



***In re Sanctuary Belize Litigation
18-cv-3309 (D. Md.) (PJM)***

**Receiver Report of Activities for the
Period October 1, 2023 to December 31,
2023**

Submitted: February 19, 2024



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I. EXECUTIVE SUMMARY

Marc-Philip Ferzan of Ankura Consulting Group, LLC (the “Receiver”) respectfully submits this report to the United States District Court for the District of Maryland (the “District Court” or “Court”) to provide an update regarding relevant receivership administration and oversight activities that occurred over the three-month reporting period from October 1, 2023 through December 31, 2023 (the “Reporting Period” or the “Quarter”), unless otherwise indicated.¹ As described below, the Receivership Team engaged in work to further the following Court-approved redress initiatives under the June 14, 2023 Court Order (the “June 2023 Order”): (i) the distribution of the \$10 million allocation for redress payments to eligible Sanctuary Belize consumers;² (ii) the development of an online survey process to offer eligible consumers certain lot-related options, factoring in additional resources and safeguards to support consumers as reflected in a December 28, 2023 Stipulated Order Authorizing Measures to Assist Consumers During the Redress Process (the “December 2023 Order”); and (iii) the marketing of the more than 18,000 acres of Belize development area land assets tailored to market feedback and conditions.

Over the Reporting Period, the Receivership Team facilitated the transfer of additional redress payments, including to those eligible Sanctuary Belize consumers who required check reissuances and wire transfers to accommodate unique circumstances. As of February 11, 2024, redress payments had been issued relating to 1,204 Sanctuary Belize claims, and a total of \$9,884,811.48 in corresponding redress funds had been transferred. With the distribution of the

¹ All capitalized terms that are not otherwise defined herein shall have the meaning ascribed to them in the Redress Plan.

² There are currently no cash proceeds available to make redress payments to Kanantik and other covered development area lot purchasers, as the Redress Plan contemplates that such payments will come from liquid Kanantik assets (of which there are presently none). It is anticipated that future redress payments for those claims will come from the sale of Kanantik land and other assets.



first round of redress payments virtually complete, the Receivership Team also focused its attention on the other redress initiatives.

Following a Status Conference before the Court on November 8, 2023 to further consider survey implementation approaches in light of the arm's-length nature of potential consumer lot buy outs, and in contemplation of the entry of the related December 2023 Order, the Receivership Team and the FTC worked together to further develop survey implementation and supporting materials. The survey will allow eligible consumers who have not previously acquired title to their lots to elect to: (i) acquire them and proceed to finalize purchases (to the extent that title to the underlying property is available to be transferred) in advance of completion of the Request for Proposals ("RFP") process to seek to sell the Belize development area land; (ii) defer the decision of whether to acquire their lot, or a new a lot, until after the RFP process has been completed, to the extent a new investor or developer of the development area land may choose to offer lots for sale to consumers under terms and conditions that are acceptable to them; or (iii) waive any right to acquire a lot. Consistent with the requirements of the December 2023 Order, the Receiver subsequently engaged an FTC-approved claims administration vendor with reasonable rates, which will be responsible for implementing the survey program at the direction of the Receivership Team. Following the ongoing efforts of the vendor to prepare for survey administration and provide related consumer support resources, it is currently estimated that the survey will be initiated within approximately 45 to 90 days. Regardless, the Receivership Team will inform consumers when the survey will be distributed.

In addition, the Receivership Team made substantial progress to prepare for the launch of the Belize development area marketing and sales efforts. Following completion of the Request for Information ("RFI") process with representative investors and developers to, among other things,



assess interest in the Belize land assets and determine the investment priorities of potential purchasers, the Receivership Team together with international real estate broker CBRE, Inc. -- Global Commercial Real Estate Services (“CBRE”), continued to prepare and organize formal RFP offering materials to solicit bids for the purchase of the Belize land assets and maximize opportunities for sale. Among other things, the Receivership Team further oriented CBRE on the nature and scope of the development area infrastructure and assets, subdivisions and corresponding land records, prior lot sales and related factual and legal background of the receivership matter, as well as the anticipated consumer survey process. More institutional knowledge and documents were shared and analyzed with CBRE to build out the virtual data room and draft the formal offering materials to support the planned bidding process in accord with the expectations of sophisticated investors and developers from around the world. During the Reporting Period, the Receivership Team also participated in site visits with CBRE to enable first-hand assessments of the real estate and other receivership assets, refine optimal approaches to offering materials and tour routes for prospective bidders, evaluate comparable real estate offerings to support land valuation analyses, and inform marketing strategies in advance of RFP launch. It is expected that the RFP process will be initiated after the consumer survey is launched, and participant lot choice results may be incorporated into the offering materials.

As described in more detail below, in addition to the foregoing, the Receivership Team engaged in other activities over the Quarter to meet its obligations under the Court’s governing orders, including by overseeing local management staff in the operation and maintenance of the Belize development areas, keeping consumers apprised of receivership updates and providing responsive customer support, and coordinating with legal counsel regarding court proceedings.



II. STATUS OF REDRESS INITIATIVES

As noted above, under the June 2023 Order, the Court authorized the Receiver to: (i) distribute the \$10 million allocation for redress payments to eligible Sanctuary Belize consumers; (ii) offer eligible consumers certain lot-related options through a binding online survey; and (iii) commence preparations for marketing activities in connection with the Belize land and other assets. During the Reporting Period, the Receivership Team made progress across these three initiatives.

A. Distribution of Initial Redress Payments to Eligible Sanctuary Belize Consumers

The June 2023 Order authorized the Receiver to make an initial \$10 million distribution to eligible Sanctuary Belize consumers on a *pro rata* basis within 90 days of entry of the Order. The June 2023 Order directed that the \$10 million allocation come from the segregated funds held by the Receiver originating from the \$23 million settlement proceeds paid by Atlantic International Bank Limited (“AIBL”) pursuant to the September 25, 2019 Stipulated Order for Permanent Injunction and Monetary Judgment (the “2019 AIBL Order”).

On August 16, 2023, the Receivership Team issued and mailed an initial round of redress payments to eligible Sanctuary Belize consumers. In instances involving multiple co-owners, a single check (payable to all corresponding co-owners) was directed to the lead claimant. Instruction was provided in email and paper notices accompanying the checks that joint checks required all listed parties (including co-owners, business entities, trusts, estates, and/or IRAs) to endorse the check. The notices also: (i) included information concerning the calculation of the specific amount of redress for each eligible Sanctuary Belize claim;³ (ii) provided instructions for multiple payee

³ Pursuant to the June 2023 Order, the calculation for *pro rata* distribution payments was based on the Amount Paid set forth in each eligible claim notification, divided by the aggregate Amounts Paid set forth in all eligible claim applications associated with Sanctuary Belize lots, multiplied by the \$10 million authorized for distribution. Applying this formula, the Receivership Team determined the *pro rata* amounts for each eligible Sanctuary Belize claim.



checks; (iii) advised of the 120-day deadline to redeem the checks; and (iv) reflected that consumers are responsible for adhering to any legal and regulatory requirements associated with their business entity, trust, estate, and/or IRA (as may be applicable) in connection with receiving and directing check proceeds.

Over the Quarter, it was necessary for the Receivership Team to consider requests by consumers for special accommodations associated with certain redress payments. These requests arose due to a variety of circumstances, including instances in which consumers: (i) required that their redress payment be directed in accordance with certain legal requirements or changes in circumstances; (ii) faced difficulties receiving funds due to foreign bank regulations; and (iii) experienced challenges associated with obtaining co-owner check endorsements. The Receivership Team analyzed the requests and, in appropriate circumstances, approved accommodations requiring the re-issuance of paper checks and the initiation of wire transfers to facilitate the delivery of redress payments.⁴ The Receivership Team also directed redress payments to consumers following entry of the Court's October 10, 2023 Order Granting the Receiver's Motion for Order Determining Certain Claims,⁵ as well as in connection with the processing of unique claims necessitating supplemental documentation from consumers, including those involving deceased lot owners whose

⁴ To mitigate the risk of fraud associated with the issuance and re-issuance of checks, the Receivership Team employed the use of positive pay -- an automated fraud detection tool -- and conducted periodic reviews of flagged transactions to assess their legitimacy and determine payment resolution.

⁵ In the underlying motion, the Receiver sought a determination that: (i) two Post-Filing Transferor claims were eligible for redress payments on the basis that the original purchases were made prior to the defendants' misconduct becoming public; (ii) three Post-Filing Transferee claims were ineligible because, among other reasons, there was ample information in the public domain concerning defendants' fraudulent conduct at the time of their purchases; and (iii) a claim involving an Ankura employee who was walled off from the Receivership Team was eligible on the basis that the consumer's Claim Application was timely submitted and analyzed utilizing the same objective review process as that applied to all other consumers without any favorable treatment.



estates are undergoing probate. To further promote consumer participation, the Receivership Team issued two rounds of reminder notices to eligible consumers who had redress payments directed to them, but had yet to accept them.

While the disbursement of redress payments was largely completed during the Reporting Period, some activities by the Receivership Team to transfer redress payments have extended into the first quarter of 2024. As of February 11, 2024, the Receivership Team had issued \$9,966,090.45 in redress payments in connection with a total of 1,204 Sanctuary Belize claims, and \$9,884,811.48 in corresponding redress funds had been transferred.⁶

B. Development of Consumer Lot Choice Survey

i. Survey and Lot Choice Options Overview

The June 2023 Order directed the Receivership Team to distribute an online lot choice survey with risk disclosures to all eligible consumers following the RFI process. Pursuant to the June 2023 Order, each eligible consumer will be afforded the opportunity to select one of three options that will inform whether they will seek to:

- Acquire their lot and proceed to finalize the purchase (to the extent that title to the property is available to be transferred) in advance of the RFP process being completed (“Option No. 1”);
- Defer the decision of whether to acquire their lot, or a new a lot, until after completion of the RFP bidding process and Court approval of a potential sale of some or all of the Belize assets -- to the extent an investor or developer may choose to offer lots for sale to consumers under terms and conditions that are acceptable to them (“Option No. 2”); or
- Decline to acquire their lot and waive all rights to acquire a lot at any time in

⁶ The balance of the funds that had not yet been transferred are attributable to: (i) holdbacks for Post-Filing Transferee claims that were ultimately determined to be ineligible by the Court pursuant to its October 10, 2023 Order Granting the Receiver’s Motion for Order Determining Certain Claims; and (ii) redress payments that had been issued by the Receivership Team, but not yet accepted by eligible consumers.



the future as part of any Court-approved redress (“Option No. 3”).⁷

Once distribution of the survey is initiated, consumers will have 90 days to review the disclosures and evaluate the risks, as well as to consider other relevant factors, prior to making their lot choice elections. For lots involving co-owners, all individuals or entities listed in a joint Claim Application must coordinate amongst themselves and separately complete and submit their own survey in order to collectively choose the same option. To the extent that eligible consumers do not complete the survey or multiple co-owners do not select the same option, they will be assigned Option No. 2. Additional information regarding each of the three options is set forth below.

Lot Choice Survey - Option No. 1

In accordance with the June 2023 Order, consumers electing survey Option No. 1 will be entitled to complete the purchase of the lot reflected in their approved Claim Application and acquire title to the extent that: (i) it is located in a Belize government-approved subdivision; (ii) any competing claims have been resolved in the consumer’s favor; and (iii) the transaction is otherwise determined to be permissible pursuant to Belize legal and regulatory requirements and factoring in other relevant considerations that may impact and/or preclude title transferability (including, but not limited to, encumbrances).⁸ The June 2023 Order further provides that, for those consumers who select this option and have a lot that meets the foregoing conditions, the purchase price will be reduced in accord with a specified formula set forth in Paragraph 7 of the order that applies

⁷ The survey will also include a fourth category for consumers who already hold title to their lot and, therefore, do not need to choose from Options 1, 2 or 3. For any consumers indicating they already hold title, the Receivership Team will review available land records to consider whether it appears that title has, in fact, been transferred from the Receivership. To the extent that the Receivership Team’s review does not show that a title transfer has occurred, impacted consumers will be informed and given the opportunity to resubmit their survey to select from Options 1, 2 or 3.

⁸ The June 2023 Order only permits consumers to acquire lots under Option No. 1 that are reflected in their approved Claim Application(s).



significant discounts.⁹ Under the terms of the June 2023 Order, if the new purchase price is less than the Amount Paid determined during the Claim Application process, the remaining buy out amount will be zero – and the order specifies that these consumer will not be entitled to any refund on account of such difference.

The June 2023 Order also requires that consumers who elect Option No. 1 -- and seek to acquire a lot with title that can be transferred subject to the foregoing conditions -- enter into a reformed contract. Moreover, Option No. 1 consumers will be responsible for paying closing-related costs, including government fees and tax expenses, legal and administrative fees and costs, and any other professional services expenses they may incur in connection with evaluating and completing the purchase. Any remaining balance to buy out the lot and associated closing-related costs will be due from the consumers at closing using their own funds or financing obtained from third parties.¹⁰

When the Consumer Lot Choice Survey is launched, the survey itself, as well as Frequently Asked Questions (“FAQs”) and other helpful resources, will provide more information (including specified risk considerations that comport with Redress Plan requirements) to help consumers evaluate whether selecting Option No. 1 may be the best path for them.

Lot Choice Survey - Option No. 2

Under the June 2023 Order, consumers electing Option No. 2 will be entitled to acquire their

⁹ The June 2023 Order directs that the buy out of the lot will be calculated by: (1) starting with the Seller Deceptive Price (as defined in the Redress Plan); (2) multiplying it by a price multiplier of .65 (35% discount); (3) dividing that figure by the Tax Adjustment Factor of 1.125 (12.5% discount); and then (4) reducing the sum by the previous Amount Paid expenditures (as defined in the Redress Plan) for such lot.

¹⁰ Because there can be governmental delays associated with the processing of title transfers, the December 2023 Order provides that those consumers who proceed to closing but do not receive title within six months will have the right to cancel their reformed contract and obtain a refund of any additional principal payments they made at closing, subject to certain conditions set forth in the December 2023 Order.



lot, or a new lot, only to the extent that lots may be offered for sale by a future Court-approved purchaser of all or some of the development area land, and pursuant to terms and conditions offered by the purchaser and agreed to by such consumers.

When the Consumer Lot Choice Survey is launched, the survey itself, as well as FAQs and other helpful resources, will provide more information (including corresponding risk considerations) to help consumers evaluate whether selecting Option No. 2 may be the best path for them.

Lot Choice Survey - Option No. 3

Pursuant to the June 2023 Order, while consumers electing Option No. 3 are informing the Receivership Team that they intend to forego any rights they may have to acquire a lot as part of Court-approved redress, they will remain entitled to receive future redress payments based on the availability of funds and future directives from the Court.

When the Consumer Lot Choice Survey is launched, the survey itself, as well as FAQs and other helpful resources, will provide more information (including corresponding risk considerations) to help consumers evaluate whether selecting Option No. 3 may be the best path for them.

ii. Development of Consumer Lot Choice Program & Survey Materials to Enable Consumer Choice

Following completion of the RFI process on August 18, 2023 (as described in Section II.C below), efforts by the FTC and Receivership Team to draft the consumer survey and supporting materials progressed. After a Status Conference on October 10, 2023, the Court entered an October 19, 2023 Order Clarifying, In Part, the Court's Order Implementing Next Phase of Consumer Redress Order, which provided that the FTC "shall have the final authority with respect to language in the [s]urvey and associated written materials ... after consultation with the Receiver." Consistent



with the October 19, 2023 Order, the FTC further developed the survey's contents, including important disclosures describing the risks associated with each of the options, with input from the Receivership Team. On November 2, 2023, the FTC provided qualified approval of the form of the survey, as well as related consumer email communications and FAQ resources to support the survey's administration. Subsequently, on November 7, 2023, the Receiver advised the FTC that the planned launch of the survey was scheduled to occur in two days, and later the same day the FTC advised that it intended to file a motion with the Court seeking additional changes to survey administration to provide for more consumer resources and safeguards – in large part to address potential challenges that Option No. 1 consumers would confront in considering and pursuing lot buy outs in Belize. The FTC filed its motion on November 8, 2023.

In light of the FTC's proposed changes to survey program administration, the Receiver requested that the Court hold a Status Conference to provide direction on whether the Receivership Team should proceed with the initiation of the survey planned for November 9, 2023. The Court convened a Status Conference on the same day of the filing of the FTC's motion, during which it was determined that the Receiver should not initiate the survey until supplemental resources and safeguards for consumers who select Option No. 1 were further considered and resolved. Following the November 8, 2023 Status Conference, the Receivership Team and the FTC exchanged ideas and ultimately agreed to the Stipulated Order Authorizing Measures to Assist Consumers During the Redress Process, which as noted above the Court entered on December 28, 2023. Among other things, the December 2023 Order memorialized certain steps the Receivership Team would take to assist eligible consumers in understanding their lot choice options, while also suggesting that they consider obtaining the advice of independent legal counsel and/or real estate professionals to help them in, among other things, evaluating the potential acquisition of their lot,



conducting due diligence, and preparing real estate closing documents (to the extent that they elect to proceed with the lot buy out).

In line with the terms of the December 2023 Order, the FTC and the Receiver continued to work together to finalize revised survey materials, including the survey itself, related consumer email communications, and other customer support resources. The consumer communications and resources will provide: (i) notice of the availability of the survey, directions on how to complete it, and the deadline to do so; (ii) an explanation of all three survey options and related risks; (iii) follow up reminders to consumers to complete the survey by the deadline; (iv) confirmation of option selections (once elections are made); and (v) information relating to pricing and contracting, as well as due diligence and the closing process for consumers electing Option No. 1. The drafted survey materials also provide a general description of the closing process steps and forms, estimated closing-related costs, and a non-exhaustive list of Belize attorneys who can provide advice and assistance. In preparation for survey administration, the Receivership Team coordinated with Belize legal counsel to develop a standard reformed contract template to be used during the closing process for consumers pursuing Option No. 1.

Consistent with the directives of the Court at the November 8, 2023 Status Conference and the terms of the December 2023 Order, consumers considering Option No. 1 lot buy outs will be advised in the FAQs and other survey materials that: (i) the reformed contract will replace the contract they entered into with the defendants; (ii) they will be buying their lot “as-is,” without any representations or warranties – and with the understanding that the Receiver or a future developer will not be obliged to provide any particular amenities or services; (iii) the sale of the lot will be an arm’s-length transaction; and (iv) they should consult with a qualified Belize attorney, real estate



professional, or both, before entering into a reformed contract in order to fully evaluate the purchase, conduct due diligence, and take the necessary steps to prepare for closing.

In addition, at survey launch, the receivership website will post online information and resources for consumers regarding the survey process, as well as other reference materials to facilitate decision-making, such as maps, surveys, government land records, and photographs. For consumers with questions or facing challenges in completing the survey, a dedicated customer support team will be available to provide email and toll-free telephone helpline engagement.

iii. Ongoing Preparations to Administer the Consumer Lot Choice Survey

In accordance with the December 2023 Order, the Receivership Team has engaged an FTC-approved vendor with reasonable rates to implement the administration of the survey. At the direction of the Receivership Team, and using the survey materials approved by the FTC, the vendor will assist consumers with their lot choice preferences relative to the three options. Following the ongoing efforts of the vendor to prepare for survey administration and provide related consumer support resources, it is currently estimated that the survey will be initiated within approximately 45 to 90 days.

As referenced above, the survey process will not only enable follow up with consumers concerning redress choices based on their lot elections, but it will also facilitate the collection of important foundational information that will be relevant to potential investors and developers who may be interested in bidding during the RFP process for the purchase of available land in the Sanctuary Belize and Kanantik development areas.

C. Belize Real Estate Marketing and Sales Activities

As previously reported, in accordance with the requirements of the June 2023 Order, the Receivership Team and CBRE engaged in an information gathering process to, among other things,



assess interest in the Belize land assets, better understand current market conditions, determine investment priorities and the needs of potential purchasers, and assist in the development of a formal bidding process. The Receivership Team and CBRE conducted seven one-hour sessions with representative investors and developers, and completed the Court-ordered RFI process on August 18, 2023.¹¹

Over the Reporting Period, the Receivership Team's preparations for the planned marketing efforts in connection with the more than 18,000 acres of the Belize land and other assets included further orienting CBRE on: (i) the nature and scope of the development area assets, existing subdivisions, historical lot transactions and corresponding land records; (ii) the relevant factual and legal background of the receivership matter, including court proceedings and orders governing redress initiatives; and (iii) the anticipated consumer survey process. In addition, the Receivership Team and CBRE worked closely to build out a virtual data room and formal offering materials to support the RFP bidding process in accord with the due diligence expectations of prospective sophisticated bidders from around the world. In connection with those efforts, the Receivership Team gathered, analyzed, organized and shared with CBRE a multitude of records, including development area maps, surveys, title records, government permits and approvals, corporate

¹¹ Over the course of 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 as a potential comprehensive acquisition or by purchasing select parcels, potential challenges they perceived in acquiring and/or developing the Belize land assets, 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 their potential bids. Generally, the participants suggested that flexibility in the bidding process would likely be perceived as beneficial to prospective bidders from across the world, and the likelihood of actual bids would be dependent on consideration of a broad range of factors including, but not limited to, potential bidders' assessments of Belize's economy and workforce, the local real estate marketplace, the impacts of the negative history of the development areas arising out of the defendants' fraud, the condition of existing infrastructure, and a host of other economic, legal and regulatory issues that would be the subject of due diligence.



records, land tax payment records, and U.S. and Belize court filings and orders. The Receivership Team also collaborated with CBRE to validate various details that will inform the offering materials by, among other things, coordinating with Belize staff to obtain additional context, address technical questions, and cross-check other foundational information relating to infrastructure, buildings, land, other assets, and personnel to manage operations and maintenance.

The Receivership Team also arranged for site visits with CBRE to confer directly with local staff and enable necessary assessments of the Belize real estate and other receivership assets, fill in offering material gaps, envision tour routes for prospective bidders, evaluate comparable real estate offerings to support land valuation analyses, and further develop marketing strategies in advance of RFP launch. In addition, the Receivership Team and CBRE provided direction to and guided a professional photography team, which captured a significant volume of high-resolution photographs and drone footage of the expansive development areas, as well as key assets, to be made available for consumers during the administration of the lot choice survey process and for inclusion in the RFP offering materials.

In addition, the Receivership Team engaged in working sessions with CBRE to further envision offering approaches, maximize the interest of target bidders from around the world, consider investor expectations for Belize government engagement and support, refine organization and drafting of the RFP materials, and project process timelines. Pursuant to the information obtained during this RFI process and the guidance provided by CBRE and other real estate industry professionals, it is expected that incorporating flexibility into the bidding process will have the potential to maximize investor and developer interest, as well as corresponding bids. While details of historical plans and approvals will be presented in the offering materials, it is envisioned that, among other things, RFP parameters will allow for prospective bidders to have the latitude to



submit offers based on existing master plans, or to bid based on their own re-envisioned development area plans.

A preliminary draft of the Offering Memorandum has been shared with the FTC, and it is expected that the RFP process will be initiated after the consumer survey is launched and participant lot choice results may be incorporated into the offering materials. To the extent that the RFP bidding process generates meaningful and credible offers, they will be provided to the Court with Receiver recommendations for consideration and approval prior to any development area land transfers.

III. BELIZE PROPERTY MANAGEMENT OVERSIGHT

Over the Reporting Period, the Receivership Team continued to meet its obligation to oversee the operations and maintenance of the Belize real estate and community infrastructure as required under the terms of the Court's orders. During the site visits, it was generally observed that local staff has remained diligent in the upkeep of the development areas, which will also be beneficial relative to the planned RFP marketing activities. As part of these efforts, local staff, at the direction of the Receivership Team, advanced a number of more significant upkeep initiatives over the Reporting Period, including the following:

- *Road Maintenance.* Local staff completed targeted roadway spot treatment repairs as well as limited rolling and grading to address road conditions impacted during Belize's rainy season. Following the passage of the rainy season, a more comprehensive maintenance project to address existing roadway integrity and conditions was initiated during January 2024.
- *Plenty Tract Quarry.* With the guidance of the Receivership Team, local staff negotiated a renewed agreement with a contractor for the purchase of discounted quarry material in exchange for the supply of processed quarry material suitable for development area road maintenance projects. The processed quarry material is currently being used by Belize staff in connection with the road repair projects that are underway. The Receivership Team also approved the installation of a new gate at the quarry to prevent unauthorized access.



- *Water Systems.* In November 2023, the Marina wastewater treatment system underwent necessary repairs and maintenance. Wells throughout the Sanctuary Belize development area also received routine maintenance and some enhancements to improve operation of the water systems.
- *Sanctuary Caye Solar Power.* Local staff undertook repairs to the solar power system at Sanctuary Caye, as existing system batteries to support energy storage were determined to be failing.

Local management and security staff resources also addressed a security incident that occurred at the beginning of December 2023. During a routine patrol in the late hours of December 1, 2023, security personnel identified several containers of what appeared to be airplane fuel and other suspicious items stashed on Sanctuary Belize development area grounds near the southern border of the property. Upon further review, the security staff observed that the site appeared to have been prepared by trespassers for a potential small plane landing, and considered the possibility of narcotics trafficking or other illicit conduct. To date, evidence has not been revealed to suggest that any plane landing occurred, and any such plans may have been thwarted by the timely engagement of security personnel and law enforcement. The Sanctuary Belize security staff and other development area personnel cooperated with Belize law enforcement agents, who responded to the scene in the early morning hours of December 2, 2023. Security staff patrols at and around the site, and more broadly on grounds, continued in the wake of the incident.

In the immediate aftermath of the security incident, the Receivership Team conducted information gathering from Sanctuary Belize personnel, and also sought to obtain additional details from law enforcement agents. As of the date of this Report, the Receiver is not aware of any criminal charges being filed in connection with the incident. However, assessment of the engagement of certain members of (non-security) local management in providing direction to security personnel revealed concerns relative to the efficacy of the immediate response activities in securing the site, preserving evidence, coordinating with law enforcement, and prioritizing the



safety of staff and residents. In coordination with other members of local management, personnel changes were determined to be appropriate. Within two weeks of the incident, a new General Manager was appointed (in an acting capacity), and the maintenance staff manager was replaced.

During the Reporting Period, the Receivership Team has generally maintained staffing levels in accord with the efficiency plans implemented in 2022, which have resulted in significant personnel-related cost savings. In the 18-month period following the implementation of staffing consolidations and changes in June 2022, and with a focus on reducing costs where appropriate, total operations and maintenance expenses for local Belize operations have decreased from the preceding 18-month period by 18% (representing savings of approximately \$683,000), with about 80% of those savings (more than \$542,000) being derived from the reduction in payroll-related expenses. Moreover, on a year-over-year basis, local operations and maintenance costs have decreased by about 19% (more than \$449,000) from 2022 to 2023.

Despite these staffing reductions, operations and maintenance carrying costs continue to be substantial. Currently, annual costs associated with the operation and maintenance of the Belize development areas are projected to exceed \$1.7 million. The Receivership Team will stay focused on opportunities to pursue efficiencies and control expenses where possible, while abiding by the requirements of controlling Court orders and providing for the health and safety of residents and staff.

IV. CONSUMER ENGAGEMENT

The Receivership Team continued efforts to be responsive to consumer stakeholder interests, particularly recognizing that the receivership was established more than five years ago and victims of the defendants' scheme are understandably anxious to obtain redress. Over the Reporting Period, the Receivership Team provided more than 300 responses to consumer



communications. The most common issues raised by consumers related to redress program payments, the consumer lot choice survey process, and Belize operations and maintenance initiatives. In order to effectively address more complex inquiries, the Receivership Team conducted reviews and analyses of corporate documents, land records and Claim Application materials as necessary, and, at times, sought direction from counsel on matters requiring legal interpretations.

In addition to responding to consumer inquiries, the Receivership Team provided relevant updates through a variety of channels including the receivership website (<https://www.sanctuarybelizereceivership.com>), the distribution of a Receiver status report and Consumer Committee meeting minutes, as well as direct engagement with consumers during the Receivership Team site visits. As described in Section II.B above, in anticipation of the consumer lot choice survey program, the Receivership Team also worked with the FTC to further develop updated user-friendly survey materials and consumer support resources. And in accordance with the Court's December 2023 Order, the Receivership Team has engaged a third-party vendor to provide survey administration-related services in connection with the delivery of email and telephone helpline customer support resources to help address consumer inquiries.¹²

V. ACCOUNTING AND FINANCIAL STATEMENTS

A. Financial Overview

The financial data reflected in the statements below show the current net assets in the receivership estate, as well as net recoveries, after expenses, through December 31, 2023, unless

¹² The Receivership Team will remain available to address more challenging, complex and/or sensitive inquiries as may be necessary.



specified otherwise. The operating expenses of Sanctuary Belize and Kanantik¹³ are generally recorded on a cash basis as payments are approved and issued. The statements do not include data related to the value of certain receivership assets, including land, improvements, equipment, and other assets located in Belize. Considering the uniqueness of the Belize assets, the age and condition of non-land assets, efficiency considerations, and the flexible bidding contemplated by the RFP process (including a turnkey offering for all of the development area assets, as well as operations and maintenance resources), the Receivership Team anticipates further evaluating valuations for the collective Belize receivership assets in connection with the planned real estate marketing and sales efforts.

Over the Reporting Period, the receivership estate continued to generate income from higher interest rates associated with its cash holdings, resulting in earned and accrued interest of \$142,708. As a timed deposit account matured in January 2024, the Receivership Team rolled over \$10,333,298.05 in corresponding cash holdings into a subsequent short-term, interest-bearing timed deposit.

Below are the Statement of Net Assets and Statement of Net Recoveries for the three-month Reporting Period.

¹³ As provided in the Final Order Concerning Kanantik, the District Court ruled that the entities that comprise Kanantik -- Mango Springs Development Ltd., G&R Development Company of Belize, Ltd., Palmaya Development, Ltd., Kanantik International Limited, and Mango Springs Development, LLC (the “Kanantik Entities”) -- are receivership assets. Accordingly, the Receiver has conserved, managed and preserved the Kanantik development area for the benefit of consumers. From the time that the Kanantik Entities became receivership assets, no meaningful liquid assets or income streams have been available. Consequently, operations and maintenance costs incurred in connection with the historical efforts of a limited staff have been satisfied using receivership estate funds recovered from the FTC litigation and receivership estate asset monetization activities. As reflected in the charts in this Section of the Report, the Receivership Team is accounting for Kanantik and Sanctuary Belize expenditures separately, so that reimbursement for Kanantik expenses can be readily effectuated upon sale of any of the Kanantik assets, including Kanantik real estate to a potential successor developer.



In re Sanctuary Belize Receivership
Statement of Net Assets

	As of December 31, 2023
Assets:	
Cash	\$ 13,530,532
Accrued interest on timed deposit	(1) 330,847
Total assets	\$ 13,861,379
Liabilities:	
Remaining redress payment allocation amount per June 2023 Court Order (2)	\$ 309,911
Ankura professional fees and expenses	311,818
Barnes & Thornburg professional fees	231,626
Other accounts payable	70,958
Total liabilities	924,314
Net assets available	\$ 12,937,065

Footnotes:

(1) In April 2023, the Receiver transferred \$10 million to a Citibank Timed Deposit account with an interest rate of 4.4% and a maturity date of January 3, 2024.

(2) This liability accounts for redress payments that were issued but had not yet been accepted by consumers as of December 31, 2023, in addition to holdbacks for Post-Filing Transferee claims that were ultimately determined to be ineligible by the Court.



**In re Sanctuary Belize Receivership
Statement of Net Recoveries**

	For the Period October 1, 2023 to December 31, 2023	From Inception to December 31, 2023
Recoveries:		
Atlantic International Bank settlement	\$ -	\$ 23,000,000
Previously reported recoveries	-	20,786,502
Other collections	2,025	1,095,046
Interest income	142,708	584,058
Total recoveries	\$ 144,733	\$ 45,465,605
Disbursements:		
Redress payment allocation	(1) \$ -	\$ 10,000,000
Expenses:		
Sanctuary Belize operating expenses		
Payroll	\$ 202,147	\$ 4,698,873
Equipment, maintenance, and supplies	113,055	2,470,502
Employment taxes	33,990	773,921
Property taxes and other government payments	503	279,405
General, administrative, and other expenses	26,852	1,048,337
Legal fees and costs	15,813	524,049
Total Sanctuary Belize operating expenses	392,359	9,795,087
Kanantik operating expenses		
Payroll	13,078	360,614
Equipment, maintenance, and supplies	5,944	57,170
Employment taxes	-	44,422
Property taxes and other government payments	-	58,240
General, administrative, and other expenses	1,286	161,372
Legal fees and costs	-	42,467
Total Kanantik operating expenses	20,308	724,285
Real estate property expenses	-	1,810,134
Corporate entity expenses	-	80,859
Other expenses	(2) 13,528	161,013
Receiver fees and expenses		
Ankura fees and expenses	146,303	4,350,926
REA fees and expenses	-	2,847,275
Barnes & Thornburg fees and expenses	120,298	2,647,876
Arnold & Porter Kaye Scholer fees and expenses	-	111,084
Total receiver fees and expenses	266,601	9,957,162
Total distributions & expenses	692,797	32,528,540
Net recoveries/ (distributions & expenses)	\$ (548,064)	\$ 12,937,065

Footnotes:

(1) Under the Court's June 2023 Order, \$10 million was allocated for Sanctuary Belize consumer redress payments, and an aggregate of \$9,884,811.48 was transferred to eligible beneficiaries by February 11, 2024.

(2) Other expenses includes costs for customer support services provided by vendor NextClaim, as well as subscription costs for the customer services technology platform provided by Zendesk, incurred over the Reporting Period.



B. Liquidity Considerations Requiring Use of AIBL Funds

As reflected in the Statement of Net Recoveries, following the entry of the 2019 AIBL Order, the receivership estate historically included \$23 million in funds obtained in connection with the settlement of the AIBL matter. At the close of the December 31, 2023 Reporting Period -- taking into account the adjustment in the Statement of Net Assets to reflect the \$10 million in AIBL settlement funds that were allocated for the first round of redress payments -- less than \$13 million in available liquid assets remained in the receivership estate. As previously reported, due to projected receivership administration fixed and other costs associated with ongoing development area operations and maintenance activities in Belize -- which have totaled approximately \$10.5 million since the inception of the Receivership in November 2018 -- as well as efforts in connection with ongoing and anticipated consumer redress initiatives and marketing and sales efforts required under the Court's June 2023 Order, non-AIBL funds were exhausted in the fourth quarter of 2023 factoring in accrued liabilities.

In anticipation of this eventuality, on August 17, 2023, the Receiver filed a motion before the District Court seeking a determination that the AIBL funds may be used for all receivership purposes (the "AIBL Motion") to ensure that the Receivership Team is able to meet all Court-ordered duties and responsibilities. On October 19, 2023, the Court entered an order (the "2023 AIBL Order") granting the Receiver's motion, in part, and permitting the Receiver to use: (i) all interest that has accrued or will accrue on the AIBL funds for the payment of any expenses of the receivership estate; and (ii) up to \$2 million of the principal of the AIBL funds for the payment of expenses of the receivership estate. In accordance with the terms of the 2023 AIBL Order, the Receivership is now utilizing the available AIBL funds, and the Receiver will continue to seek the



Court's prior approval of fees and expenses on a periodic basis consistent with the terms of the Court's prior orders and Receivership Team practices.

It is intended that future asset sales -- including the Belize development area real estate -- will replenish expended AIBL funds over time, so that maximum proceeds may ultimately be available for additional consumer redress payments. In the interim, utilization of the AIBL funds will enable the Receivership Team to meet its Court-imposed obligations with respect to, among other things, operations and maintenance of the development areas, administration of the lot election survey, and engagement in ongoing, coordinated efforts with CBRE to market the Belize land assets, while also addressing the defendants' persistent litigation challenges and other legal proceedings as described below.

VI. OTHER ONGOING COURT PROCEEDINGS

Over the quarter, the Receivership Team continued to coordinate with counsel regarding a variety of ongoing legal proceedings. A summary of the most significant developments is contained below.

A. Civil Court Proceedings

District Court Proceedings

- On October 10, 2023, the Court convened a Status Conference that culminated in the Court entering, among other things: (i) the 2023 AIBL Order; (ii) the Order Granting the Receiver's Motion for Order Determining Certain Claims; and (iii) the Order Clarifying, In Part, the Court's Order Implementing Next Phase of Consumer Redress (referenced in Section II.B above).
- On November 7, 2023, the FTC advised that it intended to file a motion aimed, in part, at providing additional information to consumers regarding the real estate transaction process in connection with the launch of the consumer survey.
- On November 8, 2023, the Receiver filed a Request for a Status Conference and Guidance from the Court regarding whether the Receivership Team should proceed with the administration of the consumer survey in light of the FTC's intent to file its motion. Later that same day, the FTC filed its motion and the Court convened a Status Conference.



- On December 28, 2023, the FTC’s motion was resolved pursuant to the December 2023 Order (as referenced in Section II.B). The December 2023 Order provided, among other things, that, with respect to eligible consumers selecting Option No. 1, the Receivership Team will: (i) inform them that it is recommended that they engage their own real estate professionals and/or legal counsel to help evaluate the acquisition of their lot and, to the extent they want to proceed, assist them in due diligence and preparation of closing documents; (ii) provide a non-exhaustive list of names and contact information of Belize real estate lawyers who may be able to provide advice or assistance, at the consumer’s own expense, in considering or pursuing the purchase of their lot; and (iii) ensure that consumers who proceed to closing, but do not receive title within six months, have the ability to cancel their reformed contract and obtain a refund for any additional principal payments they made at closing.

Fourth Circuit Appeal

- On July 12, 2023, the defendants filed a Notice of Appeal of the Court’s June 2023 Order and Order Reforming and Reaffirming the Final Orders.¹⁴
- On September 26, 2023, the defendants filed their opening brief in connection with their appeal.
- On November 17, 2023, the FTC filed its responding brief.
- On December 8, 2023, the defendants filed their reply brief.
- The appeal has not yet been scheduled for oral argument.

United States Court of Federal Claims Complaint

- 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.
- On September 29, 2023, the United States filed a motion to dismiss the complaint on the basis that the Court of Federal Claims lacks jurisdiction to hear the case and, even if it did have jurisdiction, the complaint does not state a valid claim for illegal exaction.
- On October 27, 2023, the defendants filed their opposition to the motion to dismiss. The motion remains pending.

¹⁴ The Notice of Appeal does not automatically stay the June 14, 2023 Orders that are the subject of appeal, and the defendants have not filed a separate motion seeking a stay, so the underlying Orders remain in effect.



B. Federal Criminal Indictment of Andris Pukke

As previously reported, on or about April 5, 2023, a two-count federal indictment charging Andris Pukke was unsealed in the United States District Court for the Southern District of New York. The indictment alleges that Mr. Pukke committed wire fraud and unlawful monetary transactions in connection with Sanctuary Belize-related conduct that occurred between in or about 2011 to in or about 2018. On April 19, 2023, Mr. Pukke entered a plea of not guilty. On January 17, 2024, the previously-scheduled March 18, 2024 trial date was adjourned to June 12, 2024 with the consent of the government and Mr. Pukke on the bases that the government recently advised that it will likely be seeking a superseding indictment against Mr. Pukke and the case involves voluminous documents and financial records that require proper review and analysis. The next pretrial conference is scheduled for June 3, 2024.

VII. CONCLUSION

As reflected above, the Receivership Team made progress in advancing the redress initiatives approved under the Court's June 2023 Order. With the activities associated with the distribution of the \$10 million in initial redress payments largely complete, the Receivership Team will continue to work with the FTC and its approved vendor to launch the consumer survey, as well as to coordinate with CBRE in preparation for the initiation of the RFP process. The Receivership Team will keep consumers and interested stakeholders apprised of relevant receivership developments, including by way of direct consumer communications, as well as Receivership website updates, Consumer Committee meeting minute distributions, and regular status update reporting.

By: 

Marc-Philip Ferzan
Receiver

Submitted: February 19, 2024