

In re Sanctuary Belize Litigation
Quarterly Consumer Committee Meeting
Virtual Teleconference
September 28, 2023 | 3:30pm – 5:00pm ET

Invitees	
Name	Affiliation
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
Christopher Erickson	FTC
Marc Ferzan	Receivership Team
Mike Schultz	Receivership Team
Rachel Woloszynski	Receivership Team

Agenda

- I. Progress Following June 14, 2023 Court Order Authorizing Consumer Redress Initiatives
- II. Feedback from Representative Investors / Developers under the “RFI” Process
- III. Other Court Matters
- IV. Consumer Committee Meeting Schedule

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

I. Progress Following June 14, 2023 Court Order Authorizing Consumer Redress Initiatives

Redress Initiatives under the June 14th Order

- As discussed at prior Consumer Committee meetings, on June 14, 2023, the United States District Court for the District of Maryland (the “Court” or “District Court”) entered an **Order** approving the next phase of consumer redress across three primary areas:
 1. Administration of the first round of redress payments for eligible Sanctuary Belize consumers;
 2. Initiating activities to enable the marketing and potential sale of Belize land assets, including Request for Information (“RFI”) and Request for Proposal (“RFP”) processes; and
 3. Surveying all eligible consumers concerning three available lot election choices.
- **First Round of Redress Payments:** The June 14th Order directs the Receivership Team to **distribute the first round of \$10 million allocated in redress payments to eligible consumers who contracted for Sanctuary Belize lots.**
 - On August 16, 2023, the Receivership Team directed redress payments to eligible Sanctuary Belize lot purchasers. Approximately 1,200 checks were mailed totaling approximately \$9.9m. The balance of the \$10m not yet distributed relates to a pending motion before the Court concerning certain post-November 6, 2018 lot transaction claims and other unique claimant matters.
 - As of September 22, 2023, approximately \$7.9m has been transferred in redress payments to eligible consumers.
- **Belize Land Marketing Initiative / RFI information gathering Process:** Under the June 14th Order, the Receivership Team was directed to engage in an information gathering process with representative investors / developers to **assess interest in the Belize land assets, better understand current market conditions, determine investment priorities and needs of potential purchasers, and assist in the development of a formal bidding process.**
 - As previously reported, the Receivership Team engaged an international real estate broker, CBRE – Global Commercial Real Estate Services, to support RFI and RFP processes in connection with the Belize land assets.
 - Consistent with the June 14th Order, the Receivership Team conducted seven one-hour sessions with representative investors / developers to complete the RFI process by August 18, 2023.
- **Belize Land Marketing Initiative / RFP formal bidding Process:** In addition, the June 14th Order directs the Receivership Team, using the information obtained in the RFI process,

to develop and initiate a formal process to solicit bids for the purchase of the Belize land assets pursuant to an RFP Process.

- In coordination with CBRE, the Receivership Team has also been working towards initiating the formal bidding for the Belize land assets in support the RFP process.
- The formal bidding process is targeted to commence in the first quarter of 2024, and the Receivership Team will keep consumers apprised of timing and progress.
- **Consumer Survey to Inform Lot-related Choices:** In addition, the June 14th Order directs the Receiver to **survey eligible consumers concerning one of following three lot election choices:**
 - i. Promptly pay off a discounted lot balance (if there is a remaining balance) and seek to acquire title to the lot reflected in their Claim Application(s), to the extent available, prior to the completion of the RFP process;
 - ii. Defer their decision on whether to pay off any lot balances and seek to acquire title to the lot reflected in their Claim Application(s) until after the completion of the RFP process and Court approval of the potential sale of some or all of the Belize real estate assets; or
 - iii. Decline to acquire a lot and only participate in redress payment allocations in the future as part of any Court-approved consumer relief.
- Consumers may reference paragraphs 4-9 of the June 14th Order posted on the Receiver's website for additional information regarding the three options outlined in the Order.
- As part of this survey process, consumers will be formally asked to consider the risks associated with their intended choices in advance of making their survey elections.
- Survey administration is currently on hold pending an October 10, 2023 status conference before the Court. Following the status conference and additional direction from the Court, the Receivership Team will advise consumers as to timing of, and approach to, next steps.

II. Feedback from Representative Investors / Developers under RFI Process

- During the RFI sessions, the Receivership Team discussed with the participants, among other things:
 - How they viewed the opportunity to acquire the Belize Land assets under different circumstances, including: (a) as a potential comprehensive acquisition of more than 18,000 acres that make up the Belize development area land; (b) as possible partial acquisitions of individual land tract(s) within the Belize development areas; and (c) if they were required to abide by some or all of the pricing, financing, development, and management terms and conditions that

- would be required under the Redress Plan (which they were directed to review in advance);
- Potential challenges they perceived in acquiring and/or developing the Belize land; and
 - Factors that they viewed as relevant to informing whether they would make a bid for some or all of the land, as well as how they would formulate such bidding.
- Ultimately, these representative investors / developers provided feedback suggesting that flexibility in the bidding process would likely be welcome among prospective bidders from across the world, and all seven indicated that they would have at least have interest in considering the offering materials and the acquisition opportunities once the formal RFP bidding process was initiated.
 - However, the representative investors / developers shared that the likelihood of actual bids would be dependent on consideration of a broad range of factors, including, but not limited to, their assessments of:
 - Belize’s developing country economy, workforce considerations, and the local real estate marketplace;
 - Belize government financial concessions and development project support, as well as regulatory approval and supply chain and cost considerations;
 - The impacts of the negative history of the development areas brought about by the fraud scheme, Court proceedings and oversight, and the distressed nature of the operations to manage the Belize land assets over the past several years;
 - The viability of prior government permits and approvals, the condition of existing development area infrastructure and facilities, and the ability to timely scale things like electric and water supply capabilities;
 - The topography and any related unique permitting and construction considerations (and timetables) to enable appropriate building standards relative to things like severe weather events and flood risks;
 - The necessary due diligence and financial modeling to inform investment decisions, including financial obligations that pre-existing lot sales or Redress Plan mandates may impose; and
 - Limitations on post-acquisition control to develop and apportion the land, as well as the flexibility and discretion to partner with other investors / developers and subject matter experts.
 - The RFI sessions served to validate the Receivership Team’s thinking in accelerating the marketing and sales processes for the Belize land assets, and to enable flexibility in the formal bidding approach to attract as many prospective investors / developers as possible. The RFI sessions also reaffirmed the soundness of Receiver’s recommendations presented in the March 2023 Progress Report, the Receiver’s

presentation at the April 20th Status Conference before the Court, and the formulation of the June 14th Order the Court ultimately entered.

- While it remains uncertain whether the RFP bidding process will generate actual bids, and, if so, whether any such bids will be adequate to recommend for the Court's consideration, the feedback obtained by the Receivership Team was generally encouraging, and certainly informative relative to the shaping of the bidding process.

III. Other Court Matters

Status update filing in the Belize Supreme Court

- As provided in the prior Recognition Orders entered by the Supreme Court of Belize, the Receiver is required to provide the Belize courts with periodic updates regarding material developments in connection with the United States court proceedings.
- In accordance with those obligations, on August 25, 2023, the Receiver, through Belize legal counsel, filed Notices with the Supreme Court of Belize advising that the District Court granted the FTC's Motion to Reform and Reaffirm the Final Orders (in substantial part), and denied the Defendants' Motion for Return of Property.

Defendants' petition for writ of certiorari to the U.S. Supreme Court

- On April 3, 2023, the defendants filed a petition for a writ of certiorari to the Supreme Court seeking reversal of the Fourth Circuit's affirmance of the District Court's prior orders.
- Following full briefing of the petition, a conference was set to occur on September 26, 2023 at which time the Supreme Court was to consider whether or not to grant review of the case.
- Consistent with the practice of the Supreme Court, the outcome of the petition is expected to be announced in an order issued the week following the conference (i.e., the week of October 2nd).

Defendants' appeal to the Fourth Circuit

- On July 12, 2023, the defendants filed a Notice of Appeal to the Fourth Circuit of the District Court's June 14, 2023 Order Implementing Next Phase of Consumer Redress and June 14, 2023 Order Reforming and Reaffirming the Final Orders (as well as all prior related and subsumed orders).
- The Notice of Appeal does not automatically stay the Orders that are the subject of appeal, and the defendants have not filed a separate motion seeking a stay, so the Orders remain in effect.
- Pursuant to a briefing order issued by the Fourth Circuit, the defendants' opening brief was filed on September 26, 2023 and responding briefing is due by October 27, 2023. Final briefs, accompanied by a joint appendix, are due by November 20, 2023.

Federal criminal indictment charging Pukke pending in New York

- On July 26, 2023, a pretrial conference was held during which the Court set the following schedule (which remains in effect) in connection with Mr. Pukke's criminal matter pending in the Southern District of New York:
 - Pretrial motions were due by September 29, 2023 (with responses due by October, 27, 2023 and replies due by November 3, 2023);
 - Next pretrial conference will occur on November 17, 2023; and
 - Trial is set for March 18, 2024.

Application for additional funds to operate the Receivership estate

- On August 17, 2023, the Receiver filed a Motion for an Order: (i) Determining that Funds Turned Over by Atlantic International Bank Limited May Be Used for Receivership Purposes; and (ii) Approving and Authorizing Payment of Receiver's and Professionals' Fees and Costs from February 1, 2023 through June 30, 2023.
- These motions have been fully briefed by the parties, and a status conference before the District Court has been scheduled for October 10, 2023.

Motion for an Order Determining the Eligibility of Certain Claims

- On July 6, 2023, the Receivership Team filed a motion for an Order Determining Certain Claims under the Redress Plan, including those involving certain post-November 6, 2018 lot transactions.
- The motion has not been opposed and it is anticipated that the Court will issue a ruling in the near term.

U.S. Court of Federal Claims filing by the Defendants

- On July 3, 2023, certain of the defendants filed a complaint in the United States Court of Federal Claims alleging that the U.S. government "illegally exacted" assets from them in connection with the proceedings before the District Court.
- The answer to the complaint by the United States is due October 2, 2023.

IV. Consumer Committee Meeting Schedule

- The next quarterly Consumer Committee meeting is scheduled to take place on December 14, 2023.
- The Receivership Team will continue to provide updates to all lot purchasers via email and website postings, as well as by making available progress reports and other filings submitted to the Court.

- If necessary and appropriate following the October 10, 2023 status conference, we will reach out to Consumer Committee members in advance of the next scheduled meeting to convene an *ad hoc* meeting.

Meeting adjourned at 5:19 p.m. ET