

## In re Sanctuary Belize Litigation

Consumer Committee Meeting

Virtual Teleconference

July 28, 2022 | 3:30pm – 5:00pm ET

<b>Attendees</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 (late)	Consumer Committee Member
Michele Weslander Quaid	Consumer Committee Member
Shawna Arop	Consumer Committee Member
Shryl Kirkbride	Consumer Committee Member
Christopher Erickson	FTC
Marc Ferzan	Receivership Team
Rachel Woloszynski	Receivership Team
Terry Brody	Receivership Team

### **Agenda**

- I. Status Conference Update
- II. Receivership Update
- III. Consumer Committee Member Topics

*Meeting called to order at 3:30pm ET*

## **I. Status Conference Update**

### Request for Status Conference with the Court:

- Upon the joint request of the FTC and the Receiver, the Court held a status conference on July 27, 2022, where the Receiver had opportunity to provide the Court with an overview of material activities since successor Receivership Team was appointed on October 26, 2021, including those relating to the oversight of ongoing operations and maintenance of Belize development areas, management of related costs, and redress plan preparedness.
- At the conclusion of the status conference, upon a motion from the FTC, the Court directed: (i) the implementation of certain initial redress plan activities that are contemplated for completion within the first 150 days of its effective date; and (ii) that the Receiver report back to the Court for further direction upon completion of these initial steps. While, as of the date of these minutes, a final order of the Court had not yet been entered, the Judge indicated at the status conference that he would authorize the implementation of the initial consumer engagement activities to begin during the third quarter of the 2022 calendar year. These initial activities include providing notice to consumers of the redress plan, conducting consumer information sessions, distributing and collecting claim applications, and conveying whether claim applications have been approved. Based on the Court's guidance during the status conference, the Receivership Team will make consumer eligibility determinations as part of the initial redress plan implementation steps. However, redress plan lot determinations and payment distributions are beyond the scope of what was ordered, and the Receiver will not initiate further steps without receiving additional direction from the Court.
- On August 3, 2022, the defendants filed an opposition to the FTC's motion with the Court, arguing that it should be denied and that no components of the redress plan should be implemented at this time. The Receivership Team will await further direction from the Court, and provide related updates to consumers as they become available.
- A Consumer Committee member asked for clarification regarding the process concerning the calculations to determine Amount Paid and Seller Deceptive Price, as the terms are defined in the redress plan. It is contemplated that, as part of the claim application distributed to consumers, consumers will be provided with the Receiver's Proposed Amount Paid, which will generally be based on the Receivership Team's review of information reflected in available defendant entity records. Consumers will have the opportunity to accept the Receiver-calculated amounts, or otherwise challenge the Receiver Proposed Amount Paid by providing supporting documentation and information. The Receivership Team also referred Consumer Committee members to the FTC's Lot Purchase Price Worksheet as a helpful resource, available [here](#), which outlines instructions on how lot owners may estimate their new Purchase Price under the redress plan.

## II. Receivership Update

### Redress Plan Preparedness

- The Receivership Team has continued to prepare for redress plan launch, including by identifying consumers for whom contact information appears to be outdated, in order to provide notice of plan implementation. The Receivership Team has leveraged available resources to conduct physical mailing address skip tracing based on public records database reviews. The Receivership Team also has mailed correspondence to certain consumers asking for validation of contact information.
- The Receivership Team has begun to configure the online claims portal and supporting electronic claims processing system, which will be the backbone of the claims administration and records-keeping process. The Receivership Team believes the automated platform will offer the most expeditious, accurate, and cost-effective option for consumers to complete their claim applications, but paper forms will be made available to consumers who are not able to leverage these technology tools.

### Ongoing Property Operations and Maintenance

- *Recent Storm*
  - In June 2022, the Sanctuary Belize development area experienced a significant storm, which caused electrical surges, equipment damage, and some flooding. Since the storm, internet has been restored and the Receivership Team is working with staff to consider cost-reasonable strategies to avoid power surge damages from future storm events.
- *Road Repairs*
  - The Receivership Team continues to oversee local staff's execution on the ongoing road maintenance initiative, which has entered into the next phase of work. The staff has surveyed all of the Sanctuary Belize development area roads, evaluated conditions, identified priority maintenance and repair segments, and considered cost estimates. The Receivership Team also incorporated local consumer feedback into the planning efforts, and will continue to work with staff to facilitate progress.
- *Consumer Engagement*
  - In July 2022, the Receivership Team received over 150 emails from consumers following the circulation of Consumer Committee meeting minutes and the distribution of the public access link to listen in to the status conference. Generally, consumers emailed concerning: (i) the status of litigation matters and the receivership estate; (ii) information regarding their specific claims; and (iii) confirmation of their contact information. As the Receivership Team transitions to the implementation of the initial stages of the redress program, it will remain focused on providing timely updates and necessary support to help consumers understand and navigate process steps.

### Litigation Updates

- Oral argument on the defendants' appeals has been scheduled by the Fourth Circuit for September 13, 2022.

- As discussed in the June 2022 Consumer Committee meeting, the Fourth Circuit formally dismissed the Chadwick appeal, which has positioned the Receiver to seek a recognition order from the Supreme Court in Belize concerning the Kanantik development area, just as the Receiver did in connection with Sanctuary Belize development area. The Receivership Team expects that its pending application may likely be considered in the Fall of 2022.
- The Newport Land Group (“NLG”), whose assets were previously placed into the receivership estate, is comprised of a number of individuals and one corporate entity that collectively invested \$1.95 million into that corporate entity. Late last month, the US District Court denied the NLG investors’ motion to intervene and seek relief from the trial court judgment in this matter. The investor group subsequently filed an appeal with the Fourth Circuit challenging the ruling and briefing is currently expected to be completed in October 2022.

### **III. Consumer Committee Member Topics**

- A Consumer Committee member asked whether the Receiver has a list of individuals who may be ineligible to receive redress because of their prior dealings with the Defendants in accord with the limitations set forth in the redress plan. The Receivership Team shared that it has flagged certain apparent lot holders who may potentially be ineligible. The Receivership Team will continue to evaluate the list, and also plans to cross-check and confirm ineligible participants prior to administering redress plan relief. As part of this process, the Receivership Team will coordinate with the FTC concerning relevant information.
- A Consumer Committee member inquired about the scope of the Kanantik property. The Receivership Team is in the process of validating land assets for Kanantik and Sanctuary Belize based on what is reflected in official Belize government records, to facilitate future marketing and sales effort. Additional information regarding the properties, including user-friendly maps, will be shared with consumers during the claim application process.
- A Consumer Committee member asked whether the Receivership Team has considered additional staffing reductions at the properties. The Receivership Team will continue to evaluate opportunities for additional operational efficiencies, but is cautious not to disrupt the ongoing responsibilities in maintaining the development areas. Moreover, among other things, the Court’s orders require that the Receiver maintain security staffing levels. Finally, the Receivership Team believes it will be relevant to the consideration of future qualified developers that there is an experienced and functional workforce.
- A Consumer Committee member asked whether there are any specific qualified developers interested in the property and inquired as to the vetting process. While the Receivership Team has received outreach from certain interested developers, it is anticipated that a formal RFP process will be employed to solicit interest broadly. At that time, it is contemplated that the Receivership Team will take steps to conduct appropriate due diligence in connection with determining qualified developer(s) selection.
- A Consumer Committee member inquired about the status of the Sanctuary Belize marina maintenance assessments. The Receivership Team continues to engage with qualified engineering firms on evaluating marina structures. As part of this process, the Receivership Team has requested that local staff seek to obtain copies of original

construction documentation for marina facilities in order to help facilitate the assessment.

*Meeting adjourned at 5:00pm ET*