February 25, 2021

The Honorable Peter J. Messitte
U.S. District Court
District of Maryland, Southern Division
6500 Cherrywood Lane, Suite 475A
Greenbelt, Maryland 20770

RE: *In re Sanctuary Belize Litigation*, No. 18-cv-3309-PJM (D. Md.)

Dear Hon. Peter J. Messitte,

Thank you for accommodating the Consumer Committee members' and owners' request for an extension to file their prospective documents. This "Owners' Plan" has been authored by the named Committee members and various fellow lot owners who have asked to provide input to the plan. We welcomed input from all lot owners. The owners are eager to see an alternative plan to the one put forward by the FTC on January 21, 2021 (**Document 1117**) that is more reasonable and equitable.

The Owners' Plan has two consumer compensation models – Option A and Option B. Option A follows a distribution model of "a percent cash back" on an owner's investment that mirrors that in the FTC's plan. This revolves around distributing the receivables equally among the owners based on the amount of their investment. All have witnessed the same amount of fraud but have vastly different levels of financial exposure. The Owners' Plan calls for the re-instantiation of the available but excluded contractual documents around obligations and entitlements for ownership. It also places any lot discounts in the hands of the future developer. The developer will be the only qualified entity to make those decisions at that time. Discounting lots now damages receivables, potentially irreparably, and would make the project less attractive to a prospective developer.

Option B still aligns with the FTC's objectives but takes into consideration the inequities the FTC has chosen to ignore in its modeling. If the insistence to enforce a discount plan for partially-paid owners is upheld, the Owners' Plan does several beneficial things:

- Employs a discount strategy capped at 25% as opposed to the FTC's 35%
- Attempts to close the gap in the disparity offered to one category over the others
- Acknowledges that some of the partially-paid owners will see little to no benefit on the discount allowance if they have paid above 65% of their original contract payments under the FTC's plan or 75% of their payments under the Owners' Plan.

The owners are placing their faith in the courts and your honor to take an active role in this process to ensure a reasonable and equitable plan is achieved. It is imperative that the FTC's plan not be rubber-stamped. It has been intimated that it may well be. The FTC's plan is heavily biased to favor a group of partially-paid owners and most definitely does not provide an equitable outcome for everyone. If the FTC's plan is approved as-is, the damage will be long-lasting to a group already besieged by years of deceit and ravaged by financial losses. We are willing to elaborate further on the merits of the Owners' Plan and welcome the chance to do so at a hearing. As this Owners' Plan and other plans have shown, better alternatives emerge when the owners -- the consumers defrauded -- have a say in their destiny. The ultimate outcome should be derived from a dialog between all parties who are financially vested over a monologue from a government entity that is not.

Respectfully yours,

Craig Hibbert
Sanctuary Representative

M. Weslander Quaid
Michele Weslander Quaid
Kanantik Representative

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Enclosure: Consumer Committee & Owner Response To FTC Redress Plan

Belize Consumer Committee and Owners Redress Plan

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND

FEDERAL TRADE COMMISSION Plaintiff, v. ECOLOGICAL FOX, LLC, *et al* Defendants.	)	Civil Action No. 18-cv-3309-PJM

BELIZE CONSUMER COMMITTEE & OWNERS REDRESS PLAN

TO: THE HONORABLE PETER J. MESSITTE, UNITED STATES DISTRICT JUDGE, TO THE PARTIES AND THEIR COUNSEL, AND OTHER PARTIES IN INTEREST:

INTRODUCTION

We believe that the FTC's proposed redress plan lacks critical information and is not equitable. For example, the FTC is not clear regarding whether the percentage cash back for redress will be the same or different for Kanantik and Sanctuary owner-claimants. The FTC's plan omits basic, fundamental tenets of any real estate transaction. An owner-claimant must commit to a "New Sanctuary" contract to get these details and then determine how they are personally impacted. Not providing these details renders any decision regarding what to do a flawed process. How are owner-claimants supposed to make an informed decision under these mysterious and restrictive conditions? It is impossible to make an informed choice when critical information upon which your choice should be based is not disclosed.

An owner-claimant must make a decision to continue with New Sanctuary (and sign a new contract) or withdraw from New Sanctuary (relinquish their lot and receive a percentage cash payment based on their investment to date and leave for good). Furthermore, the FTC's plan unequivocally favors a portion of the "partially-paid" lot owners at the expense of others who have paid over 65% or more of their contract price, which include some "partially-paid" and all "fully-paid" lot owners.

For example, with the FTC plan assume a \$100k lot price in all instances and an owner-claimant's agreement to continue on in New Sanctuary and not resell the lot for 5 years. Under the FTC plan, the lot qualifies for a 35% discount, resulting in a new lot price of \$65,000. Now consider the following owner-claimant situations:

A. Owner A has paid \$65,000 toward the original contract price and the new discounted lot price is now \$65,000, so they have now effectively paid in full.

B. Owner B has paid \$90,000 toward the original contract price and the new discounted lot price is now \$65,000, so they have now effectively overpaid by \$25,000, but they will not get any "overpayments" back.

C. Owner C has paid \$100,000 toward the original contract price and the new discounted lot price is now \$65,000, so they have now effectively overpaid by \$35,000, but they will not get any "overpayments" back.

In this case, all owners got a lot valued at \$100k, but Owner A paid \$65,000, Owner B paid \$90,000, and Owner C paid \$100,000. Should they wish to sell their lots after 5 years, Owner A could sell for \$65,000 and break even. If Owner B and Owner C sold for that price they would take losses of \$25,000 and \$35,000 respectively. In summary, someone who receives a bigger discount can undersell those who get little to no discount.

A TRULY EQUITABLE OWNERS' PLAN

A truly unbiased and equitable approach would be to create a model that gives the same compensation to all owner-claimants based on their investment in the project to date. There is much supposition regarding the true value of a lot. **The only tangible, consistent, and acceptable form of valuation is the price the consumer paid for the lot**. That was the fair value to each owner-claimant at the time of purchase or they would not have made their purchase, but the FTC ignores this. The fraud the FTC sought to correct by bringing this action is the same for all, and so should the terms of the redress.

Under the Owners' Plan, we consider two different owner-claimant compensation models. Option A is a straight percent cash back based on an owner-claimant's investment in the project. Option B is a mixture of compensation options and the owner-claimant can choose the most beneficial one for them. The Owners' Plan caps the maximum discount for any lot at 25% off the original contract price for if lots are discounted too much, the project will be unattractive to a developer due to insufficient receivables. In addition, we understand that the maximum cash back amount is limited by the money available for redress and, per the FTC's estimation, is expected to be no more than about 15% of what an owner-claimant has invested in the project.

The FTC and Receiver must fully disclose the current state of affairs and their intentions regarding Kanantik Belize before Kanantik lot owners are required to make a decision. All Kanantik Belize lot owners must be provided with the details of Sanctuary Belize in advance as this is an entirely different community, and they need full disclosure regarding that project so that they can decide which option is best for them.

We believe the Owners' Plan is more equitable for all owner-claimants. It requires the following steps. (Note that some specific actions are only in regard to Sanctuary Belize because we lack sufficient information from the FTC and Receiver to address Kanantik Belize):

1. Compensate the owner-claimants via **Option A** or **Option B** (described below)
2. Consolidate 100% of the original approximately 14,000 acres, including Sanctuary Caye but minus the lots that have been sold and paid in full, deeded to Sittee River Wildlife Reserve (SRWR).
3. Register the update of the SRWR Articles of Association (AOAs) with the Government of Belize (GOB).
4. Register the Restrictive Covenants, Conditions and Easements (RCC&Es) against all SRWR owned real estate, including lots that have not been paid in full.
5. Publish a Request For Proposals (RFP) to send to prospective developers. The RFP must identify minimum requirements for completing the infrastructure and a prioritized list of amenities.
6. Select and contract with one developer for the project. It may be beneficial to subcontract to other developers for different aspects of the development and the bridge.
7. After all of the above is completed, each owner-claimant will be offered the opportunity to continue with New Sanctuary or withdraw from New Sanctuary.
    a. Owners that have not yet paid in full who choose to withdraw will have no further obligations with respect to New Sanctuary and will not receive further distributions beyond what was received per #1 above.
    b. Existing "titled" lot owners that elect not to continue with New Sanctuary and do not become SRWR members, will not have access to any SRWR amenities and services, not be subject to the RCC&Es, nor will they receive any possible future distributions.

c. Owners that have not yet paid in full who elect to continue with lot payments in New Sanctuary, will resume making payments (interest-free for 10 years), become full and equal SRWR members, be subject to the SRWR RCC&Es, and be eligible to receive any possible future distributions.

d. Owners who have paid in full, who may or may not have the title to their land, that elect to continue with New Sanctuary, will become full and equal SRWR members, and be subject to the SRWR RCC&Es, and be eligible to receive future distributions.

e. Once the developers are on contract and construction has resumed, New Sanctuary will fully transition out of receivership and will then be under the oversight of the elected SRWR Board of Directors in accordance with the SRWR AOAs.

COMPENSATION OPTION A

Divide the resources currently held by the Receiver as described in the FTC's redress plan. Specifically, distribute the FTC's estimated percentage (~15%)[1] cash back to all lot owners based on the dollars they have invested to date in the project (including lot payments, interest, GST, etc.), but with no requirement to continue with New Sanctuary.

COMPENSATION OPTION B

Option B enables a partially-paid lot owner to enjoy cost avoidance in the form of a discount of up to 25% off the original contract price. It is also more equitable to partially-paid and fully-paid lot owners who are unable to benefit from cost avoidance in the form of a discount on their contract price.

[1] Note that 15% is the FTC's estimate for the amount of cash back that will be paid to owner-claimants based on their individual investments in the project, but the actual percentage could vary depending on the amount of cash available to make redress payments to owner-claimants. The FTC has admitted that the amount could be $0. Furthermore, the FTC has not clarified whether this would be the same or different for Kanantik and Sanctuary owner-claimants. Regardless, this will be referred to "FTC's estimated percentage."

The contract discount an owner qualifies for is based on the number of years the owner agrees to retain their lot.

- 1 year: 5%
- 2 years: 10%
- 3 years: 15%
- 4 years: 20%
- 5 years: 25%

Accordingly, each owner is afforded one of the following options:

1. Full Contract Discount / No Percentage Cash Back
    a. Contract Discount: maximum; the owner takes the full contract discount to avoid paying money
    b. Cash Back: none; the owner does not get any cash back because they get the benefit of tens of thousands of dollars in cost avoidance
2. Partial Contract Discount / Partial Percentage Cash Back
    a. Contract Discount: partial; the owner takes less than the maximum possible discount on their lot to avoid paying money
    b. Cash Back: partial; for every 5% the owner gets in a contract discount, the amount of the FTC's estimated percentage cash back decreases by $\frac{1}{5}$
    c. Example: A 5 year commitment entitles the owner to up to 25% discount on their lot price. If they apply only a 10% discount to the lot price, instead of the full 25% they were entitled to (based on a 5 year commitment), they will get $\frac{3}{5}$ of the FTC's estimated percentage cash back on what they have invested in the project.
3. No Contract Discount / Full Percentage Cash Back
    a. Contract Discount: none; an owner cannot benefit from any discount on their lot because they have already paid in full or, the new discounted lot price results in an overpayment situation.
    b. Cash Back:

i. The owner gets the full amount of the FTC's estimated percentage cash back on what they paid in to the project

ii. In addition, the owner gets ½ of the FTC's estimated percentage cash back on the delta between what they have already paid in compared to what would have been the new discounted contract price per the model

c. Example: A 5 year commitment entitles the owner to up to 25% discount on their lot price. If that owner already paid $100k toward the lot and the new discounted price would be $75k, they will get ½ of the FTC's estimated percentage cash back (e.g., ½ of 15% is 7.5%) on the delta of $25k ($1,875)

4. Release Lot Back to Inventory with No Further Obligation / Full Percentage Cash Back

a. Contract Discount: none

b. Cash Back: the owner gets the full amount of the FTC's estimated percentage cash back on what they have invested to date in the project

SUMMARY

This Owners' Plan acknowledges the loss of all owner-claimants and provides a more equitable solution to those in a variety of situations. It also recognizes that we want the development to be as attractive as possible to a future developer, who will want more lots to resell and will not want severely discounted lots (reduced receivables). Option A recognizes that the developer should be the one to decide how much lots are discounted as they are the ones who must adhere to the court-ordered requirements and stipulations. If there were to be significant lot discounts given now, the pool of potential interested developers would be significantly depleted.

If Option B wins out, we have provided an equitable approach for disbursements of the receivables and substantial discount to the partially-paid group to incent them to stay in the project. Though we have reduced the discount offered to the partially-paid group (compared to the FTC's plan), they still receive the best deal out of all of owners via a significant cost avoidance. This is done in order to ensure that the development has a higher chance of completion. It is pointless to have people choosing to retain a highly discounted lot in the project if there is nothing left to attract a developer to finish the project.

REQUIRED DISCLOSURES

There are many things the FTC and Receiver have not disclosed and have not agreed to disclose before requiring owner-claimants to make the decision to continue with or withdraw from New Sanctuary (and whatever option may be available for Kanantik). Much of what is being withheld is critical to making an informed decision. There must be full disclosure before owner-claimants are required to make a decision that has significant financial consequences.

There must be full disclosure by the FTC and Receiver regarding the state of Kanantik Belize and their plans for Kanantik and the options available to Kanantik lot owners in advance. Many Kanantik owner-claimants would prefer to keep their lot(s) in Kanantik and have that property developed, but it is not clear whether that is a viable option. In addition, all information about Sanctuary Belize must be provided to Kanantik lot owners given the FTC's proposal is to incentivize Kanantik lot owners to "swap" their Kanantik lot for a Sanctuary lot. Kanantik lot owners must know what type of lots they would be offered in Sanctuary, to include size and location, and whether there would be any increase in price for a Sanctuary lot before they are required to make a decision regarding what is best for them.

The Receiver's fees need to be reined in. An allowance of $500k should be set aside for them to assist with the monitoring and enforcement of the plan designed by the owners and consultants and executed by a future developer. Those restrictions will not be burdensome or overly restrictive so as not to deter a potential buyer.

All additional expenditures, including but not limited to HOA fees, dues, assessments, levies, taxation (outside government stated taxes) and any other cost that, if undisclosed, could have a negative impact on the wellbeing and future endeavors of the owners, must be disclosed prior to any decision being made. The Receiver has been paid handsomely to run the property for two years so the numbers should be known and must be disclosed.

Once all data is disclosed, each owner-claimant should be able to make a more informed decision.

CONCLUSION

We trust that the court recognizes that though the owners were given incomplete information and a very limited time to respond in opposition to the FTC's proposed redress plan, we have nonetheless worked to provide a framework for a plan that is more equitable to all owner-claimants. As more data is disclosed by the FTC and the Receiver, we will be able to refine the Owners' Plan based on that additional information. We appeal to the mercy of your honor to approve the Owners' Plan and to allow the owner-claimants to have a say in how the consumer redress is carried out and the future direction of the development in Belize. We will require and look forward to a true collaboration with the FTC and Receiver to do so.

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND

FEDERAL TRADE COMMISSION	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 18-cv-3309-PJM
	)	
ECOLOGICAL FOX, LLC, *et al*	)	
	)	
	)	
Defendants.	)	
	)	
	)	

CONSUMER COMMITTEE & OWNER RESPONSE To FTC REDRESS PLAN

TO: THE HONORABLE PETER J. MESSITTE, UNITED STATES DISTRICT JUDGE, TO THE PARTIES AND THEIR COUNSEL, AND OTHER PARTIES IN INTEREST:

Introduction

Several members of the Consumer Committee as well as many owners from Kanantik and Sanctuary who offer several different perspectives have had input to this response to the FTC's Redress Plan (Document 1117). This is a collective set of objections made by all concerned. While this is only a subset of the problems with the FTC's plan, for there are too many to address, it is perhaps some of the most egregious.

"Equitable But Not Perfectly Equal Treatment" (page 3 of 14)

The FTC Redress Plan does not emphasize that consumers' *opportunities for recovery correlate with their injury*. Instead, the FTC contrives mathematical hypotheticals and creates artificial numbers such as "seller deceptive price" in an attempt to sell the flawed plan to this

Court. <u>The only number that matters in any consistent redress calculation is the actual amount of money a consumer paid into the project per their original lot contract</u>. The owners disagree with the FTC that *"perfect equity is impossible."* Paying consumers a percentage of their actual investment in the development makes the most sense. There is nothing more equitable than that.

B. Defendants' Malfeasance Limits Redress Possibilities. (Page 4 of 14)

The FTC has known the scope of the losses since day one. It was broadcast at the press conference on 11/08/2018. Bemoaning those losses now and blaming the defendants does not alter the fact the FTC's plan is decidedly biased, inequitable, and damaging to certain classes of owners. The FTC states, "*This 'limited fund' exacerbates the problem facing the Court and FTC in many ways; for instance, it means that increasing the recovery of any particular lot purchaser or class of lot purchasers necessarily decreases the recovery another lot purchaser or class of lot purchasers will enjoy*." In their plan the FTC is redistributing the funds others paid and is using those funds as a discount vehicle to incentivize "partially-paid" lot owners to adopt their plan -- effectively buying votes with other owners' money and hurting the chances of completing the development.

II. The Redress Plan Involves Informational, Election, and Implementation Phases

B. During the Election Phase, Lot Purchasers Will Have a Clear Choice Between Remedies. (Page 5 of 14)

- The FTC plan does not present a "*Clear Choice*." The Committee has identified many items critical to owners making informed decisions that are not present in the FTC's plan. There must be full disclosure.

- Additionally, see the footnote on page 5, "*Pro rata distribution means eligible consumers will recover cash proportional to their lot payments <u>relative</u> to other eligible consumers.*" Distributions should not be determined relative to "*other eligible consumers*". The only accurate and consistent metric for redress is the actual amount of money a consumer paid into the project to date. What "Consumer X" paid for their lot has no bearing on what "Consumer Y" paid. Mixing the two culminates is a redistribution of assets, which is by no means equitable. Another way to look at this is every dollar an owner paid in should be treated like a share, and each owner should receive a dividend according to the amount of shares they have."

- **No Downside To Participation**. (Page 8 of 14)

"*The FTC strongly recommends that lot purchasers participate*" by opting in to the FTC's proposed Redress Plan. This is the only way their plan can "work", take value from the "fully paid" class of owners and redistribute it to another group. How has the fraud been mitigated for the "fully paid" owners in this model? This is in no way equitable. Furthermore, the FTC does not account for the possibility of the "fully paid" group opting out and keeping their land anyway. That could be 575 lots.

IV. The Redress Plan Contains Additional Features That Address Certain Difficult Issues

- **Constructive Trust** (Page 9 of 14)

Footnote 10 states, "*The Redress Plan is broader because it includes significant additional assets the FTC and Receiver have recovered from other Defendants and Relief Defendants.*"

The vast majority of the recovered assets in this matter are from Atlantic International Bank (AIB). The point of these monetary recoveries is to benefit the victims. The victims with the most to lose are the "fully-paid" consumers for they have paid the most and lost the most and are the most at risk. The FTC states that the "fully-paid" owners are "misguided" for understanding the FTC plan to be detrimental to them. The real numbers show that owners' feelings are very accurate (see Appendix A). Furthermore, despite what may have been good intentions by the FTC, their action against AIB actually harmed consumers they intended to help. Many owners have reported losing up to 50% of their assets as a result of the FTC action against AIB. Those owners (in both Sanctuary and Kanantik) were victimized by the fraud perpetrated by the defendants. As a result of the FTC action against AIB, those owners were victimized again by losing 50% of their holdings in the bank. If that was not bad enough, they were victimized a third time with the FTC Redress plan, which harms "fully-paid" owners.

V. The Redress Plan Properly Prioritizes Actual Loss Over Percentage Paid. (Page 10 of 14)

The title of this section is a misnomer and the arguments disingenuous. The FTC plan revolves around the percentage paid in, until you reach the point of diminishing returns. It is vital that consumers understand that it is not just those who have fully paid that are removed from the compensation formula. Those who have paid in more than the amount of the new discounted lot price also fail to receive any additional benefit.

In excluding the duration of the investment, inflation against the purchase value and lost income revenue (in the form of an opportunity cost), it is the FTC that is misguided in failing to comprehend the basic fundamentals of investment principles and provide a truthful perspective to the court of what they are really doing. The "Time Value of Money" is used in all investment models, mortgages, speculation, present value of a future asset, bond purchases with the yield discounted from par, leasing, even the state of MD uses time value of money for lump sum lottery calculation payouts, yet this most basic principle in the finance world is conspicuously absent from the FTC model. Providing that detail (as the owners have done) exposes the FTC's gaps and presents a more accurate representation of the damage being done to the "fully paid" group. (See Appendix A models - "How Much Have You Really Lost By Fully Paying?")

(Page 11 of 14) – "*Second, focusing on those consumers that partially-paid for their lots ignores the corresponding risk such consumers may have to assume—many such consumers will have to invest additional money without any guarantee.*"

- That *"corresponding significant risk"* has unequivocally been suffered by the "fully-paid" group, in some cases more than a decade ago. They have had the highest exposure for the longest time and have lost the most (a legitimate fear articulated by the FTC's own statement) *"Assuming the lots are worthless – which is possible"*

"Third, a proposal that links compensation to a percentage-paid analysis creates arbitrary results. This is because the fraud tainting the defendants' original contract prices rendered those prices untethered to anything beyond amounts the defendants thought they could collect."

- This is how business works. Items are sold for the most the seller thinks they can get for their product. Those owners agreed to pay that amount for their lot(s) and this is the only constant in play. It had nothing to do with what others paid at the time of purchase and it has nothing to do with what the lots are valued at today. The issue here is equitable compensation based on the amount of money a lot owner actually put into the project.

(FTC notation 11, (Document 1117 Page 11) *The costliness of risk is demonstrated by the fact that riskier investments, compared to less risky investments, typically sell for a lower price or offer a* ***higher average rate of return.***

- If anything, "fully-paid" owners should get a higher percentage of recovery because of the greater investment and associated risk they take. The FTC's plan suggests that risk is higher for the "partially-paid" group. How can that be? The fraud has supposedly stopped, and the "partially-paid" owners have not invested as much money as the "fully-paid" consumers have. The "partially-paid" owners have a choice to continue whereas the "fully paid" owners do not. The "partially-paid" will also avoid having to pay the full purchase price due to the FTC offering significant discounts as incentives with other owners' money. The FTC argument is unsubstantiated and without merit. Common sense and basic math do not support the FTC's capricious statements.

- Under the FTC plan, the "partially-paid" owners benefit far more than anyone else because they get the same percentage cash distribution (as "fully-paid"), plus up to an additional 35% discount on the lot with a 10-year interest-free payment plan. The FTC offers these incentives in an attempt to get partial consumers to "opt-in" and unfairly prioritize a section of the "partially-paid" owners at the expense of others.

Fourth, although there are theoretical, unlikely scenarios in which a fully-paid consumer will fare worse than a partially-paid neighbor with an identical lot, there are also theoretical scenarios in which the same fully-paid consumer will fare better than a neighbor who owes a *balance on an identical lot. It simply depends on how much Defendants charged for the (theoretical) identical lot, which is arbitrary:*

- The FTC's hypothetical examples and explanations around Arthur, Bertha, and Cristobal ignore the fact that Arthur has borne the most risk for the longest time, has a fully sunken cost, and has already effectively "opted-in" (by being "fully paid"). Arthur has the greater potential loss which is significantly greater than either Bertha or Cristobal who will have lost a fraction of the money Arthur has if they chose to leave. Arthur, Bertha, and Cristobal all agreed to pay the price they did for the lot. Regardless of the model the FTC wants to invoke now, no one forced them to either buy at all or to buy at those prices. Maybe Cristobal bought five (5) years after Arthur. Maybe Arthur and Bertha are better negotiators than Cristobal. Maybe the fact that Arthur and Bertha paid in full got them the discount which would explain the difference in price. <u>The redress plan needs to focus on compensating actual monies invested, not perceived ones</u>. Furthermore, if Cristobal had paid in full, the loss would have been more devastating and would not support the FTC's argument. (*See 'Key Mathematical Data Points Not Considered By FTC'* **on page 10)**

FTC Footnote – page 12 - 13 - *Importantly, various conceptual ways to reduce this particular theoretical imbalance will necessarily make remaining in New Sanctuary a less attractive option for non-fully paid lot purchasers, which is a result that strongly cuts against lot purchasers' collective welfare.*

- The "fully-paid" owners, who experienced the same fraud as the "partially-paid" owners, should not have to foot the bill to keep some of the "partially-paid" owners engaged in the project. In the **Belize Consumer Committee and Owners Redress Plan**, filed with the court the "partially-paid" lot owners still receive heavier discounts and incentives beyond any other class of owner but it is not at the expense of the other groups in contrast to the FTC plan.

AREAS SUPPORTING DISCRIMINATION AGAINST FULLY PAID OWNERS

- The FTC's plan targets a single classification of owners that it deems (incorrectly) are wealthy enough to withstand another financial blow in this protracted saga. Clearly, this is a re-distribution of monies from one group to another and executed under the guise of an equitable solution. This would result in an unequitable burden not shared by any other classification of lot purchaser. It is the antithesis of the FTC's claim of "*not favoring one group over another*."

- The FTC stated during the trial that "owners were buying lots as far back as 2010." The "Time Value of Money" becomes a factor here -- monies invested in Kanantik and/or Sanctuary were done so at the opportunity cost of other investment vehicles. Conversely, other groups who could not afford or chose not to pay off their lots were able to retain their assets and draw revenue from them.

- It is the "fully-paid" group that took the most risk and, thus, should not be punished for simply adhering to the terms of their deal. This class of lot owners had the wherewithal or otherwise found a way (e.g., using savings or liquidating other assets) to pay for their commitment—this financial sacrifice should not be used as a sword against them or be a tool the FTC now uses to exclude "fully-paid" owners from compensation they are rightly due.

- At the suggestion of the defendants, "Self Directed 401Ks" were used as an option to fund the purchase of lots. Those retirement monies are gone and those lot purchasers were potentially subjected to taxable penalties. The other groups may have exposure to this method but the losses are likely limited as compared to the burden carried by the "fully-paid" group.

- The FTC has asserted to the consumers numerous times that "*unless the purchase price was lowered or all amenities were provided, the fraud would continue*." The FTC's plan results in the "fully-paid" class of lot owners being punished twice—defrauded by the defendants and now excluded by the FTC.

- The FTC admits that any "pro-rata distribution" may be nothing because there may be no funds to distribute in the end. If that is the result, the "fully-paid" group will see no compensation at all and the only group that would get any compensation would be some of the "partially paid" group via a cost avoidance.

- The "fully-paid" group does not share in any of the benefits yielded from negotiations and protections the FTC has arranged with the Government of Belize, yet those owners are expected to pay for it. Requests have been made to standardize the taxation on lot purchases and not artificially inflate the valuation of the land (which has happened to fully paid members). This is a positive move by the FTC. However, many in the "fully-paid" group have already suffered that burden alone, paying tens of thousands of dollars more in taxation in excessive land evaluations, far more than what was paid for the lot. This is another burden incurred by the "fully-paid" and "titled" group not shared by the others.

- The "fully-paid" group has lost the assistance provided by the FTC on obtaining titles, many of us spending thousands of dollars over several years to obtain them.

KEY MATHEMATICAL DATA POINTS NOT CONSIDERED BY FTC

The objective mathematical data is clear and does not require an analysis of contrived metaphors or a color glossy brochure to sell it to the populus.

Sanctuary has 474 "paid-in full" lots[1] yielding \$77,346,642.82 in revenue. That is an average lot cost of \$163,179. The inflation for the last decade was recorded as 1.75% (not subjective). The average 'blended asset classes portfolio' rate of return of the last 5 years was 0.0752% and for the last 10 years 0.0915% (see JP Morgan Data in Appendix A)

As stated above, these elements are essential in calculating any investment that has "time" associated with it. When these two metrics are considered, there is another \$14,787 additional loss in inflation and a staggering loss in interest income of \$88,990 over a 5-year period to a "fully-paid" owner who purchased a single lot in 2016 at the average price point. That means the average price of \$163,179 is really \$252,170 for a "fully-paid" owner. The cost is more if you take into account that the asset (the lot, in this case) has depreciated in value from the purchase price as most would agree they have.

There are tectonic differences in the actual price paid by two different groups of owners with the same lot price. This is not equitable.

[1] *Data provided by Robb Evans on February 2nd, 2021. In full disclosure, these numbers were reported as "not perfect" based upon the defendants recording keeping (or lack thereof).*

Group Type	Avg Lot Price	FTC Discount	Total Cost - Owner
Partially Paid	$163,179	35%	$106,066
Fully Paid	$163,179	0%	$252,170

In a specific real life example (image below), an owner purchased a lot in 2006 (15 years ago) and paid $72,100. 15 years later, that owner has a loss of $232,302.10 when you consider inflation and lost interest income. This model does not take into consideration any depreciation of the lot value, which is surely the case.

Inflation Adjusted Return Calculator

	:	**Amount**
Present Value of Fully Paid Lot Owner	:	**$72,100**
Time Period (Years)	:	**15**
Rate of Inflation during last Decade	:	1.75%
Deflated Value of Money In Given Time Period	:	**$21,430**
Inflation adjusted price of your Investment is now $50,670 in 15 Years	:	**$50,670**

The above does not include any other devaluation in the asset that occurred over same time period

Lost Investment Revenue (Opportunity Cost)

Lot Data Points		**Amount**
Investment Amount	:	**$72,100**
Rate of Return p.a.	:	**9.15%**
Investment Period (Years)	:	**15**
Inflation Adjusted Return	:	**$21,430.13**
Total Value of an Alternative Investment Over Same 15 Year Period @ 0.0915		**$282,971.97**
Interest Income Lost (compounded monthly for) 15 Years	:	**$210,871.97**
Loss of Investment Income As a Fully Paid (Included Inflation)	:	**$232,302.10**

That gross revenue number, $77,346,642.82, represents 77.3% of the money the FTC alleges was the subject of the defendants' fraud. That money came from the people the FTC has targeted to receive no discount on the lot purchase price of their land. It could be argued that the "fully-paid" group should be entitled to 77.3% of receivables and split that money between them. However, because that result would not be equitable, the "fully-paid" group of lot owners is not requesting that. This exercise demonstrates the inequity of the FTC's approach and highlights the fact that the owners can arrive at a more equitable plan on their own (reference the **Belize Consumer Committee and Owners Redress Plan**). People with nothing invested in this project should not be telling the people who have millions invested what is best for them. The FTC's plan ignores the fact that providing no lot discount compensation to a group of aggrieved lot owners that are responsible for 77.3% of the total amount taken in by the defendants' fraud is also inequitable.

<u>Conclusion</u>

Ignoring the voices and direction of the Committee—when it was created for precisely that reason—evidences the FTC's motives to push through its plan as opposed to creating a plan that is equitable for all classes of aggrieved lot owners. The Court, and all owners should reject the FTC's plan, require full disclosure, and allow all lot owners to have input and options moving forward. The Court should compel the FTC to engage in meaningful dialog with the Committee to achieve an equitable plan for all lot owners. The information being withheld by the FTC should be released to the owners such that they can all make informed decisions. It is the lot owners' money that is being spent to fund the Receiver. The lot owners should be heard, their input considered, and their concerns heeded—that is what equity dictates.

APPENDIX A - Financial Model

How Much Have You Really Lost Over 5 years

How Much Have You Really Lost By Fully Paying?

Lot Model Base Price = $125,000

Inflation Adjusted Return Calculator	
Lot Data	**Amount**
Present Value of Fully Paid Lot Owner	$125,000
Time Period (Years)	5
Rate of Inflation during last Decade	1.75%
Deflated Value of Money In Given Time Period	$11,327
Inflation adjusted price of your Investment is now $113,673 in 5 Years	$113,673

The above does not include any other devaluation in the asset that occurred over same time period

Lost Investment Revenue (Opportunity Cost)	
Lot Data	**Amount**
Investment Amount	$125,000
Rate of Return p.a.	7.52%
Investment Period (Years)	5
Inflation Adjusted Return	$11,327.07
Total Value of an Alternative Investment Over Same 5 Year Period @ 0.0752	$181,842.42
Interest Income Lost (compounded monthly for) 5 Years	$56,842.42
Loss of Investment Income As a Fully Paid (Included Inflation)	$68,169.49

How Much Have You Really Lost By Fully Paying?

Lot Model Base Price = $250,000

Inflation Adjusted Return Calculator	
Lot Data	**Amount**
Present Value of Fully Paid Lot Owner	$250,000
Time Period (Years)	5
Rate of Inflation during last Decade	1.75%
Deflated Value of Money In Given Time Period	$22,654
Inflation adjusted price of your Investment is now $227,346 in 5 Years	$227,346

The above does not include any other devaluation in the asset that occurred over same time period

Lost Investment Revenue (Opportunity Cost)	
Lot Data	**Amount**
Investment Amount	$250,000
Rate of Return p.a.	7.52%
Investment Period (Years)	5
Inflation Adjusted Return	$22,654.14
Total Value of an Alternative Investment Over Same 5 Year Period @ 0.0752	$363,684.85
Interest Income Lost (compounded monthly for) 5 Years	$113,684.85
Loss of Investment Income As a Fully Paid (Included Inflation)	$136,338.99

How Much Have You Really Lost By Fully Paying?

Lot Model Base Price = $375,000

Inflation Adjusted Return Calculator	
Lot Data	**Amount**
Present Value of Fully Paid Lot Owner	$375,000
Time Period (Years)	5
Rate of Inflation during last Decade	1.75%
Deflated Value of Money In Given Time Period	$33,981
Inflation adjusted price of your Investment is now $341,019 in 5 Years	$341,019

The above does not include any other devaluation in the asset that occurred over same time period

Lost Investment Revenue (Opportunity Cost)	
Lot Data	**Amount**
Investment Amount	$375,000
Rate of Return p.a.	7.52%
Investment Period (Years)	5
Inflation Adjusted Return	$33,981.21
Total Value of an Alternative Investment Over Same 5 Year Period @ 0.0752	$545,527.27
Interest Income Lost (compounded monthly for) 5 Years	$170,527.27
Loss of Investment Income As a Fully Paid (Included Inflation)	$204,508.48

How Much Have You Really Lost By Fully Paying?

Lot Model Base Price = $500,000

Inflation Adjusted Return Calculator	
Lot Data	**Amount**
Present Value of Fully Paid Lot Owner	$500,000
Time Period (Years)	5
Rate of Inflation during last Decade	1.75%
Deflated Value of Money In Given Time Period	$45,308
Inflation adjusted price of your Investment is now $454,692 in 5 Years	$454,692

The above does not include any other devaluation in the asset that occurred over same time period

Lost Investment Revenue (Opportunity Cost)	
Lot Data	**Amount**
Investment Amount	$500,000
Rate of Return p.a.	7.52%
Investment Period (Years)	5
Inflation Adjusted Return	$45,308.28
Total Value of an Alternative Investment Over Same 5 Year Period @ 0.0752	$727,369.69
Interest Income Lost (compounded monthly for) 5 Years	$227,369.69
Loss of Investment Income As a Fully Paid (Included Inflation)	$272,677.97

Average Lot Price

How Much Have You Really Lost By Fully Paying?

Lot Model Base Price = $163,179

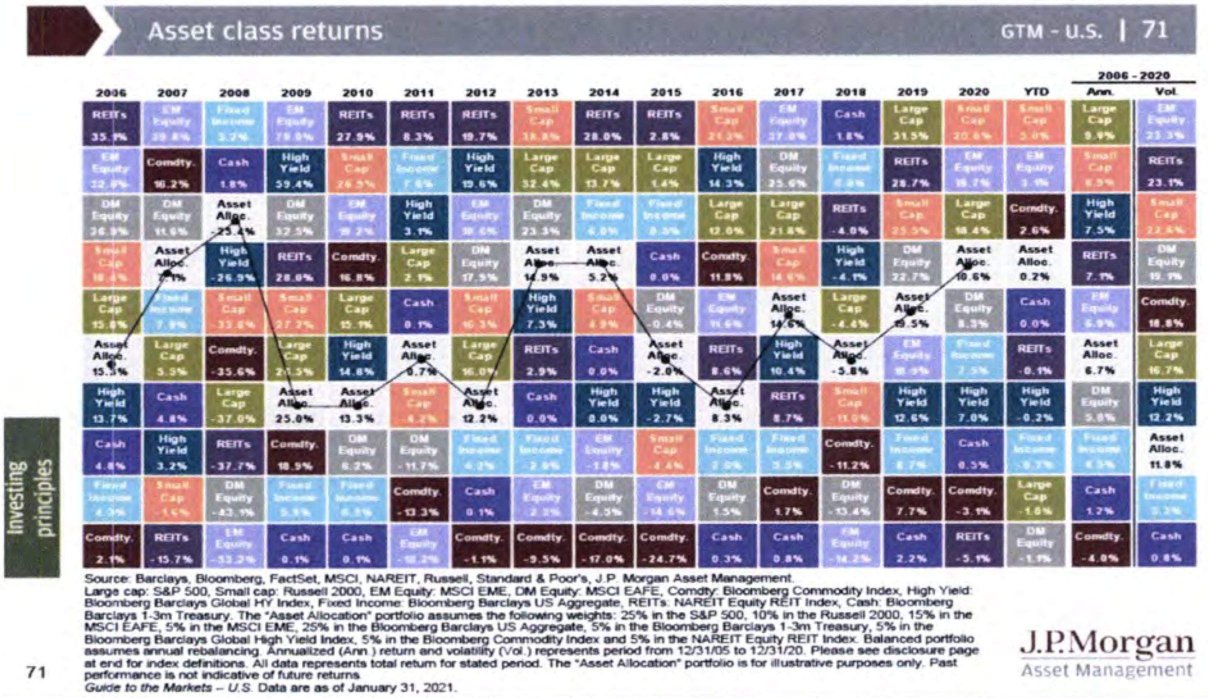
Inflation Adjusted Return Calculator	
Lot Data	**Amount**
Present Value of Fully Paid Lot Owner	$163,179
Time Period (Years)	5
Rate of Inflation during last Decade	1.75%
Deflated Value of Money In Given Time Period	$14,787
Inflation adjusted price of your Investment is now $148,392 in 5 Years	$148,392

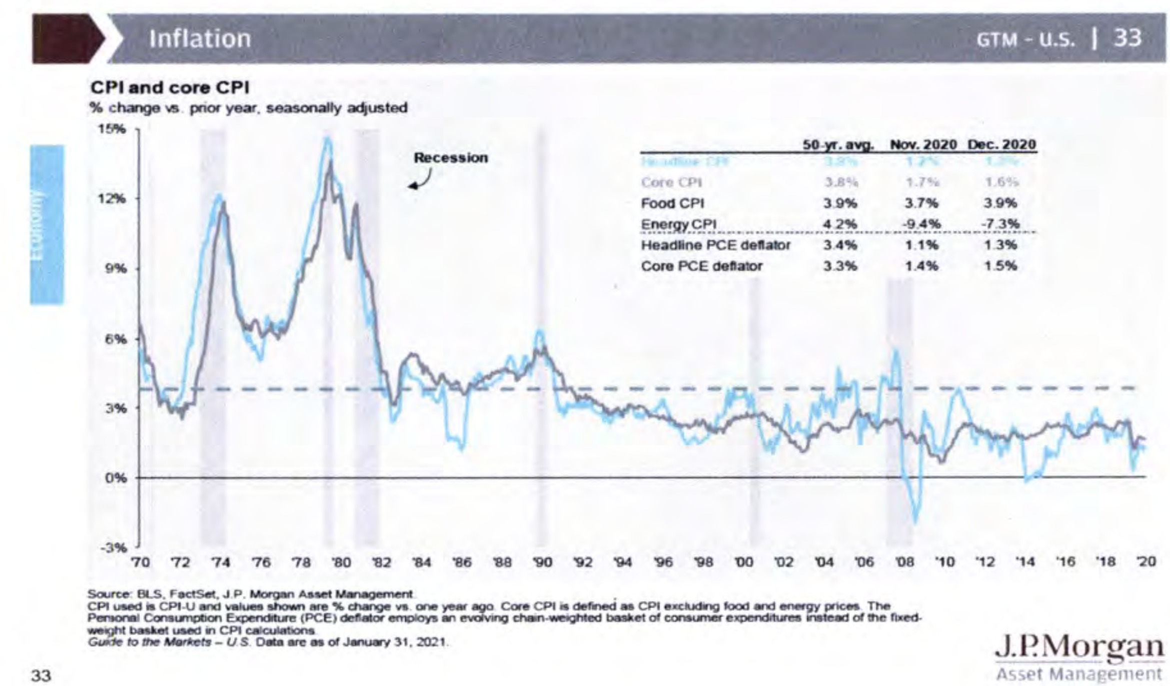
The above does not include any other devaluation in the asset that occurred over same time period

Lost Investment Revenue (Opportunity Cost)	
Lot Data	**Amount**
Investment Amount	$163,179
Rate of Return p.a.	7.52%
Investment Period (Years)	5
Inflation Adjusted Return	$14,786.72
Total Value of an Alternative Investment Over Same 5 Year Period @ 0.0752	$237,382.92
Interest Income Lost (compounded monthly for) 5 Years	$74,203.92
Loss of Investment Income As a Fully Paid (Included Inflation)	$88,990.64

Blended Asset Classes Portfolio - Rate of Return

Source - J.P Morgan Chase - Guide to the Market - https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/





APPENDIX B - FTC Redress Plan Omissions

- Disclosures concerning the terms for the Sanctuary Restrictive Covenants, Conditions and Easements (RCC&Es). The FTC's plan minimizes the RCC&Es and lacks any discussion of them.
- Disclosures concerning the Sanctuary Articles of Association, the governing document regarding the land itself yet the FTC omits them entirely.
- Details concerning the intended amount or scope of HOA dues. What will they be used for? Who must pay them and to whom are they paid? When and how are they collected? Where will the HOA be incorporated?
- Details concerning "Assessments" or the caps of those assessments. What will these monies be used for" Who pays them and to whom are they paid? Are they the same for everyone? Do they differ based on the location of your property?
- Consideration of what happens if no buyer (for Kanantik and/or Sanctuary) is found? What, exactly, have the owners who opted in agreed to? How long can the project last?
- Consideration of what happens if an owner has an unencumbered lot now – are they forced to take the terms of the new arrangement without knowing them?
- Consideration of what happens if all "474 fully paid" lot owners from Sanctuary, plus the 101 "fully paid" lot owners from Kanantik decide to leave (there is no incentive to stay) and keep the land they have paid for in full (and have or will get title) and "opt-out". They still own their lots, just deciding not to accept a "yet to be determined" set of covenants? Can Sanctuary survive with half the lot owners opting out?
- The state of Kanantik Belize, plans for Kanantik, and options available to Kanantik lot owners. Many Kanantik owner-claimants would prefer to keep their lot(s) in Kanantik and have that property developed, but it is not clear whether that is a viable option. In addition, all information about Sanctuary must be provided to Kanantik lot owners given the FTC's proposal is to incentivize Kanantik lot owners to "swap" their Kanantik lot for a Sanctuary lot. Kanantik lot owners must know what type of lots they would be offered in Sanctuary, to include size and location, and whether there would be any increase in price for a Sanctuary lot.

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