

In re Sanctuary Belize Litigation

Consumer Committee Meeting

Virtual Teleconference

November 17, 2022 | 3:30pm – 5:00pm ET

Attendees	
Name	Affiliation
Craig Hibbert	Consumer Committee Member
James (Jimbob) Slocum	Consumer Committee Member
Jodi Vance	Consumer Committee Member
Leslie Thomas	Consumer Committee Member
Lisa Daniels	Consumer Committee Member
Michele Weslander Quaid	Consumer Committee Member
Shawna Arop	Consumer Committee Member
Shryl Kirkbride	Consumer Committee Member
Benjamin Theisman	FTC
Marc Ferzan	Receivership Team
Rachel Woloszynski	Receivership Team
Terry Brody	Receivership Team

Agenda

- I. Redress Plan (or “Compensation Plan”) Update
- II. Receivership Update
- III. Consumer Committee Member Engagement

Meeting called to order at 3:30pm ET

I. Redress Plan (or “Compensation Plan”) Update

Claim Application Process:

- Following the October 27, 2022 launch of the Claim Application process, the collection and review of applications to establish eligibility of qualifying lot owners under the Redress Plan (or Compensation Plan) is well underway. As a result of the detailed requirements of the Compensation Plan and changes in circumstances in the lives of lot owners over the years, as well as changes in lot ownership interests, that impact Redress Plan determinations, it has been necessary to provide significant resources to support the submission of completed applications and address deficiencies across a wide range of ownership and transfer situations to meet the standards and timetables of the Redress Plan. In approaching the Claim Application process, the Receivership Team’s overarching goal has been to coordinate with the FTC to translate the specific Compensation Plan requirements into streamlined process steps to make things as understandable and user-friendly as possible for qualifying lot buyers in order to maximize participation in the program. In line with Compensation Plan requirements, this has included pre-populating Claim Application forms relative to the details of individual lot transactions based on information available in historical defendant company files, among other things.
- The Receivership Team will continue to provide assistance for Sanctuary Belize, Kanantik, and other potentially eligible buyers to enable and facilitate as many Compensation Plan participants to timely submit their Claim Applications as possible. We continue to be cognizant of inherent challenges that may influence Claim Application submissions, including things like:
 - Relevant lot purchases can date back more 10 years, and the substantial passages of time itself can generally influence engagement and participation;
 - Changes in personal circumstance for individual lot buyers and changes in ownership interests over the years can impact participation; and
 - Since company records at the Receivership Team’s disposal were prepared and maintained as part of a fraud scheme, that can create more uncertainty, process steps, and challenges in endeavoring to validate required Claim Application information.

Progress to Date:

- Based on a review of Claim Application submissions, pre-populated Claim Applications appears to have helped many lot buyers review and verify payment and lot information and submit Claim Applications relatively quickly. As of November 17, 2022, more than 800 Claim Applications have been submitted. While the Receivership Team has been encouraged by lot buyer engagement to date, the submission of more completed Claim Applications is expected before the December 12, 2022 deadline.
- As the Receivership Team has been engaging with lot buyers, we’ve seen several instances where underlying lot-related transaction records may be outdated, while other foundational records may be missing required information or non-existent. As a significant example, we have been alerted to a number of cases where lot buyers inform

of multiple lot purchases that are not clearly documented and/or reflected in defendant company records. Significant time is being allocated in working with lot buyers to investigate these claims and verify original purchase transactions, as well as subsequent lot histories.

- Practically, we remain aware that the Compensation Plan requirements may be more challenging for some lot buyers, and that relevant transaction records were created and maintained by the defendants amid a fraud scheme. As a result, the Receivership Team is working with several individuals to assist them in adding required information to their Claim Applications, correcting pre-populated information as may be necessary, or sorting through more complicated situations. The Receivership Team will continue to answer questions and provide hands-on assistance in these cases on an as-needed basis throughout the Claims Application process.
- As of November 17, 2022, the Receivership Team has directed approximately 3,000 Claim Application notices to individual lot buyers via email and mail. The Receivership Team also has engaged with over 850 individuals via email and phone in October and November to provide claims program guidance and application assistance.

Continued Outreach to Increase Participation:

- Consistent with Compensation Plan guidance, the Receivership Team is coordinating an outbound calling campaign to contact Sanctuary Belize and Kanantik buyers who have not yet registered their Unique ID and set up a Claim Application Portal account.
- Using email, mail, and telephone outreach in accord with the Compensation Plan requirements, the Receivership Team will remind lot buyers that the deadline to submit a completed Claim Application is December 12, 2022.
- The Receivership Team will continue to offer support to lot buyers, including by maintaining:
 - Resources on the Receiver's website, such as FAQs, Claim Application instructions, and additional guidelines;
 - A *Contact Us* resource found on Receiver website; and
 - A Claim Application Helpline that is available on weekdays from 8:00am ET - 6:00pm ET at 1-856-246-5171.

II. Receivership Update

Receiver's Progress Reports:

- The Receivership Team prepared and filed its quarterly report for the third quarter of 2022, which will be posted to the Receiver's website.
- Under the Court's August 18, 2022 Order, the Receivership Team has additional Compensation Plan steps to accomplish based on what has been authorized by the Court in connection with Sections II. through III.A. of the Plan. Moreover, the Receivership Team will prepare and submit a progress report, as required by the Court, in March of 2023 after eligibility notices are distributed. Generally, the progress report will provide detail about the Claim Application process, consumer participation, and program outcomes.

Operations & Maintenance:

- The Receivership Team coordinated with local management to prioritize safety of residents and staff during Hurricane Lisa, and to secure receivership assets at the Sanctuary Belize and Kanantik development areas in advance of landfall in an effort to mitigate damages. Impacts largely tied to flooding and downed trees were relatively contained.

Litigation Update:

- The FTC provided an update on the Opinion issued by the United States Court of Appeals for the Fourth Circuit (“Fourth Circuit”) on November 1, 2022. The Opinion largely affirmed the District Court’s judgments against the defendants and left the receivership intact. While the Fourth Circuit upheld the monetary judgments as part of the contempt order, the court did, however, vacate the equitable monetary judgments issued under Section 13(b) of the FTC Act based on the U.S. Supreme Court’s decision in *AMG Capital Management, LLC v. Federal Trade Commission*.
- Subsequently, on November 17, 2022, the FTC filed a Motion for Clarification or, in the Alternative, Petition for Panel Rehearing. In its motion, the FTC sought to confirm that the monetary aspects of the default judgments entered against John Usher and certain corporate appellants remained in effect. That motion remains pending before the Fourth Circuit.

III. Consumer Committee Member Engagement

- Engagement on issues raised by Consumer Committee members has generally been incorporated into the above meeting minutes.

Meeting adjourned at 4:50pm ET