

## **In re Sanctuary Belize Litigation**

Consumer Committee Meeting

Virtual Teleconference

April 27, 2023 | 3:30pm – 5:00pm ET

<b>Invitees</b>	
<b>Name</b>	<b>Affiliation</b>
Craig Hibbert	Consumer Committee Member
James (Jimbob) Slocum	Consumer Committee Member
Jodi Vance	Consumer Committee Member
Leslie Thomas	Consumer Committee Member
Linda Ozminkowski	Consumer Committee Member
Lisa Daniels	Consumer Committee Member
Michele Westlander Quaid	Consumer Committee Member
Shawna Arop	Consumer Committee Member
Shryl Kirkbride	Consumer Committee Member
Benjamin Theisman	FTC
Marc Ferzan	Receivership Team
Mike Schultz	Receivership Team

### **Agenda**

- I. Receivership Update
  - a. April 20, 2023 Status Conference Concerning Receiver Recommendations Reflected in March 9, 2023 Progress Report
- II. Other Court Proceedings
  - a. Diaz-Cueto / Bella Mar Estates, Ltd. Matter Settlement
  - b. Federal Criminal Indictment of Andris Pukke
- III. Consumer Committee Member Feedback / Questions

Meeting called to order at 3:30 p.m. ET

## **I. Receivership Update**

### April 20, 2023 Status Conference Concerning Receiver Recommendations Reflected in March 9, 2023 Progress Report

- In connection with the recommendations made in the Receiver's March 9, 2023 Redress Plan Progress Report & Receivership Update ("Progress Report"), and upon the request of the Receiver (and the FTC's joinder in the request), the U.S. District Court for the District of Maryland (the "Court") convened a Status Conference hearing on April 20, 2023 to further consider those recommendations and next steps relative to consumer redress.
- Section VIII of the Progress Report outlined the recommendations presented for the Court's consideration. As stated in the Progress Report, the Receivership Team believes that the recommendations can enable process efficiencies, achieve cost savings, and better inform consumer choices.
- During the April 20<sup>th</sup> Status Conference hearing, the Court considered the additional information presented by the Receiver and Counsel, and also heard from the other parties, to evaluate whether the Receivership could proceed with respect to the following three primary areas, as recommended in the Progress Report:
  - Distributing initial redress payments to Sanctuary Belize consumers;
  - Commencing marketing activities in connection with the Belize land and other assets; and
  - Offering consumers certain lot-related options via a binding online survey.
- After hearing from the parties, the Court indicated that it was amendable to authorizing the Receiver's recommendations and directed that the Receiver's counsel submit a proposed form of order to authorize the next steps of redress administration accordingly.
- The Receiver submitted a proposed form of order pursuant to the Court's request on April 28, 2023, and the parties will have the opportunity to respond by May 5, 2023, with any reply from the Receiver being due by May 12, 2023.

## **II. Other Court Proceedings**

### Diaz-Cueto / Bella Mar Estates, Ltd. Matter Settlement

- On August 12, 2021, the Receiver filed a complaint against Jorge Diaz-Cueto and Bella Mar Estates, Ltd. ("Bella Mar") (collectively, the "Defendants") seeking to recover monies based on claims that included breach of contract and fraudulent transfer in connection with Newport Land Group, LLC's ("NLG") attempt to acquire certain property in The Bahamas from Bella Mar.
  - NLG, which was one of the shell companies operated by the Sanctuary Belize defendants, was previously placed into the receivership by the Court.
- The complaint alleged that the payment made by NLG to Bella Mar for the subject property came from misappropriated funds from Sanctuary Belize lot purchasers.

- Following the Receivership Team’s careful analysis of the matter with counsel -- which factored in, among other things, the benefits of resolving the case compared to the costs of taking the case to trial -- the parties entered into settlement negotiations resulting in the Defendants agreeing to pay \$350,000 to resolve the matter.
- On April 7, 2023, the Receiver filed a motion seeking court approval of the settlement on the basis that it is fair, reasonable and beneficial to the Receivership estate. By order dated April 20, 2023, the Court approved the settlement.
- Defendants have paid the court-approved settlement amount of \$350,000 to the Receivership estate, and the matter is now fully resolved.

#### Federal Criminal Indictment of Andris Pukke

- On or about April 5, 2023, a two-count federal indictment charging defendant Andris Pukke was unsealed in New York. In connection with the criminal charges, Mr. Pukke was arrested on the same day in southern California.
- The indictment alleges in Count 1, Wire Fraud (in violation of Title 18, United States Code, Sections 1343 and 2); and in Count 2, Unlawful Monetary Transactions (in violation of Title 18, United States Sections 1957 and 2) in connection with Sanctuary Belize-related conduct that was alleged to have occurred between in or about 2011, to in or about 2018.
- The prosecution of the case against Mr. Pukke is being handled by the U.S. Attorney’s Office for the Southern District of New York and the FBI.

### **III. Consumer Committee Member Feedback / Questions**

- Engagement from Consumer Committee members was addressed by the Receivership Team members and the FTC, and is generally incorporated into the above meeting minutes.

*Meeting adjourned at 4:59 p.m. ET*