties to retain their interest in various properties acquired for value by them, permits her to participate, on a limited basis, in the receivership claims and allowance process and provides her other specific benefits as it relates to the Joint Venture Lots and her disputes with Chadwick and Liss. Finally, the Mathis Agreement resolves all claims between the Receiver and the Mathis Parties, eliminating any future litigation risk or uncertainty.

25. These agreements provide substantial value to the Receiver by giving the Receiver specific assets of value and by eliminating any impediment to the Receiver's control over either Sanctuary Belize or Kanantik as a result of the interests of Barienbrock and Mathis, whether as creditor or owner. In exchange, the Receiver permits the settling parties to retain their interests as lot owners and in connection with certain other discrete tangible and intangible assets.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on April 9, 2020 at Alhambra, California.



BRICK KANE

17087388v1

EXHIBIT 1

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is made as of this ~~10th~~ day of March, 2020, by and between Robb Evans & Associates LLC (“Receiver”), as Receiver over Ecological Fox, LLC and other Receivership Entities as more particularly described and defined below, and over the assets of Andris Pukke (“Pukke”), Peter Baker (“Baker”) and Luke Chadwick (“Chadwick”), as more particularly described below, on the one hand, and Gordon Barienbrock (“Barienbrock”), individually and in his capacity as sole Trustee of the Gordon Barienbrock Family Trust dated June 19, 1985 (the “Barienbrock Trust”) (collectively, Barienbrock individually and as Trustee of the Barienbrock Trust are referred to as the “Barienbrock Parties”), on the other, in reference to and in consideration of the following:

RECITALS

A. The Receiver was appointed Temporary Receiver over the Receivership Entities (as defined in and pursuant to the Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”)) entered on November 5, 2018 in the case of *Federal Trade Commission v. Ecological Fox, LLC et al.* Case No. 18-cv-3309-PJM (“FTC Action”), in the United States District Court, District of Maryland (“District Court”). Pursuant to the TRO, the Receiver also was appointed Temporary Receiver over the assets of Pukke and Baker valued by the Receiver at \$1,000.00 or more. In the FTC Action, the Federal Trade Commission (“FTC”) alleged that the Defendants violated various provisions of the Federal Trade Commission Act (“FTC Act”) and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”) in connection with a real estate development in Belize, known as, among other things, “Sanctuary Belize” and referred to herein by that name. The FTC alleges that the Defendants used false promises and deceptive telemarketing, sale and development practices in connection with the sale of lots in Sanctuary Belize. The FTC Action has been re-designated as *In re Sanctuary Belize Litigation*. “Receivership Entities,” as defined in the TRO, means the Corporate Defendants (as defined therein), except for Atlantic International Bank, Ltd. (“AIBL”), including nonparty subsidiaries, affiliates, successors, and assigns, as well as any other entity that is located at, registered to, or operated from 3333 Michelson Drive, Suite 500, Irvine, California and assists, facilitates, or otherwise conducts business related to the acts identified in the Findings of Fact in the TRO, and is owned or controlled by any Defendant; or Assets, as defined in the TRO, that are otherwise in the receivership and that are corporations or other legal entities. The TRO remained in effect pursuant to the Extension of Temporary Restraining Order and Interim Preliminary Injunction entered November 20, 2018.

B. The Receiver became permanent receiver over BG Marketing, LLC, Ecological Fox, LLC, and Foundation Partners and each of their subsidiaries, affiliates, successors and assigns pursuant to the 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”) entered on February 9, 2019.

C. Pursuant to the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (“Preliminary Injunction”) entered October 3, 2019, the Receiver became permanent receiver over Global Property Alliance, Inc., Sittee River Wildlife Reserve, Buy Belize, LLC, Buy International, Inc., Foundation Development Management, Inc., Eco-Futures Development, Eco-Futures Belize, Limited, Power Haus Marketing, Newport Land Group LLC, Sanctuary Belize Property Owners’ Association, Prodigy Management Group LLC, Belize Real Estate Affiliates LLC, Exotic Investor LLC, and Southern Belize Realty, LLC, and each of their subsidiaries, affiliates, successors and assigns, together with 2729 Bristol LLC, 3905 Marcus, LLC, as well as any other entity that is located at, registered to, or operated from 3333 Michelson Drive, Suite 500, Irvine, California and assists, facilitates, or otherwise conducts business related to the sale of real estate in Belize; assists, facilitates, or otherwise conducts business related to the acts identified in the Findings of Fact in the Preliminary Injunction, and is owned or controlled by any Defendant; or are identified as Assets, as defined in the Preliminary Injunction, that are otherwise in the receivership and that are corporations or other legal entities. Pursuant to the Preliminary Injunction, the Receiver was also appointed as Receiver over the assets of Pukke, Baker and Chadwick valued by the Receiver at \$1,000.00 or more.

D. At all relevant times, Barienbrock has been and continues to be the sole qualified and acting Trustee of the Barienbrock Trust.

E. Barienbrock became a creditor of Chadwick and his wife Rebecca Dawn Chadwick pursuant to a Secured Promissory Note in his favor dated February 2, 2015 in the original principal amount of \$1,000,000, pursuant to which Barienbrock loaned Chadwick and his wife the principal sum of \$1,000,000. The Secured Promissory Note was modified by an Agreement Pertaining to Modification of Chadwick Loan dated August 1, 2017 (“Chadwick Loan Modification”). (The Secured Promissory Note and Chadwick Loan Modification are collectively referred to as the “Chadwick Note.”) The Chadwick Note is in default for the monthly payment due June 1, 2018 and all subsequent payments. The current outstanding principal balance under the Chadwick Note is \$907,812.89, plus accrued interest from May 1, 2018. The Chadwick Note is secured by a first deed of trust on the real property commonly described as 1828 Jamaica Road, Costa Mesa, California, APN No. 139-122-04. The Barienbrock Trust became a creditor of Receivership Entity Eco-Futures Belize, Limited (“Eco-Futures Belize”) pursuant to a Secured Promissory Note (“Eco-Futures Note”) in its favor dated November 10, 2017 in the original principal amount of \$4,635,500, which remains unpaid in whole or in part, pursuant to which, among other things, prior outstanding loans from Eco-Futures Belize to the Barienbrock Trust were consolidated into the Eco-Futures Note and the Eco-Futures Note was secured by a first deed of trust on certain property in Sanctuary Belize described in the Eco-Futures Note. The Chadwick Note and the Eco-Futures Note, together with all other loans and notes made by or beneficially held by any of the Barienbrock Parties or any other entity the majority interest of which is directly or indirectly owned or controlled by either of the Barienbrock Parties and in any way related or pertaining to Sanctuary Belize or another real estate development in Belize located near Sanctuary Belize, involving at least some of the same Defendants involved in Sanctuary Belize, including without limitation Chadwick, known as and described herein as “Kanantik,” are collectively referred to as the “Barienbrock Loans.”

F. Barienbrock, the Barienbrock Trust and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns purchased eight lots in Sanctuary Belize, as follows: (a) Lot 403 in North Ridge; (b) Lot 405 in North Ridge; (c) Lot 406 in North Ridge; (d) Lot 542 in North Ridge; (e) Lot 543 in North Ridge; (f) Lot 600 in North Ridge; (g) Lot 668 in North Ridge; and (h) Lot 3 in Island. The lots described in this Recital F are collectively referred to as the “Barienbrock Sanctuary Belize Lots.”

G. Barienbrock acquired six lots in Kanantik pursuant to the Chadwick Loan Modification. The six lots acquired in Kanantik are Lots K121, K206, K432, K743, KB879 and KB880. The lots described in this Recital G are collectively referred to as the “Barienbrock Kanantik Lots.” Barienbrock, the Barienbrock Trust, and/or entities Barienbrock directly or indirectly owns that acquired Barienbrock Sanctuary Belize Lots and/or Barienbrock Kanantik Lots are referred to herein as the “Barienbrock Lot Owners.”

H. Barienbrock, the Barienbrock Trust and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns is the owner of a one-half interest in the boat named “Mariah,” Hull ID HQZ00189G080 (the “Boat”). The other one-half interest in the Boat is owned by one or more of the Receivership Entities.

I. Barienbrock, the Barienbrock Trust and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns is the owner of an island in Belize commonly described as Long Caye (the “Long Caye Island”).

J. The Barienbrock Parties are aware that the FTC may contend that they have liability under the FTC Act and/or Telemarketing Act for their acts and omissions with respect to the Sanctuary Belize and Kanantik development projects, including, without limitation, the acts and omissions represented by and/or related to the Barienbrock Loans, which liability may be asserted by the FTC and/or the Receiver. The Barienbrock Parties deny that they have any liability to the FTC, the Receiver, the receivership estate or otherwise in connection with any acts or omissions pertaining to Sanctuary Belize, Kanantik, and the Barienbrock Loans.

K. The parties to this Agreement desire to resolve all disputes and differences among them concerning the events and circumstances described in these Recitals, including, without limitation, any disputes and differences that may pertain in any way to Sanctuary Belize, Kanantik, the FTC Action, the receivership estate created in the FTC Action, the Barienbrock Loans, the Barienbrock Sanctuary Belize Lots and the Barienbrock Kanantik Lots.

L. In his capacity as Trustee of the Barienbrock Trust, Barienbrock has determined that entering into this Agreement is in the best interests of all beneficiaries thereof.

NOW THEREFORE, in reference to the foregoing and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do stipulate and agree as follows:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct according to their terms and are incorporated into and form a part of this Agreement.

2. Transfer and Assignment of Barienbrock Loans. Upon the Effective Date (defined below), the Barienbrock Parties, and each of them: (a) absolutely and unconditionally transfer and assign to the Receiver all rights, powers, title and interests as lender, obligee, creditor, beneficiary, secured party, and/or collateral agent of each of the Barienbrock Loans, including, without limitation, the Chadwick Note and the Eco-Futures Note; (b) relinquish to the Receiver all of their rights with respect to the Barienbrock Loans; (c) constitute and appoint the Receiver irrevocably, and with full power of substitution and revocation, the true and lawful attorney, for and in the name, place and stead of the Barienbrock Parties, and each of them, to exercise any and all rights, remedies and powers in connection with the Barienbrock Loans; (d) transfer and assign to the Receiver, all right, title and interest of the Barienbrock Parties, and each of them, in and to, any and all rights and powers of the Barienbrock Parties, and each of them, under any of the loan documents which comprise a part of the Barienbrock Loans, including without limitation, all of the loan documents and all collateral which secure any of the Barienbrock Loans including, without limitation, the loan documents described in Recital E to this Agreement; and (e) deliver to the Receiver the originals of all of the loan documents described in Recital E to this Agreement and any other loan documents which comprise a part of the Barienbrock Loans, including, without limitation, promissory notes, an allonge corresponding to each promissory note that is assigned herein, and all documents relating to collateral which secure any of the loans which comprise a part of the Barienbrock Loans. Without limiting the generality of the foregoing, it is expressly agreed and understood that all Barienbrock Loans, whether or not expressly set forth in Recital E, are unconditionally and absolutely transferred and assigned to the Receiver as set forth in this Paragraph 2.

3. Barienbrock Lot Owners' Retention of Ownership Interests in the Barienbrock Sanctuary Belize Lots and Barienbrock Kanantik Lots. The Barienbrock Lot Owners shall retain their ownership interests in all Barienbrock Sanctuary Belize Lots and Barienbrock Kanantik Lots.

4. Transfer of Receivership Entities' Interest in the Boat. The Receivership Entities' one-half interest in the boat shall be sold and transferred to Barienbrock upon receipt of \$100,000 payable by wire transfer from Barienbrock to the Receiver as follows: (a) \$50,000 prior to execution of this Agreement, receipt of which is hereby acknowledged; (b) \$25,000 payable on or before April 17, 2020; and (c) \$25,000 payable on or before July 17, 2020. In the event of Barienbrock's failure to make the second and third payments required in this Paragraph 4, the receivership estate shall retain a one-half interest in the Boat as the sole remedy for Barienbrock's default in payment. In such event, the Agreement shall remain in full force and effect notwithstanding Barienbrock's default in payment.

5. Retention of Ownership Interest in Long Caye Island. The present owner of Long Caye Island shall retain their ownership interest in Long Caye Island.

6. General Release of Receiver and Receivership Estate. Excepting all of the obligations imposed or created by this Agreement and except as otherwise expressly set forth in this Agreement, the Barienbrock Parties, and each of them, do hereby forever relieve, release and discharge the Receiver, in its corporate capacity and as Receiver in the FTC Action, and the receivership estate created in the FTC Action, and the Receiver's officers, directors, shareholders, members, managers, employees, deputies, agents, associates, partners, past or

present attorneys, representatives and administrators, jointly and severally, from any and all lawsuits, debts, losses, claims, liens, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, attorneys' fees, damages, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, arising from the beginning of time through the Effective Date, that each of them had, has or may have against the parties being released in this paragraph, which arise out of, relate to, or pertain in any way to the facts or occurrences set forth in the Recitals herein, the FTC Action, Barienbrock Loans, Barienbrock Sanctuary Belize Lots, Barienbrock Kanantik Lots, Sanctuary Belize, Kanantik, and the receivership estate (individually and collectively the "Barienbrock Claims").

7. Effect of General Release of Barienbrock Claims. The Barienbrock Parties, and each of them, expressly waive any and all rights under Section 1542 of the Civil Code of the State of California which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Barienbrock Parties, and each of them, expressly waive and release any rights or benefits that they may have under Section 1542 of the Civil Code of the State of California, and any similar statute, code, law or regulation of any state, territory, commonwealth or possession of the United States, or the United States, to the full extent that it may waive all such rights and benefits pertaining to the Barienbrock Claims. The Barienbrock Parties, and each of them, acknowledge that they are aware that they may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that they now know or believe to be true pertaining to the Barienbrock Claims. Nevertheless, it is the intention of the Barienbrock Parties, and each of them, through this Agreement, to fully, finally and forever release all of the Barienbrock Claims. The releases herein given shall be and remain in effect as a full and complete release of the Barienbrock Claims notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto.

8. No Assignment of Barienbrock Claims. The Barienbrock Parties, and each of them, represent and warrant that they are the sole and lawful owner of all legal or beneficial right, title and interest in and to each of the claims released herein and that they have not heretofore assigned, hypothecated or transferred, or purported to assign, hypothecate or transfer, to any individual, partnership, corporation, firm, trust, estate or entity, any of the claims released herein, in whole or in part. The Barienbrock Parties, and each of them, hereby agree to indemnify, defend and hold harmless the Receiver and the receivership estate from and against all claims based upon or arising out of or in connection with any assignment, hypothecation or transfer or purported assignment, hypothecation or transfer of any of the Barienbrock Claims.

9. General Release of Barienbrock Parties. Excepting all of the obligations imposed or created by this Agreement, and except as otherwise expressly set forth in this Agreement, the Receiver does hereby forever relieve, release and discharge the Barienbrock Parties, and each of their trustees, officers, directors, shareholders, members, managers,

employees, deputies, agents, associates, partners, past or present attorneys, representatives and administrators, jointly and severally, from any and all lawsuits, debts, losses, claims, liens, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, attorneys' fees, damages, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, arising from the beginning of time through the Effective Date, that the Receiver had, has or may have against the parties being released in this paragraph, which arise out of, relate to, or pertain in any way to the facts or occurrences set forth in the Recitals herein, the FTC Action, Barienbrock Loans, Barienbrock Sanctuary Belize Lots, Barienbrock Kanantik Lots, Sanctuary Belize, Kanantik, and the receivership estate (individually and collectively the "Receiver Claims").

10. Effect of General Release of the Receiver Claims. The Receiver expressly waives any and all rights under Section 1542 of the Civil Code of the State of California which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Receiver expressly waives and releases any rights or benefits that it may have under Section 1542 of the Civil Code of the State of California, and any similar statute, code, law or regulation of any state, territory, commonwealth or possession of the United States, or the United States, to the full extent that it may waive all such rights and benefits pertaining to the Receiver Claims. The Receiver acknowledges that it is aware that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that it now knows or believes to be true pertaining to the Receiver Claims. Nevertheless, it is the intention of the Receiver through this Agreement, to fully, finally and forever release all of the Receiver Claims. The releases herein given shall be and remain in effect as a full and complete release of the Receiver Claims notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto.

11. No Assignment of Receiver Claims. The Receiver represents and warrants that the Receiver is the sole and lawful owner of all right, title and interest in and to each of the claims released herein and it has not heretofore assigned, hypothecated or transferred, or purported to assign, hypothecate or transfer, to any individual, partnership, corporation, firm, estate or entity, any of the claims released herein. The Receiver hereby agrees to indemnify, defend and hold harmless the Barienbrock Parties, and each of them, from and against all claims based upon or arising out of or in connection with any assignment or transfer, hypothecation or purported assignment, hypothecation or transfer of any of the Receiver Claims. Notwithstanding the foregoing, the Receiver makes no such representation or warranty with respect to any claims held by the FTC (which are not being released hereunder), regardless of whether such may arise out of, relate to, or pertain in any way to the Receiver Claims.

12. District Court Approval. Within a reasonable time after the execution of this Agreement by all parties hereto, the Receiver shall bring a motion on regular notice in the FTC Action seeking an order approving this Agreement.

13. Effective Date of the Agreement. The effective date of this Agreement (the "Effective Date") shall be the date on which the District Court in the FTC Action enters an order approving this Agreement.

14. Further Assurances and Documents. The parties agree that they shall execute and deliver such additional documents or instruments necessary or appropriate in order to effectuate the terms and provisions of this Agreement, including without limitation, facilitating and/or perfecting the transfers and assignments of the Barienbrock Loans, as may be reasonably requested by any other party to this Agreement whether before, on or after the Effective Date.

15. Time is of the Essence. Time is of the essence with respect to any act, payment or performance under this Agreement.

16. Default. In the event that any party to this Agreement defaults in the payment or performance of their obligations hereunder, then the non-defaulting party may exercise any and all rights and remedies available to it at law or in equity.

17. Notices. All notices and other communications which are required or may be given hereunder shall be in writing and shall be duly given if mailed by U.S. Mail and sent by overnight courier, postage prepaid and addressed to the other party at the address set forth herein:

If to the Receiver: Robb Evans & Associates LLC
11450 Sheldon Street
Sun Valley, CA 91352-1121
Attention: Brick Kane

with a copy to: Barnes & Thornburg LLP
2029 Century Park East, Suite 300
Los Angeles, CA 90067
Attention: Gary Owen Caris, Esq.

If to the Barienbrock Parties: Gordon Barienbrock
3000 W. Oceanfront
Newport Beach, CA 92663

with a copy to: The Law Offices of Theodore F. Monroe
800 West 6th Street, Suite 500
Los Angeles, CA 90017
Attention: Theodore F. Monroe, Esq.

18. No Waiver. No failure or delay on the part of any party to this Agreement in the exercise of any right, power, or privilege hereunder, shall operate as a waiver thereof, and

no single or partial exercise of any such right, power, or privilege shall preclude a further exercise thereof or of any other right, power or privilege.

19. Opportunity for Consultation with Counsel. Each of the parties hereto has had an opportunity to consult with legal counsel of their own choosing with respect to the advisability of entering into this Agreement and granting the releases provided herein, and with respect to the advisability of executing this Agreement, and prior to its execution, each of the parties hereto had the opportunity to make any desired change. Each of the parties and their legal counsel and other advisors have made such investigation of the facts pertaining to the Agreement, and all matters pertaining thereto, as they deem necessary. This Agreement has been carefully read by, the contents hereof are known by, and it has been signed freely by each person executing this Agreement.

20. Neutral Interpretation. This Agreement is the product of the negotiations between the parties, and in the interpretation and/or enforcement hereof is not to be interpreted more strongly in favor of one party or the other.

21. Representations and Warranties. Each of the parties hereto hereby represents and warrants to one another and covenants and agrees with one another as follows:

(a) Each party executing this Agreement has the full legal right, power and authority to enter into and perform this Agreement. This Agreement is a valid and binding obligation of each of the parties hereto, and enforceable against each of them in accordance with its terms. Each person executing this Agreement in a representative capacity has been duly authorized to do so by all appropriate actions.

(b) Except as expressly stated in this Agreement, no party hereto nor any other person has made any statement or representation to any party to this Agreement regarding the facts relied upon by such party in entering into this Agreement, and no party hereto has relied upon any statement, representation or promise of any other person or entity in executing this Agreement except as expressly stated in this Agreement.

(c) The terms of this Agreement are contractual and not a mere recital.

22. Barienbrock Representation and Warranty. Without limiting the generality of the foregoing paragraph 21, Barienbrock represents and warrants that he is the sole Trustee of the Barienbrock Trust, and that the trust powers granted to Barienbrock under the Barienbrock Trust authorize and empower Barienbrock to enter into and perform under this Agreement. Concurrently with the execution of this Agreement, Barienbrock shall execute a Certification of Trust substantially in the form and containing the content of the Certification of Trust attached hereto as Exhibit 1.

23. Integration/Modification in Writing. This Agreement together with Exhibit 1 hereto, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all other agreements, oral or written, between the parties hereto with respect to the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any party hereto, except as specifically set forth in this Agreement. No claim of waiver, modification, consent, or acquiescence with respect

to any provision of this Agreement shall be made against any party hereto, except upon the basis of a written instrument executed by or on behalf of such party.

24. Survival. All covenants, representations, warranties and agreements contained in this Agreement shall survive the execution of this Agreement by the parties hereto, the delivery of documents and any performance on account of the obligations set forth herein.

25. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of each of the parties hereto, and their respective successors-in-interest and assigns.

26. Governing Law and Jurisdiction. This Agreement has been entered into by the parties in the State of California. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any dispute arising out of or relating to the interpretation and enforcement of this Agreement shall be resolved exclusively by the District Court in the FTC Action.


27. Headings. The headings of paragraphs of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.

28. Counterparts. This Agreement may be executed and delivered by electronic transmission in any number of counterparts, each of which, when executed and delivered, shall be original, and all of which together shall constitute the same Agreement.

29. No Unnamed Third Party Beneficiaries. There are no unnamed third party beneficiaries to this Agreement. Without limiting the generality of the preceding sentence, this Agreement shall not affect any of the Receiver's rights and claims against any person or entity which is not a party to this Agreement.

30. United States Dollars. All dollar amounts described in this Agreement are in United States currency.

Dated: ~~January~~ ^{MARCH 10,} __, 2020


Gordon Barienbrock, individually and as Trustee of
The Gordon Barienbrock Family Trust dated
June 19, 1985

Dated: January __, 2020

ROBB EVANS & ASSOCIATES LLC,
as Receiver for Ecological Fox, LLC, et al.

By: _____
Brick Kane
Its: President

to any provision of this Agreement shall be made against any party hereto, except upon the basis of a written instrument executed by or on behalf of such party.

24. Survival. All covenants, representations, warranties and agreements contained in this Agreement shall survive the execution of this Agreement by the parties hereto, the delivery of documents and any performance on account of the obligations set forth herein.

25. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of each of the parties hereto, and their respective successors-in-interest and assigns.

26. Governing Law and Jurisdiction. This Agreement has been entered into by the parties in the State of California. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any dispute arising out of or relating to the interpretation and enforcement of this Agreement shall be resolved exclusively by the District Court in the FTC Action.

27. Headings. The headings of paragraphs of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.

28. Counterparts. This Agreement may be executed and delivered by electronic transmission in any number of counterparts, each of which, when executed and delivered, shall be original, and all of which together shall constitute the same Agreement.

29. No Unnamed Third Party Beneficiaries. There are no unnamed third party beneficiaries to this Agreement. Without limiting the generality of the preceding sentence, this Agreement shall not affect any of the Receiver's rights and claims against any person or entity which is not a party to this Agreement.

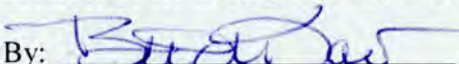
30. United States Dollars. All dollar amounts described in this Agreement are in United States currency.

Dated: March __, 2020

Gordon Barienbrock, individually and as Trustee of
The Gordon Barienbrock Family Trust dated
June 19, 1985

Dated: March 16, 2020

ROBB EVANS & ASSOCIATES LLC,
as Receiver for Ecological Fox, LLC, et al.

By: 
Brick Kane
Its: President

Certification of Trust
The Gordon Barienbrock Family Trust
Dated June 19, 1985

The undersigned, being the sole and acting Trustee of The Gordon Barienbrock Family Trust, created under Declaration of Trust originally dated June 19, 1985 (as the same may have been amended from time to time, including without limitation the Second Amendment to (and Complete Restatement of) the Trust, dated October 15, 2016, the "Trust"; capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust), and as Trustee of all trusts under the Trust, declares and certifies that:

1. The undersigned, GORDON BARIENBROCK, is the sole Trustor of the Trust.
2. The undersigned has not been determined to be incapacitated under paragraph B of Article VII of the Trust or otherwise.
3. The undersigned is the sole duly qualified and acting Trustee of the Trust and all trusts created under the Trust.
4. The Trustee has all powers now or hereafter granted by law to administer the Trust and all trusts thereunder, including without limitation all of the powers set forth in Schedule A of the Trust, which is attached hereto, and including without limitation the powers described in paragraph 15 of Schedule A, namely, all the rights, powers and privileges that an absolute owner of the Trust property would have. Without limiting the generality of the foregoing, the undersigned has the power to (a) pay or contest any claim against the Trust; (b) settle a claim against the Trust by compromise, arbitration or otherwise; and (c) release, in whole or part, any claim belonging to the Trust, all as set forth in Section 16242 of the California Probate Code.
5. The Trust is in existence and in full force and effect under the laws of the State of California. The Trust is revocable and amendable by the undersigned as the Trustor. The Trust has not been revoked, in whole or in part, by the undersigned and has not been amended since its Second Amendment to (and Complete Restatement of) the Trust as set forth above.
6. No action has been taken by the Trust or the undersigned, whether as Trustor, Trustee or otherwise, that would affect the Trust's status as a trust duly created, validity existing and in full force and effect under the laws of the State of California.
7. In accordance with Section 18100.5 of the California Probate Code, the recipient of this Certification may rely on the representations made herein.

The Trustee states that the above factual statements do not contain any untrue statement of any material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not materially misleading.

[Signature on following page]

IN WITNESS WHEREOF, the undersigned Trustee has herewith declared the foregoing under penalty of perjury as of _____, 2020.

Gordon Barienbrock, Trustee

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

)

County of _____)

On _____, 2020, before me, _____, personally appeared GORDON BARIENBROCK, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)

Signature _____

SCHEDULE A
(attached)

Schedule A: Trustee's Powers and Provisions

The Trustee is vested with the following powers and discretions, in addition to any now or hereinafter conferred by law, to carry out the purposes of the trust:

1. **Transfer Agents.** Any transfer agent or other person ("third party") dealing with the Trustee may rely on a copy of those portions of this instrument (and any amendments) which set forth the powers of the Trustee, general provisions and designation of successor Trustees, which partial copies shall be verified by the then acting Trustee (or the Trustee's attorney) as a true copy of such portions then in effect. No third party shall incur any liability to the Trust, , or any beneficiary for (i) acting on any order or request of the Trustee made in reliance on the terms set forth in such partial copy, or (ii) failing to see to the disposition of any proceeds or to the faithful discharge of the Trustee's duties. In no event shall a third party have access to a copy of any portion of the trust instrument which sets forth the distribution of income and principal, except as may be determined to be necessary in the absolute discretion of the Trustee.
2. **Accounts; Endorsements; Signatures Required.** During such time as Co-Trustees shall be serving, the Co-Trustees may (but are not required to) open accounts for the trust estate at any bank, savings and loan association, brokerage house or other depository in such manner that funds may be withdrawn from such accounts (or securities traded) upon the signature of one Co-Trustee alone. In such event, (i) the signature of one Co-Trustee shall be sufficient to withdraw funds placed in the name of the Trustee or the Trust, to endorse any check or other payment payable to the Trustee or the Trust, to buy and sell securities and to make deposits to any and all accounts in the name of the Trustee or the Trust; (ii) the signature or endorsement of a single Co-Trustee shall be a sufficient receipt to the payor making payment to the Trustee or the Trust, (iii) no payor shall incur any liability to the Trust, , or any beneficiary for acting upon any order or request of a Co-Trustee made in reliance on the terms set forth in this section, and (iv) no payor shall be required to see to the disposition of any proceeds paid pursuant thereto. These provisions shall not apply while a corporate Trustee is acting as a Co-Trustee.
3. **Compensation.** The Trustee shall be entitled to such reasonable compensation as then being customarily allowed to corporate fiduciaries performing services of a like nature in the place of administration, but no payment for multiple years services may be made later than eighteen months after the services are performed.
4. **Power to Retain Property or Business in Trust.** The Trustee is authorized to continue to hold any property, including real property within and without the State of California and life insurance on the life of any beneficiary and stock of a corporation serving as a Trustee, and to operate at the risk of the trust estate and not at the risk of the Trustee, any property, general or limited partnership interest or other business interest received in this Trust, as long as the Trustee may deem advisable, the profits and losses therefrom to inure to or be chargeable to the trust estate as a whole and not to the Trustee. The Trustee is further authorized to comply with any buy-sell agreements relating to such business interests if the Trustee deems compliance to be

advantageous to, or binding upon, the Trust.

5. **Power to Sell, Exchange, Repair, Litigate.** To manage, control, sell, convey, exchange, partition, divide, subdivide, improve, repair; to grant options and to sell upon deferred payments; to lease for terms within or extending beyond the duration of the Trust for any purpose, including exploration for and removal of gas, oil and other minerals; to enter into community oil leases, repressurization, pooling and unitization agreements and other agreements relating to the drilling, development, operation and conservation of mineral properties; to compromise, arbitrate or otherwise adjust claims in favor of or against the Trust; to institute, arbitrate, compromise and defend actions, claims and proceedings; to create restrictions, easements and other servitudes; to carry such insurance as the Trustee may deem advisable; to enforce and collect all notes, mortgages, bonds, deeds of trust or other choses in action at any time constituting a part of the trust estate.

6. **Power to Invest.** To invest and reinvest the principal and income, if accumulated, and to purchase or acquire therewith every kind of property, real, personal or mixed (including property outside California), and every kind of investment, specifically including, but not by way of limitation, corporate obligations of every kind and stocks, preferred or common; to buy, sell, trade and deal in stocks, bonds and securities of every nature (including puts and calls), commodities of every nature, contracts for the future delivery of commodities of every nature, options of every kind and short sales, on margin or otherwise, and in connection therewith, to maintain and operate margin accounts with brokers, to borrow money and to pledge any and all stocks, bonds, securities, commodities and contracts for the future delivery thereof as security for loans and advances made to the Trust; to invest in any common or commingled trust fund or funds now or hereafter established by any corporate Trustee hereunder and operated by and under the control of said corporate Trustee solely for the investment of trust funds, all in conformity with the express provisions of the instruments establishing such common trust fund or funds and all amendments thereof. The Trustee shall invest and manage trust assets under the California Uniform Prudent Investor Act set forth at California Probate Code Section 16045 and following.

7. **Power to Loan Funds and Purchase Assets.** To advance funds to the Trust for any Trust purpose, such advances to bear interest at current rates, and to receive security for such loans in the form of a mortgage, pledge, deed of trust, or other encumbrance of any assets of the Trust; to reimburse the Trustee from principal or income for any loss or expense incurred by reason of the Trustee's ownership or holding of any property in this Trust; to lend money to any person, including the probate estate of (or another Trust established by) , provided that any such loan shall be adequately secured and shall bear interest at current rates; to purchase assets from or sell assets at fair market value to the probate estate of (or another Trust established by) .

8. **Power to Borrow and Guarantee Loans.** To borrow money from any person, including the probate estate of (or another trust established by) for any Trust purpose upon such terms and conditions as the Trustee may deem proper, and to obligate the trust estate for repayment; to guarantee loans made to , or to any third party designated by , or to any entity in which may have

an interest; and to encumber the trust estate or any of its property by mortgage, deed of trust, pledge or otherwise, using such procedure to consummate the transaction as the Trustee may deem advisable.

9. **Powers Respecting Securities.** To have respecting securities all the rights, powers and privileges of an owner, including, without limiting the foregoing, the power to vote; to give proxies; to pay calls, assessments and other sums deemed by the Trustee necessary for the protection of the trust estate; to participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers and liquidations, and in connection therewith to deposit securities with and transfer title to any protective or other committee under such terms as the Trustee may deem advisable; to exercise or sell stock subscription or conversion rights; to accept and retain as an investment hereunder any securities or other property received through the exercise of any of the foregoing powers, regardless of any limitations elsewhere in this instrument relative to investments by the Trustee.

10. **Powers Relating to Distributions of Property.** Upon any division or partial or final distribution of the trust estate, to partition, allot and distribute the trust estate, in undivided interests or in kind, or partly in money and partly in kind, at such valuation and according to such method or procedure as the Trustee may determine, and to sell such property as the Trustee may deem necessary to make such division or distribution. In making any division or partial or final distribution of the trust estate, the Trustee shall be under no obligation to make a pro rata division, or to distribute the same assets to beneficiaries similarly situated; but rather the Trustee may, in the Trustee's discretion, make a non-pro rata division between shares and non-pro rata distributions to such beneficiaries, as long as the respective assets allocated to such shares, or distributed to such beneficiaries, have equivalent or proportionate fair market value. If the trust estate includes any promissory note for which gain would be accelerated under IRC Section 453B if distributed to a beneficiary, then each such note shall not be required to be distributed at the time otherwise provided in this Trust, but may continue to be held in trust, and the payments received by the Trustee for the note shall be distributed as received to the beneficiary or beneficiaries who would otherwise receive the promissory note, or to their respective successors in interest.

11. **Power to Budget Annual Income.** To budget the estimated annual income and expenses of the Trust in such manner as to equalize, as far as practicable, periodic income payments to beneficiaries.

12. **Determination of Income and Principal.** To determine what shall constitute principal and income of the trust estate and to apportion and allocate receipts and disbursements between these accounts in accordance with the provisions of the Uniform Principal and Income Act of the State of California as it may from time to time exist, except as to any of such matters as may otherwise be provided for in this instrument. The allocation of receipts and disbursements and the adjustment between principal and income shall include, but not be limited to, those determinations made under California Probate Code Sections 16335 and 16336. If and to the

extent that any of such matters are not provided for either in this instrument or in the Uniform Principal and Income Act, it shall be determined by the Trustee in the Trustee's discretion, subject to the provisions of Section 15 below.

13. **Power to Act Through Agent or Attorney-in-Fact; Power to Engage Custodian.** To designate another person or entity as an attorney-in-fact or agent to act on behalf of the Trustee; and to cause any securities or other property to be held by a custodian (including without limitation a bank or trust company) in a custodial account, or in the name of a nominee (including without limitation a bank or trust company outside the State of California or a nominee brokerage firm), or in such form that title will pass by delivery, or by designation of an agent or ancillary trustee to serve in states or countries outside the place of administration of the trust estate. The fee for such services shall be payable by the Trust and shall be a charge against the trust estate.

14. **Power to Engage Consultants.** To retain and pay from the trust estate attorneys, accountants and other appropriate advisors; and during such time as a non-corporate Trustee shall be serving, to appoint professional, independent and disinterested Investment Counsel and to delegate to such Counsel such investment powers and responsibilities as the Trustee deems proper. Such powers and responsibilities may include directing the purchase and sale of securities, determining the minimum or maximum prices at which such securities shall be sold or purchased, and the selection of a broker or brokers to sell or purchase securities. Neither the Trustee, nor any person dealing with the Trustee or the Investment Counsel, shall incur any liability to any beneficiary of the Trust for following, or for declining (for sufficient reason in the Trustee's discretion) to follow, the recommendations or directions of the Investment Counsel; and no Trustee, or the Investment Counsel, or any persons dealing with them, shall incur any liability to any beneficiary asserted on the grounds that the appointment of the Investment Counsel and the compliance with its recommendations and directions constitutes an improper delegation of fiduciary duties by the Trustee. The Investment Counsel shall receive a reasonable fee payable by the Trust for its services as determined by the Trustee, such fee to be in addition to the fee paid to the Trustee. Any Investment Counsel shall continue until the Trustee, by affirmative action, terminates such appointment and authority. As used herein, the term "professional, independent and disinterested Investment Counsel" shall mean counsel who are not personally or financially interested in the purchase or sale of the securities or property in the Trust but are only paid compensation or fees for their services.

15. **Trustee's Discretion.** Unless specifically limited, all discretions conferred upon the Trustee shall be absolute, and their exercise conclusive upon all persons interested in this Trust. The enumeration of certain powers of the Trustee shall not limit the Trustee's general or implied powers, and the Trustee, subject always to the discharge of fiduciary obligations, is vested with and shall have all the rights, powers and privileges which an absolute owner of the same property would have; provided, however, that none of the foregoing powers shall be construed to allow the Trustee to transfer Trust property to any person, other than the designated Trust beneficiaries in accordance with the terms of this Trust, without receiving fair and adequate consideration.

Furthermore, the Trustee's powers shall be subject to the Trustee's duty to treat income beneficiaries and remaindermen equitably. Upon any revocation by , the Trustee shall comply with the revocation instructions, but may retain sufficient assets to reasonably secure payment of liabilities lawfully incurred by the Trustee in the administration of the Trust (including Trustee's fees which may have been earned) unless shall agree to indemnify the Trustee against loss or expense with respect to such liabilities in a mutually satisfactory manner.

16. **Trustee's Release of Powers.** Any Trustee or Co-Trustee shall have the power to release or to restrict the scope of any power that it may hold in connection with any trust created herein, whether such power is expressly granted herein or implied by law. This power shall be exercised in a written instrument executed by the Trustee or Co-Trustee which specifies the powers to be released or restricted and the nature of the restriction.

17. **Entry into Safe Deposit Box.** Any Trustee may, without the presence of any other Trustee, enter any safe deposit box standing in the name of the trust and may make deposits to, or remove contents from, said box.

18. **Provisions Relating to Policies of Life Insurance and Employee Benefit Plans.** Until the death of the insured or participant, the owner of any policy of life insurance or employee benefit plan (hereinafter "policy") shall retain all ownership rights under the policy, including (but not limited to) the right to sell, assign or hypothecate the policy; to exercise any option or privilege granted by the policy; to change the beneficiary without the consent of the Trustee; to borrow against the policy; to secure a loan by the policy; and to receive and exercise for the owner's benefit all payments, dividends, surrender values, benefits and privileges of any kind whatsoever which may accrue on account of said policy. Without being obligated to do so, the Trustee may pay premiums, assessments or other charges with respect to each policy held as a part of the trust estate, and all other charges required to preserve the policy as a binding agreement. Upon the death of the insured, the Trustee shall diligently endeavor to collect policy proceeds due and payable to the Trustee, and is authorized to do all things necessary or expedient to obtain possession of each policy and collect thereon. No company whose policy is payable to the Trustee shall be required to inquire into, or take notice of, any of the provisions of this Trust, or to see to the application or disposition of the proceeds of the policy, and the receipt of the Trustee to said company shall constitute a full release and discharge of the company for the payment made and shall be binding upon every beneficiary of the Trust.

19. **Tax Elections.** The Trustee shall have full authority to make tax elections, including the following:

a. **Tax and Valuation Elections.** To select the valuation date for death tax purposes and to determine whether any or all of the allowable administration expenses shall be used as death tax deductions or as income tax deductions.

b. **IRC Subtitle D Chapter 13 Generation Skipping Transfer Tax Elections.** To

make any and all elections available under the Generation Skipping Transfer ("GST") tax provisions of Subtitle D Chapter 13 of the IRC, to include, but not be limited to, allocating the GST tax exemption available under IRC Section 2631 to any property ["Exempt Property"], including property outside the trust estate; excluding any property ["Non-Exempt Property"] from such allocation; and apportioning and allocating the Exempt Property and the Non-Exempt Property among such shares and beneficiaries in any manner the Trustee deems appropriate, including dividing shares into separate GST exempt portions (with an exclusion ratio of zero) and GST non-exempt portions (with an exclusion ratio of 1); so long as assets are allocated to the separate shares and beneficiaries on the basis of their fair market values. The allocation of exemptions and properties shall be made first to the Grandchildren's Trust, and thereafter as determined in the absolute discretion of the Trustee, and the Trustee shall not be liable to any beneficiary of this Trust or to any other person by reason of such allocations.

c. **Allocation of Basis Adjustments.** The Trustee (acting as the personal representative of the Trustor's estate) may allocate any income tax basis adjustments which may become available, subject to the following recommendations of the Trustor:

(1) To minimize aggregate future income tax liabilities that might result because the aggregate income tax basis is less than the aggregate fair market value of the assets.

(2) To achieve equitable after-tax results among all beneficiaries (whether under this Trust, under a Trustor's Will, or outside of these documents).

(3) The Trustee may consider facts and circumstances that the Trustee deems relevant, including (but not limited to) the income tax brackets of beneficiaries (if readily available to the Trustee) and the likelihood that a beneficiary may sell an asset. Notwithstanding the above guidelines, the Trustee shall have no duty or fiduciary obligation to make any specific allocation, or to allocate basis equally or pro rata among recipients of Gordon's assets; and the Trustee shall incur no liability whatsoever for making or failing to make any basis allocation, even if the Trustee allocates basis to assets passing to (or being held in further trust for) the Trustee as an individual.

20. **S Corporation Assets.** If the trust estate holds any shares in an S corporation, and if the beneficiaries thereof do not receive outright distribution of said shares, then said shares shall be distributed to a separate subtrust for each beneficiary, wherein (i) there shall be only one current income beneficiary for each subtrust, (ii) any corpus distributed from the subtrust may only be distributed to the current income beneficiary, (iii) the current income beneficiary's interest shall terminate upon the earlier of the income beneficiary's death or termination of the subtrust, (iv) the current income beneficiary must receive all of the subtrust assets if the subtrust terminates during the income beneficiary's lifetime, and (v) all of the income from the subtrust is required to be distributed currently to the income beneficiary, all in accordance with IRC Section 1361 and the regulations thereto.

Exhibit 2

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is made as of this 25th day of March, 2020, by and between Robb Evans & Associates LLC (“Receiver”), as Receiver over Ecological Fox, LLC and other Receivership Entities as more particularly described and defined below, and over the assets of Andris Pukke (“Pukke”), Peter Baker (“Baker”) and Luke Chadwick (“Chadwick”), as more particularly described below, on the one hand, and Violette Eleanor Mathis (“Mathis”), individually and in her capacity as sole Trustee of the Mathis Revocable Trust dated November 4, 1998 (the “Mathis Revocable Trust”) and as sole Trustee of all trusts existing under the Mathis Revocable Trust (the Mathis Revocable Trust, together with all trusts existing under the Mathis Revocable Trust individually and collectively referred to as the “Mathis Trust”) and CVM Corporation, a Nevis corporation (“CVM”) (collectively, Mathis individually and as Trustee of the Mathis Revocable Trust and all trusts existing under the Mathis Revocable Trust, and CVM are referred to as the “Mathis Parties”), on the other, in reference to and in consideration of the following:

RECITALS

A. The Receiver was appointed Temporary Receiver over the Receivership Entities (as defined in and pursuant to the Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”)) entered on November 5, 2018 in the case of *Federal Trade Commission v. Ecological Fox, LLC et al.* Case No. 18-cv-3309-PJM (“FTC Action”), in the United States District Court, District of Maryland (“District Court”). Pursuant to the TRO, the Receiver also was appointed Temporary Receiver over the assets of Pukke and Baker valued by the Receiver at \$1,000.00 or more. In the FTC Action, the Federal Trade Commission (“FTC”) alleged that the Defendants violated various provisions of the Federal Trade Commission Act (“FTC Act”) and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”) in connection with a real estate development in Belize, known as, among other things, “Sanctuary Belize” and referred to herein by that name. The FTC alleges that the Defendants used false promises and deceptive telemarketing, sale and development practices in connection with the sale of lots in Sanctuary Belize. The FTC Action has been re-designated as *In re Sanctuary Belize Litigation*. “Receivership Entities,” as defined in the TRO, means the Corporate Defendants (as defined therein), except for Atlantic International Bank, Ltd. (“AIBL”), including nonparty subsidiaries, affiliates, successors, and assigns, as well as any other entity that is located at, registered to, or operated from 3333 Michelson Drive, Suite 500, Irvine, California and assists, facilitates, or otherwise conducts business related to the acts identified in the Findings of Fact in the TRO, and is owned or controlled by any Defendant; or Assets, as defined in the TRO, that are otherwise in the receivership and that are corporations or other legal entities. The TRO remained in effect pursuant to the Extension of Temporary Restraining Order and Interim Preliminary Injunction entered November 20, 2018.

B. The Receiver became permanent receiver over BG Marketing, LLC, Ecological Fox, LLC, and Foundation Partners and each of their subsidiaries, affiliates, successors and assigns pursuant to the 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”) entered on February 9, 2019.

C. Pursuant to the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (“Preliminary Injunction”) entered October 3, 2019, the Receiver became permanent receiver over Global Property Alliance, Inc., Sittee River Wildlife Reserve, Buy Belize, LLC, Buy International, Inc., Foundation Development Management, Inc., Eco-Futures Development, Eco-Futures Belize, Limited, Power Haus Marketing, Newport Land Group LLC, Sanctuary Belize Property Owners’ Association, Prodigy Management Group LLC, Belize Real Estate Affiliates LLC, Exotic Investor LLC, and Southern Belize Realty, LLC, and each of their subsidiaries, affiliates, successors and assigns, together with 2729 Bristol LLC, 3905 Marcus, LLC, as well as any other entity that is located at, registered to, or operated from 3333 Michelson Drive, Suite 500, Irvine, California and assists, facilitates, or otherwise conducts business related to the sale of real estate in Belize; assists, facilitates, or otherwise conducts business related to the acts identified in the Findings of Fact in the Preliminary Injunction, and is owned or controlled by any Defendant; or are identified as Assets, as defined in the Preliminary Injunction, that are otherwise in the receivership and that are corporations or other legal entities. Pursuant to the Preliminary Injunction, the Receiver was also appointed as Receiver over the assets of Pukke, Baker and Chadwick valued by the Receiver at \$1,000.00 or more.

D. On April 12, 2019, the Central Bank of Belize appointed Julian Murillo as the liquidator (“Liquidator”) for AIBL. On September 25, 2019, the District Court entered the Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendant Atlantic International Bank Limited (“AIBL Judgment”) pursuant to which, among other things, a monetary judgment was entered in favor of the FTC and against AIBL in the amount of \$23 million, and the Liquidator was ordered to execute an assignment (“Assignment”) in favor of the Receiver assigning to the Receiver all rights, title or interest of any sort that AIBL holds in loans by AIBL to Kanantik International Ltd. (“Kanantik International”), Mango Springs Development LLC (“Mango Springs LLC”) and Southern Belize Holdings LLC (“Southern Belize Holdings”) and any other assets of any other Defendant in the FTC Action other than AIBL. The Assignment has been sent to the Liquidator for execution. Upon its execution, the Assignment will assign to the Receiver, among other things, all right, title and interest as lender in loans, including without limitation, the loans that are guaranteed under the guaranties described below at Recital H.

E. CVM is a Nevis corporation that is 100% owned by the Mathis Trust. Mathis is the sole officer and director of CVM. Mathis contends that CVM was set up as a Nevis entity at the urging of Chadwick, to act as a conduit for the investments made by Mathis as described hereinbelow.

F. At all relevant times, Cleo Donald Mathis (“Cleo Mathis”) was the husband of Mathis until Cleo Mathis passed away on December 6, 2017. Prior to Cleo Mathis’s death, Mathis and Cleo Mathis, as sole grantors and trustees, established the Mathis Trust. Since the death of Cleo Mathis, Mathis has been and continues to be the sole qualified and acting Trustee of the Mathis Trust.

G. Mathis, the Mathis Trust and/or CVM became a creditor or owner pursuant to various loans or investments made by them related to Sanctuary Belize and/or related to another real estate development in Belize located near Sanctuary Belize, involving at least some of the same Defendants involved with Sanctuary Belize, including, without limitation, Chadwick (such nearby development known as and described herein as “Kanantik”). These loans or investments included, without limitation, the following: (a) Kanantik Joint Venture Agreement dated April 2, 2012, entered into between CVM and Palmaya Development, Ltd. (“Palmaya”) pursuant to which CVM acquired a 30% interest in G & R Development Company of Belize Ltd. (“G & R Development”) along with future rights to 14 unspecified and undivided beachfront lots for \$6.5 million; (b) Secured Promissory Note in favor of CVM dated February 21, 2013, pursuant to which CVM loaned Eco-Futures Belize Ltd. (“Eco-Futures Belize”) the original principal amount of \$2,500,000, which loan remains unpaid, in whole or in part; (c) Joint Venture Agreement dated September 12, 2013, pursuant to which CVM acquired a 33 1/3% interest in Mango Springs Development, Limited, a Belize limited liability company (“Mango Springs, Ltd.”) from Chadwick and John Usher (“Usher”) for \$3,316,505.20; (d) Memorandum dated September 12, 2013, reflecting that Mathis obtained a 33.3% interest in Palmaya in exchange for Mathis providing the funds required to purchase a 3,866 acre parcel of land that Palmaya had contracted to purchase; (e) Agreement dated June 2, 2014, pursuant to which CVM acquired a 49% interest in Southern Belize Realty, LLC (“Southern Belize Realty”) from Exotic Investor, LLC (“Exotic Investor”) for \$1.5 million; and (f) Promissory Note in favor of CVM dated November 28, 2014 pursuant to which CVM loaned Mango Springs, Ltd. the original principal amount of \$500,000, which loan remains unpaid, in whole or in part. In addition, Chadwick has represented to the Receiver that: (g) CVM owns a 33.33% interest in Mango Springs Development, LLC, a Nevis entity; (h) Mathis owns a 50% interest in Kanantik International Ltd., a Nevis entity; and (i) CVM owns a 49% interest in Southern Belize Holdings, LLC, a Nevis entity. The loans and investments described in this Recital G, together with all other loans and investments made by or beneficially owned by any of the Mathis Parties or any other entity the majority interest of which is directly or indirectly owned or controlled by Mathis and in any way related or pertaining to Sanctuary Belize or Kanantik, *excluding* the Mathis Sanctuary Belize Lots, the Mathis Kanantik Lots, the Joint Venture Lots and Lot E09, all defined below, are collectively referred to as the “Mathis Loans and Ownership Interests.”

H. CVM guaranteed certain loans and extensions of credit made by AIBL, including, without limitation, the following guaranties: (a) Guaranty dated in 2015 to guaranty obligations payable by Mango Springs LLC to AIBL, limited to the sum of \$385,000; and (b) Guaranty dated in 2018 to guaranty obligations payable by Kanantik International to AIBL, limited to the sum of \$1,053,000. Mathis guaranteed loans and extensions of credit made by AIBL, including, without limitation, the Guaranty dated May 15, 2018 to guaranty obligations payable by Kanantik International to AIBL, limited to the sum of \$1,053,000. All guaranties made by Mathis and CVM described in this Recital H, together with all other guaranties made by Mathis or CVM in favor of AIBL are collectively referred to as the “Mathis Guaranties.”

I. In addition to certain lots described in Recitals K and M, below, Mathis, Cleo Mathis, the Mathis Trust, CVM and/or other entities Mathis directly or indirectly owns purchased six lots in Sanctuary Belize, as follows: (a) SR001 in Sapodilla Ridge for \$613,000; (b) SR002 in Sapodilla Ridge for \$600,000; (c) SR003 in Sapodilla Ridge for \$1,087,000; (d) SR009 in Sapodilla Ridge for \$300,000; (e) SR245 in Sapodilla Ridge which Mathis contends

was for \$250,000 but was fraudulently documented by Chadwick as a purchase for \$30,000; and (f) AP02 in All Pines for \$525,000. The sales set out in this Recital I were all-cash purchases at the prices described herein. The lots described in this Recital I are collectively referred to as the “Mathis Sanctuary Belize Lots.”

J. Mathis, Cleo Mathis, the Mathis Trust, CVM and/or other entities Mathis directly or indirectly owns, purchased 13 specified lots in Kanantik. The 13 lots purchased in Kanantik are Lots 458, 474, 475, 495, 556, 557, 629, 630, 736, 776, 878, 933 and 957. The lots described in this Recital J are collectively referred to as the “Mathis Kanantik Lots.” The Mathis Kanantik Lots do not include the 14 unspecified and undivided beachfront lots which are referenced in the Kanantik Joint Venture Agreement described in Recital G subsection (a). Mathis, the Mathis Trust, CVM and/or other entities Mathis directly or indirectly owns that purchased Mathis Sanctuary Belize Lots and/or Mathis Kanantik Lots are referred to herein as the “Mathis Lot Owners.”

K. CVM and Eco-Futures, Inc. entered into a Joint Venture Agreement dated March 21, 2012 (“First JVA”), pursuant to which Lot SR 258 (“Lot SR 258”), owned by CVM, and Lots SR 253 and 254 (“Lot SR 253” and “Lot SR 254,” respectively), owned by Eco-Futures, Inc., were contributed to the joint venture. Under the First JVA, houses were built on each of the three properties at CVM’s expense. The First JVA further provided how proceeds would be divided upon sale of the houses. CVM and Eco-Futures, Inc. entered into a Joint Venture Agreement dated May 20, 2013 (“Second JVA”), pursuant to which Lot SR 256 (“Lot SR 256”), owned by Eco-Futures, Inc., was contributed to the joint venture. Under the Second JVA, a house was built on the property at CVM’s expense. The Second JVA further provided how proceeds would be divided upon sale of the house. The four lots described in this Recital K are all located in Sanctuary Belize. The First JVA and Second JVA are referred to collectively in this Agreement as the “Joint Venture Lot Agreements.” The four lots referred to herein are collectively referred to in this Agreement as the “Joint Venture Lots.”

L. On August 10, 2017 Mathis, Cleo Mathis and CVM, derivatively and on behalf of Mango Springs Development, LLC, a Nevada limited liability company, brought a lawsuit against Chadwick, Palmaya, Exotic Investor, Ltd., and Mango Springs Ltd. in Orange County Superior Court, Case No. 30-2017-00936852 (“Chadwick Litigation”), alleging, among other things, multiple causes of action for breach of contract, breach of fiduciary duties, and fraud, as well as a cause of action for elder abuse. The Chadwick Litigation is presently stayed pursuant to the Preliminary Injunction.

M. On August 1, 2018 Steven Liss and Kim Liss (collectively, “Liss”) brought a lawsuit against Mathis and the Estate of Cleo Mathis in Orange County Superior Court, Case No. 30-2018-01009281-CU-MC-CJC (“Liss Litigation”) seeking to recover the principal sum of \$213,895.49, among other monetary relief sought, based on a dispute arising out of the purchase of Lot E09 in Equestrian Estates in Sanctuary Belize (“Lot E09”) by Liss from Sittee River Wildlife Reserve in which it was alleged that Liss paid certain sums for the acquisition of Lot E09 directly to Mathis and Cleo Mathis. The records of the Receivership Entities reflect that Mathis and Cleo Mathis own Lot E09. The Liss Litigation is ongoing.

N. The Mathis Parties are aware that the FTC may contend that they have liability under the FTC Act and/or Telemarketing Act for their acts and omissions with respect to the Sanctuary Belize and Kanantik development projects, including, without limitation, the acts and omissions represented by and/or related to the Mathis Loans and Ownership Interests and the Mathis Guaranties, which liability may be asserted by the FTC and/or the Receiver. The Mathis Parties deny that they have any liability to the FTC, the Receiver, the receivership estate or otherwise in connection with any acts or omissions pertaining to Sanctuary Belize, Kanantik, the Mathis Loans and Ownership Interests and the Mathis Guaranties.

O. Mathis contends that the majority of communications with regard to the investments set forth hereinabove were made between Mathis and/or Cleo Mathis, on one hand, and Chadwick, and that Chadwick was the lead person with regard to these transactions. Mathis contends that the communications between Mathis and/or Cleo Mathis, on one hand, and Chadwick raise a reasonable belief that Mathis was defrauded by Chadwick. Based on the Recitals and facts set forth above, Mathis has determined that it would be in her best interest, as well as that of the other persons defrauded by the Defendants in the FTC Action, to enter into an agreement compromising her rights and interests, notwithstanding the monies and assets invested with the Defendants in the FTC Action.

P. The parties to this Agreement desire to resolve all disputes and differences among them concerning the events and circumstances described in these Recitals, including, without limitation, any disputes and differences that may pertain in any way to Sanctuary Belize, Kanantik, the FTC Action, the receivership estate created in the FTC Action, the Mathis Loans and Ownership Interests, the Mathis Guaranties, the Mathis Sanctuary Belize Lots, the Joint Venture Lots, the Joint Venture Lot Agreements and the Mathis Kanantik Lots.

Q. In her capacity as Trustee of the Mathis Revocable Trust, and Trustee of each of the trusts under the Mathis Revocable Trust, Mathis has determined that entering into this Agreement is in the best interests of all beneficiaries thereof.

NOW THEREFORE, in reference to the foregoing and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do stipulate and agree as follows:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct according to their terms and are incorporated into and form a part of this Agreement.

2. Transfer and Assignment of Mathis Loans and Ownership Interests. Upon the Effective Date (defined below), the Mathis Parties, and each of them: (a) absolutely and unconditionally transfer and assign to the Receiver all rights, powers, title and interests as lender, obligee, creditor, beneficiary, secured party, collateral agent and/or owner of each of the Mathis Loans and Ownership Interests, including, without limitation, those expressly set forth in Recital G to this Agreement; (b) relinquish to the Receiver all of their respective rights with respect to the Mathis Loans and Ownership Interests; (c) constitute and appoint the Receiver irrevocably, and with full power of substitution and revocation, the true and lawful attorney, for and in the name, place and stead of the Mathis Parties, and each of them, to exercise any and all rights,

remedies and powers in connection with the Mathis Loans and Ownership Interests; (d) transfer and assign to the Receiver, all right, title and interest of the Mathis Parties, and each of them, in and to, any and all rights and powers of the Mathis Parties, and each of them, under any of the loan documents, instruments of title, membership interests, share certificates or any other instruments or documents establishing title, ownership or possession which comprise a part of the Mathis Loans and Ownership Interests, including without limitation, the loan documents and documents evidencing the equity and all other ownership title and property rights described in Recital G to this Agreement, and all collateral which secure any of the loans which comprise a part of the Mathis Loans and Ownership Interests, including, without limitation, the loan documents described in Recital G to this Agreement; (e) deliver to the Receiver the originals of all of the loan documents described in Recital G to this Agreement and any other loan documents, documents, instruments of title, membership interests, share certificates or any other instruments or documents establishing title, ownership or possession which comprise a part of the Mathis Loans and Ownership Interests, including, without limitation, promissory notes, an allonge corresponding to each promissory note that is assigned herein, and all documents relating to collateral which secure any of the loans which comprise a part of the Mathis Loans and Ownership Interests; and (f) deliver to the Receiver any and all membership interests, share certificates, grant deeds or other documents establishing title and any and all other evidence of ownership with respect to ownership interests which comprise a part of the Mathis Loans and Ownership Interests. Without limiting the generality of the foregoing, it is expressly agreed and understood that all Mathis Loans and Ownership Interests, whether or not expressly set forth in Recital G and whether or not in any manner inconsistent with each other and/or with other documents, contracts, agreements, instruments, and rights reflected in any of the foregoing, are unconditionally and absolutely transferred and assigned to the Receiver as set forth in this Paragraph 2.

3. Release of Mathis Guaranties. Effective upon the later of the Effective Date and the execution of the Assignment, the Receiver releases Mathis and CVM from all obligations and liability they may otherwise have pursuant to the Mathis Guaranties. For the avoidance of doubt, the release of the Mathis Parties from their obligations under the Mathis Guaranties hereunder shall not modify, limit or otherwise be deemed to discharge the obligations of the primary obligor of the guaranteed obligations thereunder.

4. Mathis Lot Owners' Retention of Ownership Interests in the Mathis Sanctuary Belize Lots and Mathis Kanantik Lots. The Mathis Lot Owners shall retain their ownership interests in all Mathis Sanctuary Belize Lots and Mathis Kanantik Lots.

5. Joint Venture Lots. The Joint Venture Lot Agreements are hereby terminated on the Effective Date and shall be of no further force and effect. Irrespective of the current state of title or ownership, CVM shall be entitled to all right, title and interest in Lot SR Lot SR 254, Lot SR 256 and Lot SR 258 and all improvements thereon, and the Receiver shall take all reasonable steps necessary to transfer title in said lots to CVM at CVM's sole expense. Irrespective of the current state of title or ownership, the Receiver shall be entitled to all right, title and interest in Lot SR 253 and CVM shall take all reasonable steps necessary to transfer title in said lot to the Receiver at CVM's sole expense.

6. Limited Participation in Receivership Claims Allowance and Payment Process. The Mathis Lot Owners may participate in any receivership estate claims allowance and payment process ordered by the District Court in the FTC Action, provided however, that the Mathis Lot Owners and Mathis Parties shall be limited to seeking allowance and payment of any claims in the receivership estate, as may be established in the FTC Action, based solely and exclusively on claims arising on account of their position as Mathis Lot Owners. The Mathis Lot Owners and the Mathis Parties shall not have any right to assert or be allowed any claim in the receivership estate in any other capacity or as a result of any other event, occurrence, act or omission, including, without limitation, any other payment, loan or financial transaction made by the Mathis Parties, whether or not described in the Recitals to this Agreement. To the extent the amount paid for a lot is relevant in the claims allowance and payment process, the amount paid for each of the Sanctuary Belize Lots by the Mathis Lot Owners shall be conclusively deemed to be the amounts set forth in Recital I.

7. General Release of Receiver and Receivership Estate. Excepting all of the obligations imposed or created by this Agreement and except as otherwise expressly set forth in this Agreement, the Mathis Parties, and each of them, do hereby forever relieve, release and discharge the Receiver, in its corporate capacity and as Receiver in the FTC Action, and the receivership estate created in the FTC Action, and the Receiver's officers, directors, shareholders, members, managers, employees, deputies, agents, associates, partners, past or present attorneys, representatives and administrators, jointly and severally, from any and all lawsuits, debts, losses, claims, liens, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, attorneys' fees, damages, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, arising from the beginning of time through the Effective Date, that each of them had, has or may have against the parties being released in this paragraph, which arise out of, relate to, or pertain in any way to the facts or occurrences set forth in the Recitals herein, the FTC Action, Mathis Loans and Ownership Interests, Mathis Guaranties, Mathis Sanctuary Belize Lots, Mathis Kanantik Lots, the Joint Venture Lots, the Joint Venture Lot Agreements, Sanctuary Belize, Kanantik, and the receivership estate (individually and collectively the "Mathis Claims").

8. Effect of General Release of Mathis Claims. The Mathis Parties, and each of them, expressly waive any and all rights under Section 1542 of the Civil Code of the State of California which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Mathis Parties, and each of them, expressly waive and release any rights or benefits that they may have under Section 1542 of the Civil Code of the State of California, and any similar statute, code, law or regulation of any state, territory, commonwealth or possession of the United States, or the United States, to the full extent that it may waive all such rights and benefits pertaining to the Mathis Claims. The Mathis Parties, and each of them, acknowledge that they are aware that they may hereafter discover claims presently unknown or unsuspected, or facts in

addition to or different from those that they now know or believe to be true pertaining to the Mathis Claims. Nevertheless, it is the intention of the Mathis Parties, and each of them, through this Agreement, to fully, finally and forever release all of the Mathis Claims. The releases herein given shall be and remain in effect as a full and complete release of the Mathis Claims notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto.

9. No Assignment of Mathis Claims. The Mathis Parties, and each of them, represent and warrant that they are the sole and lawful owner of all legal or beneficial right, title and interest in and to each of the claims released herein and that they have not heretofore assigned, hypothecated or transferred, or purported to assign, hypothecate or transfer, to any individual, partnership, corporation, firm, trust, estate or entity, any of the claims released herein, in whole or in part. The Mathis Parties, and each of them, hereby agree to indemnify, defend and hold harmless the Receiver and the receivership estate from and against all claims based upon or arising out of or in connection with any assignment, hypothecation or transfer or purported assignment, hypothecation or transfer of any of the Mathis Claims.

10. General Release of Mathis Parties. Excepting all of the obligations imposed or created by this Agreement, and except as otherwise expressly set forth in this Agreement, the Receiver, in its capacity as Receiver, does hereby forever relieve, release and discharge the Mathis Parties, and each of their trustees, officers, directors, shareholders, members, managers, employees, deputies, agents, associates, partners, past or present attorneys, representatives and administrators, jointly and severally, from any and all lawsuits, debts, losses, claims, liens, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, attorneys' fees, damages, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, arising from the beginning of time through the Effective Date, that the Receiver had, has or may have against the parties being released in this paragraph, which arise out of, relate to, or pertain in any way to the facts or occurrences set forth in the Recitals herein, the FTC Action, Mathis Loans and Ownership Interests, Mathis Guaranties, Mathis Sanctuary Belize Lots, Mathis Kanantik Lots, the Joint Venture Lots, the Joint Venture Lot Agreements, Sanctuary Belize, Kanantik, and the receivership estate (individually and collectively the "Receiver Claims"). Notwithstanding anything to the contrary, the Receiver Claims that are released hereunder shall not include any claims held by the FTC, regardless of whether such claims may arise out of, relate to, or pertain in any way to the Receiver Claims.

11. Effect of General Release of the Receiver Claims. The Receiver expressly waives any and all rights under Section 1542 of the Civil Code of the State of California which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Receiver expressly waives and releases any rights or benefits that it may have under Section 1542 of the Civil Code of the State of California, and any similar statute, code, law or regulation of any state, territory, commonwealth or possession of the United States, or the United States, to the full extent that it may waive all such rights and benefits pertaining to the Receiver Claims. The Receiver acknowledges that it is aware that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that it now knows or believes to be true pertaining to the Receiver Claims. Nevertheless, it is the intention of the Receiver through this Agreement, to fully, finally and forever release all of the Receiver Claims. The releases herein given shall be and remain in effect as a full and complete release of the Receiver Claims notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto.

12. No Assignment of Receiver Claims. The Receiver represents and warrants that the Receiver is the sole and lawful owner of all right, title and interest in and to each of the claims released herein and it has not heretofore assigned, hypothecated or transferred, or purported to assign, hypothecate or transfer, to any individual, partnership, corporation, firm, estate or entity, any of the claims released herein. The Receiver hereby agrees to indemnify, defend and hold harmless the Mathis Parties, and each of them, from and against all claims based upon or arising out of or in connection with any assignment or transfer, hypothecation or purported assignment, hypothecation or transfer of any of the Receiver Claims. Notwithstanding the foregoing, the Receiver makes no such representation or warranty with respect to any claims held by the FTC (which are not being released hereunder), regardless of whether such may arise out of, relate to, or pertain in any way to the Receiver Claims.

13. Chadwick Litigation. Mathis may continue litigation solely against Chadwick and any entities owned or controlled by Chadwick and which are created after the Effective Date of this Agreement (“New Chadwick Entities”) and no other defendant in the Chadwick Litigation, and may seek and obtain a money judgment and any other relief against Chadwick in the Chadwick Litigation, provided however, that Mathis shall not take any steps to obtain or perfect any pre-judgment liens in connection with the Chadwick Litigation or to obtain or perfect any post-judgment liens in connection with the Chadwick Litigation and/or to otherwise execute upon such judgment, or assert any rights as a judgment creditor, including, without limitation, by collecting or attempting to collect or satisfy or attempt to satisfy any money judgment against Chadwick or New Chadwick Entities prior to the time the receivership estate is wound up and the Receiver is discharged in the FTC Action. Any payment received by or on behalf of Mathis from or on behalf of Chadwick or New Chadwick Entities prior to the time the receivership estate is wound up and the Receiver is discharged in the FTC Action shall be the sole and exclusive property of the receivership estate and shall be promptly turned over by Mathis to the Receiver.

14. Liss Litigation. In the event that the Mathis Parties, or any of them, resolve the Liss Litigation by paying Liss money in exchange for Liss’s agreement to permit any of the Mathis Parties to retain Lot E09, such payment to Liss shall be deemed by the Receiver to be consideration paid to the Receiver for Lot E09 and in such event the amount of the Mathis Lot Owners’ claim in the receivership estate may include the amount of such payment as the amount

they paid for Lot E09, to the extent the amount paid for a lot is relevant in the claims allowance and payment process. In the event that the Mathis Parties, or any of them, resolve the Liss Litigation by enabling Liss to acquire Lot E09, whether or not monetary consideration is paid by any of the Mathis Parties to Liss or paid by Liss to any of the Mathis Parties as part of such a resolution, the Receiver shall have no right to receive any of such monetary consideration that may be transferred between the Mathis Parties and Liss in connection with such settlement, and the Receiver shall cooperate as may be reasonably necessary in the transfer of Lot E09 to Liss, at the Mathis Parties' expense.

15. District Court Approval. Within a reasonable time after the execution of this Agreement by all parties hereto, the Receiver shall bring a motion on regular notice in the FTC Action seeking an order approving this Agreement.

16. Effective Date of the Agreement. The effective date of this Agreement (the "Effective Date") shall be the date on which the District Court in the FTC Action enters an order approving this Agreement.

17. Further Assurances and Documents. The parties agree that they shall execute and deliver such additional documents or instruments necessary or appropriate in order to effectuate the terms and provisions of this Agreement, including without limitation, facilitating and/or perfecting the transfers and assignments of the Mathis Loans and Ownership Interests and the Joint Venture Lots made hereunder, as may be reasonably requested by any other party to this Agreement whether before, on or after the Effective Date.

18. Time is of the Essence. Time is of the essence with respect to any act, payment or performance under this Agreement.

19. Default. In the event that any party to this Agreement defaults in the payment or performance of their obligations hereunder, then the non-defaulting party may exercise any and all rights and remedies available to it at law or in equity.

20. Notices. All notices and other communications which are required or may be given hereunder shall be in writing and shall be duly given if mailed by U.S. Mail and sent by overnight courier, postage prepaid and addressed to the other party at the address set forth herein:

If to the Receiver: Robb Evans & Associates LLC
11450 Sheldon Street
Sun Valley, CA 91352-1121
Attention: Brick Kane

with a copy to: Barnes & Thornburg LLP
2029 Century Park East, Suite 300
Los Angeles, CA 90067
Attention: Gary Owen Caris, Esq.

If to the Mathis Parties:

Violette Mathis
4 Via Sueño
San Clemente, CA 92673

with a copy to: Hochfelsen Kani
895 Dove Street, Suite 300
Newport Beach, CA 92660
Attention: Steven I. Hochfelsen, Esq.

21. No Waiver. No failure or delay on the part of any party to this Agreement in the exercise of any right, power, or privilege hereunder, shall operate as a waiver thereof, and no single or partial exercise of any such right, power, or privilege shall preclude a further exercise thereof or of any other right, power or privilege.

22. Opportunity for Consultation with Counsel. Each of the parties hereto has had an opportunity to consult with legal counsel of their own choosing with respect to the advisability of entering into this Agreement and granting the releases provided herein, and with respect to the advisability of executing this Agreement, and prior to its execution, each of the parties hereto had the opportunity to make any desired change. Each of the parties and their legal counsel and other advisors have made such investigation of the facts pertaining to the Agreement, and all matters pertaining thereto, as they deem necessary. This Agreement has been carefully read by, the contents hereof are known by, and it has been signed freely by each person executing this Agreement.

23. Neutral Interpretation. This Agreement is the product of the negotiations between the parties, and in the interpretation and/or enforcement hereof is not to be interpreted more strongly in favor of one party or the other.

24. Representations and Warranties. Each of the parties hereto hereby represents and warrants to one another and covenants and agrees with one another as follows:

(a) Each party executing this Agreement has the full legal right, power and authority to enter into and perform this Agreement. This Agreement is a valid and binding obligation of each of the parties hereto, and enforceable against each of them in accordance with its terms. Each person executing this Agreement in a representative capacity has been duly authorized to do so by all appropriate actions.

(b) Except as expressly stated in this Agreement, no party hereto nor any other person has made any statement or representation to any party to this Agreement regarding the facts relied upon by such party in entering into this Agreement, and no party hereto has relied upon any statement, representation or promise of any other person or entity in executing this Agreement except as expressly stated in this Agreement.

(c) The terms of this Agreement are contractual and not a mere recital.

25. Mathis Representation and Warranty. Without limiting the generality of the foregoing paragraph 24, Mathis represents and warrants that she is the sole Trustee of the Mathis Revocable Trust and all trusts existing under the Mathis Revocable Trust, and that the trust powers granted to Mathis under the Mathis Trust authorize Mathis to enter into and perform under this Agreement. Concurrently with the execution of this Agreement, Mathis shall execute a Certification of Trust substantially in the form and containing the content of the Certification of Trust attached hereto as Exhibit 1.

26. Integration/Modification in Writing. This Agreement together with Exhibit 1 hereto, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all other agreements, oral or written, between the parties hereto with respect to the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any party hereto, except as specifically set forth in this Agreement. No claim of waiver, modification, consent, or acquiescence with respect to any provision of this Agreement shall be made against any party hereto, except upon the basis of a written instrument executed by or on behalf of such party.

27. Survival. All covenants, representations, warranties and agreements contained in this Agreement shall survive the execution of this Agreement by the parties hereto, the delivery of documents and any performance on account of the obligations set forth herein.

28. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of each of the parties hereto, and their respective successors-in-interest and assigns.

29. Governing Law and Jurisdiction. This Agreement has been entered into by the parties in the State of California. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any dispute arising out of or relating to the interpretation and enforcement of this Agreement shall be resolved exclusively by the District Court in the FTC Action.

30. Headings. The headings of paragraphs of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.

31. Counterparts. This Agreement may be executed and delivered by electronic transmission in any number of counterparts, each of which, when executed and delivered, shall be original, and all of which together shall constitute the same Agreement.

32. No Unnamed Third Party Beneficiaries. There are no unnamed third party beneficiaries to this Agreement. Without limiting the generality of the preceding sentence, this Agreement shall not affect any of the Receiver's rights and claims against any person or entity which is not a party to this Agreement.

33. United States Dollars. All dollar amounts described in this Agreement are in United States currency.

Dated: March 25, 2020

Violette Eleanor Mathis
Violette Eleanor Mathis, individually and as Trustee of the Mathis Revocable Trust dated November 4, 1998 and as Trustee of all trusts under the Mathis Revocable Trust dated November 4, 1998

Dated: March 25, 2020

CVM CORPORATION

By: Violette Mathis
Violette Mathis

Its:

Dated: March __, 2020

ROBB EVANS & ASSOCIATES LLC,
as Receiver for Ecological Fox, LLC, et al.

By: _____
Brick Kane
Its: President

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33. United States Dollars. All dollar amounts described in this Agreement are in United States currency.

Dated: March __, 2020

Violette Eleanor Mathis, individually and as Trustee of the Mathis Revocable Trust dated November 4, 1998 and as Trustee of all trusts under the Mathis Revocable Trust dated November 4, 1998

Dated: March __, 2020


CVM CORPORATION

By: _____
Violette Mathis

Its:

April
Dated: ~~March~~ *6*, 2020

ROBB EVANS & ASSOCIATES LLC,
as Receiver for Ecological Fox, LLC, et al.

By:  _____
Brick Kane

Its: President

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Certification of Trust
The Mathis Revocable Trust

The undersigned, being the sole and acting Trustee of the Mathis Revocable Trust, created under Declaration of Trust originally dated November 4, 1998 (as the same may have been amended from time to time, including without limitation the Third Amendment and Complete Restatement thereof dated October 4, 2013, the "Trust"; capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust), and as Trustee of all trusts under the Trust, declares and certifies that:

1. The original Grantors of the Trust were CLEO MATHIS and VIOLETTE MATHIS. CLEO MATHIS is deceased, leaving the undersigned, VIOLETTE MATHIS, as the sole surviving Grantor.
2. The undersigned is the sole duly qualified and acting Trustee of the Trust and all trusts created under the Trust, including without limitation the Survivor's Trust and the Exemption Trust.
3. The Trustee has all powers granted by law to administer the Trust and all trusts thereunder, including without limitation all of the powers permitted now or later conferred under California law, and also including the General Powers set forth in paragraph A of Article IV of the Trust, which paragraph is attached hereto as Exhibit A.
4. The Trust is in existence and in full force and effect under the laws of the State of California. The Survivor's Trust is revocable by the undersigned as the Surviving Spouse. All other trusts under the Trust became irrevocable upon the death of the Deceased Spouse, CLEO MATHIS.
5. No action has been taken by the Trust or the undersigned, whether as Surviving Spouse, Trustee or otherwise that would affect the Trust's status as a trust duly created, validity existing and in full force and effect under the laws of the State of California.
6. In accordance with Section 18100.5 of the California Probate Code, the recipient of this Certification may rely on the representations made herein.

The Trustee states that the above factual statements do not contain any untrue statement of any material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not materially misleading.

[Signature on following page]

IN WITNESS WHEREOF, the undersigned Trustee has herewith declared the foregoing under penalty of perjury as of _____, 2020.

Violette Mathis, Trustee

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
)
County of _____)

On _____, 2020, before me, _____, personally appeared VIOLETTE MATHIS, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal. (Seal)

Signature _____

EXHIBIT A
General Powers of Trustee (attached)

ARTICLE IV
POWERS OF TRUSTEES

The Trustees shall have the following powers with respect to any trust, in addition to those now or hereafter conferred by law. The enumeration of certain powers shall not limit the general powers of the Trustees, who shall have all the rights, powers and privileges that an absolute owner of the same property would have, subject to their fiduciary obligations, their duty to treat the beneficiaries fairly and equitably, and any restrictions and limitations set forth in this instrument.

A. **General Powers**

(1) To manage, control, sell at public or private sale (with or without notice), convey, exchange, partition, divide, improve and repair; to grant, acquire and exercise options and to sell upon deferred payments; to vote the stock of any corporation; to abandon property or any interest therein; to mortgage or lease for terms within or extending beyond the duration of any trust for any purpose including exploration for and removal of gas, oil or other minerals; to insure trust property; to enter into community oil leases; and to cause any property to be registered or held of record in the name of any corporate Trustee or in the name of its nominee.

(2) To retain property and to invest and reinvest such property as provided by law; to form any entity to hold trust property; to purchase or acquire any kind of real or personal property (from any person, including the Trustees and any beneficiary, the fiduciaries of any estate or trust, including an estate or trust of which a Trustee may be a fiduciary, provided, however, that any property purchased from any Trustee, beneficiary, estate or trust is purchased for adequate consideration), including corporate obligations, preferred or common

stocks, limited or general partnership interests, interests in limited liability companies and interests in any other entity (whether such investments are income producing or non-income producing and whether the Trustees have an interest in them); and to continue to hold, manage or operate any property transferred to the Trustees. The Trustees' investment performance shall be evaluated in light of their overall investment performance and not in light of any isolated investment.

(3) To borrow money for any trust purpose (from any person, including the Trustees and any beneficiary, the fiduciaries of any estate or trust, including an estate or trust of which a Trustee may be a fiduciary) upon such terms and conditions as the Trustees deem proper, provided, however, that any money borrowed from any Trustee, beneficiary, estate or trust bears a reasonable rate of interest and is adequately secured; and to obligate any trust for repayment; during the Grantors' joint lifetimes, to purchase and sell securities on margin; during the Grantors' joint lifetimes, to use any or all assets of the Community Estate as collateral for any loan on which either Grantor or any other person is the obligor and to guarantee the community obligations of both Grantors or any other person, to use any or all assets of either Grantor's Separate Estate as collateral for any loan on which such Grantor or any other person is the obligor, and to guarantee the obligations of such Grantor or any other person, provided, however, that any such action for the benefit of any person other than a Grantor shall require the written consent of either Grantor; during the Surviving Spouse's lifetime, to purchase and sell securities in the Survivor's Trust on margin, to use any or all assets of the Survivor's Trust as collateral for any loan on which the Surviving Spouse or any other person is the obligor and to use any or all assets of the Survivor's Trust to guarantee the obligations

of the Surviving Spouse or any other person, provided, however, that any such action for the benefit of any person other than the Surviving Spouse shall require the written consent of the Surviving Spouse; to encumber trust property for any obligation of the trust by mortgage, deed of trust, pledge or otherwise, using such procedures to consummate the transaction as the Trustees deem advisable; to lend money of any trust (to any person, including the Trustees, any beneficiary, the fiduciaries of any estate or trust, including an estate or trust of which a Trustee may be a fiduciary), upon such terms as the Trustees deem advisable, provided that any loan bears a reasonable rate of interest and is secured adequately; to place, replace, renew or extend any encumbrance upon any real or personal property; and to institute, compromise and defend actions and proceedings.

(4) To subdivide, develop or dedicate land to public use; to grant easements and adjust boundaries; to adjust differences in valuation on exchange or partition by giving or receiving consideration; and to dedicate easements to public use without consideration.

(5) To purchase United States Treasury Bonds that may be redeemed at par in payment of federal estate tax; to partition appropriate portions of the Community Estate into the Separate Estates of each Grantor to acquire such Bonds. Notwithstanding anything in this instrument to the contrary, if upon either Grantor's death any trust subject to federal estate tax contains any of such Bonds, the Trustees shall submit for redemption enough Bonds owned by the trust to pay in full the federal estate tax imposed by reason of such Grantor's death, without regard to the apparent adequacy of the assets comprising such Grantor's probate estate.

(6) To participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers and liquidations and, in connection therewith, to deposit securities with and transfer title to any protective or other committee under such terms as the Trustees deem advisable.

(7) Upon any division or partial or final distribution of any trust, to distribute property in undivided interests or in kind at equitable valuations determined by the Trustees, and to sell such property as the Trustees deem necessary to make any such division or distribution; and to make a non-pro rata division between trusts or shares and non-pro rata distributions to beneficiaries, as long as the respective assets allocated to separate trusts or shares or distributed to beneficiaries have equivalent or proportionate value.

(8) To employ and rely on accountants, appraisers, legal counsel and other experts; to employ agents, clerks and other assistants; and to remunerate any or all such persons and pay their expenses from the assets of the trust.

(9) To release or restrict the scope of any power in whole or in part by written instrument.

(10) To enter into any transaction on an arm's-length basis for adequate consideration between the trusts under this instrument and any beneficiary, whether or not such beneficiary is acting as a Trustee.

(11) To sell property to or purchase property from any other trust of which the Trustees are acting as fiduciaries on an arm's-length basis for adequate consideration. The Trustees shall not be required to give notice of the purchase or sale to any beneficiary except as may be required in any accounting submitted by the Trustees.

(12) To give to any person a power of attorney to enable such person to implement the Trustees' decisions or to perform all or any acts that the Trustees are permitted or required to perform under this instrument. A power of attorney granted under this subparagraph shall be valid if the Trustees' signatures are acknowledged before a notary public or witnessed by at least two Qualified Witnesses.

(13) Notwithstanding any other provision of this instrument, to postpone the distribution or division of any portion of the principal of the trust estate or any trust that is to occur upon the death of an individual pursuant to the terms of this instrument until the occurrence of the alternate valuation date for federal estate tax purposes in such individual's estate, or until such time as the Trustees have fully satisfied or adequately provided for all obligations payable from the trust estate, including all income, estate or generation skipping transfer taxes; and to make partial distribution at any time or times of the income or principal of any gift made under this instrument, retaining whatever reserves the Trustees determine to be necessary to meet such obligations. Nothing in this subparagraph shall be construed to reduce any beneficiary's rights under this instrument from the date such rights accrue.

(14) To register or qualify for exemption from registration interests in any business entity with any governmental agency or agencies; to participate in any such registration or qualification for exemption from registration; to apply for and to secure the approval of any governmental agency with respect to the sale of such interest; to sell such interest to the public or to private investors or to participate in the public or private sale of such interest; to enter into an agreement with respect to any such sale with any broker, investment banker or underwriter; to make such representations, warranties and indemnities

as are customarily given by a seller of such interest to any broker, investment banker or underwriter in connection with a firmly underwritten offering; to incur and to pay all expenses necessary or appropriate in connection with any such sale, registration or qualification for exemption from registration; and to take all other action necessary or appropriate to consummate any such sale.

(15) To retain the services of any investment advisor and to remove any investment advisor, subject to the standards for retention and removal imposed by the California Uniform Prudent Investor Act. If a corporate Trustee is acting as Trustee of any trust, such Trustee shall be required to retain the services of an investment advisor if directed in writing by the current beneficiary of such trust. The Trustees may delegate all or a part of their investment powers to the investment advisor. The fees of any such investment advisor shall be paid from the trusts employing such investment advisor, and the compensation paid to the Trustees shall be reduced appropriately. Except as provided in the California Uniform Prudent Investor Act, the Trustees shall not be liable for following the advice of any such investment advisor.

(16) To permit any current beneficiary of a trust to use any real or personal property owned by such trust; to acquire or retain real or personal property and allow such beneficiary to use and enjoy that property on a rent-free basis upon such terms and conditions as the Trustees determine to be a reasonable alternative to distributing the property from the trust so that such beneficiary may use and enjoy such property. Prior to permitting such use, the Trustees shall analyze the liability issues associated with such use and, based on the conclusions of their analysis, shall take such action as they determine to be appropriate to protect the trust assets from such liability to the

maximum extent possible. Such actions may include, for example, the purchase of additional insurance, the division of the trust estate into separate trusts or the contribution of the property to an entity with limited liability, such as a corporation or a limited liability company or partnership.

(17) To insure the property of any trust against loss; and to insure the Trustees of any trust (both personally and in the Trustees' fiduciary capacity), the Trustees' agents and, to the extent the Trustees determine to be appropriate, the beneficiaries against liability of any type arising from the administration of the trust estate (including liability for errors and omissions, personal injury, environmental contamination, hazardous waste, property damage and other sources of liability); and to pay for any such insurance as an expense of administration.

(18) In addition to the investment powers conferred above, the Trustees may acquire and retain investments not regarded as traditional for trusts, including investments that would be forbidden or would be regarded as imprudent, improper or unlawful by the California Uniform Prudent Investor Act, "prudent person" rule, "prudent investor" rule, or any other rule or law which restricts a fiduciary's capacity to invest. The Trustees, in the exercise of their sole discretion, may invest in any type of property, wherever located. In making investments, the Trustees may disregard any or all of the following factors:

(a) Whether a particular investment, or the trust investments collectively, will produce a reasonable rate of return or result in the preservation of principal.

(b) Whether the acquisition or retention of a particular investment or the investments of the trust estate collectively

are consistent with any duty of impartiality as to the different beneficiaries. The Grantors intend that no such duty shall exist.

(c) Whether the trust estate is diversified. The Grantors intend that no duty to diversify shall exist.

(d) Whether any or all of the investments of the trust estate would traditionally be classified as too risky or speculative for trusts. The entire trust estate may be so invested. The Grantors intend the Trustees to have sole discretion in determining what constitutes acceptable risk and what constitutes proper investment strategy.

The Grantors' purpose in granting the foregoing authority is to modify the California Uniform Prudent Investor Act, "prudent person" rule, "prudent investor" rule, or any other rule or law which restricts a fiduciary's ability to invest insofar as any such rule or law would prohibit any investment because of one or more factors listed above, or any other factor relating to the nature of the investment itself. The Grantors do this because the Grantors believe it is in the best interests of the beneficiaries of the trusts created under this instrument to give the Trustees broad discretion in managing the assets of the trust estate.

B. Determination of Principal and Income

The California Uniform Principal and Income Act shall govern beneficiaries' rights among themselves in matters concerning principal and income. If such Act contains no provision concerning a particular item, the Special Trustees shall determine what is principal or income and apportion and allocate, in their discretion, receipts and expenses between these accounts, and the provisions of such Act that permit adjustment shall be vested in the Special Trustees. Income