

## In re Sanctuary Belize Litigation

Consumer Committee Meeting

Virtual Teleconference

June 28, 2022 | 3:30pm – 5:00pm ET

Attendees	
Name	Affiliation
Craig Hibbert	Consumer Committee Member
James (Jimbob) Slocum	Consumer Committee Member
Jodi Vance	Consumer Committee Member
Leslie Thomas	Consumer Committee Member
Lisa Daniels	Consumer Committee Member
Michele Weslander Quaid	Consumer Committee Member
Shryl Kirkbride	Consumer Committee Member
Marc Ferzan	Receivership Team
Rachel Woloszynski	Receivership Team
Terry Brody	Receivership Team

### Agenda

- I. Receivership Administration Update
- II. Consumer Committee Member Feedback / Questions

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### Current Status of Proposed Redress Plan:

- The FTC's proposed redress plan is pending before the Court for approval.
  - The Receivership Team currently does not have any indication when the Court may rule on the proposed redress plan, but the Judge has scheduled a status conference for July 27, 2022 at 11:00 am ET.
  - The Receivership Team is working to ensure that there are foundational processes in place to efficiently administer the redress plan once it is approved.
  - Consistent with past practices, Consumers will be provided with material updates as they become available.
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*Meeting called to order at 3:30pm ET*

## **I. Receivership Administration Update**

### Request for Status Conference with the Court:

- The FTC and Receivership Team requested a status conference with the Court to discuss operations of the Receivership Estate and the anticipated path forward with respect to redress plan approval and administration, as the Judge deems appropriate.
- In response, the Court has scheduled a virtual status conference on July 27, 2022 at 11:00 am ET. A copy of the Memorandum Order to Counsel regarding the status conference is attached to these minutes and also available on the Receivership website. It is currently unknown whether the Court will offer public access for those stakeholders who may be interested in listening in to the proceedings. If a public dial-in is provided in advance, the Receivership Team will plan to circulate the details to consumers.
- The Receivership Team anticipates using any time afforded at the status conference to provide the Judge with briefings on the complete transition of Receiver responsibilities from Robb Evans & Associates, ongoing operation and maintenance matters and related costs, as well as redress plan preparedness.

### Receivership Team Priorities:

- *Redress Plan Preparedness*
  - The FTC's motion to approve its proposed redress plan remains pending before the Court. As discussed in the past, recognizing the complexity of the proposed redress plan and the compressed schedule for administering it, the Receivership Team has undertaken significant preparations in advance of Court approval, including among other things: (i) pulling together voluminous consumer data from various records sources and organizing it in a master database; (ii) preparing necessary draft notifications, claims applications, and other redress program documents; and (iii) developing workflows to ensure a smooth consumer engagement and claims administration process.
  - In order to manage costs and reduce the risk of duplicating efforts, the Receivership Team has deferred certain remaining preparatory steps while Court action is pending relative to the final form of the redress plan. However, the Receivership Team is confident that it will be in a position to quickly operationalize the redress plan once the Court rules.
  - A Consumer Committee member asked whether the Receiver has a list of individuals who may be ineligible to receive redress because of their connection to the Defendants in accord with contemplated limitations in the redress plan. The Receivership Team confirmed that it has flagged certain consumers who may fall into this category, particularly those who may have performed work for the Defendants in exchange for credit towards lot purchases. The Receivership Team will continue to evaluate this list, and also plans to cross-check and confirm ineligible consumers with the FTC prior to redress administration. Moreover, Consumer Committee members were reminded that it is contemplated in the proposed redress plan that individuals who are deemed ineligible may dispute that determination in accordance with prescribed procedures.

- A Consumer Committee member asked whether the Receivership Team has developed a process for identifying comparable lots for consumers who have interest in an unauthenticated subdivision or a lot for which multiple consumers have a claim. Another Consumer Committee member asked a related question concerning how Kanantik lot purchasers will be offered comparable lots in Sanctuary Belize. The Receivership Team highlighted that it is committed to administering the program in a fair manner and in accordance with the prescribed parameters of the court-approved redress plan, and noted the following:
  - The proposed redress plan currently pending before the Court provides that if there is a competing claim on a lot, only one consumer will be entitled to keep the lot, and the other consumer(s) will be offered a reasonably comparable lot. While real estate is inherently unique, the Receivership Team is developing detailed, user-friendly maps -- reflecting things like lot size, location, and topography -- and related workflows to facilitate consideration of reasonably comparable lots for impacted consumers.
  - Additionally, there is a provision in the proposed redress plan whereby the Receivership Team will provide a platform that will enable consumers to directly engage with one another, should they be interested in trading lots.
  - As anticipated in the proposed redress plan, the Receivership Team will host moderated information sessions to provide consumers with helpful information so that they are able to make informed decisions during the administration of the claims program.
- *Validation of Title Records*
  - The Receivership Team has continued to validate government land records related to title, surveys, and other land use approvals. As a general matter, the Belize government Lands Department maintains official records in hard copy form, with limited online capability. Therefore, it has been necessary for the Receivership Team to engage title researchers to visit the Lands Department in Belmopan in order to evaluate the physical records on file so that we may reconcile the status of specific parcels with what is reflected in historical records.
  - The Receivership Team explained that, among other things, the underlying information will be a key part of the data room made available to interested developers as they may seek to undertake due diligence. Also, it is expected that such information will be of help for successor developer(s) in seeking to secure title insurance, which may likely be an important factor in considering the investment and related development efforts.
- *Recent Storm*
  - In June 2022, the Sanctuary Belize development area experienced a strong storm, which caused electrical surges, equipment damage, and some flooding. Among other impacts, the storm knocked out internet for a few days at the property. Staff has repaired or replaced the damaged infrastructure, restored internet service, and assisted residents in getting back online.
  - The heavy rains from the storm also impacted the roadways and there remained standing water in spots for some time. The Receivership Team is aware of the

issue and will work with local staff to assess the damage and undertake necessary repairs.

- *Liability Insurance Renewal*
  - The Receivership Team continues to evaluate the insurance needs for the estate. Most recently, the Kanantik general liability policy was set to expire. The Receivership Team has extended the coverage and is assessing other cost-effective options with brokers.
- *Kanantik Staffing Consolidation*
  - As discussed in previous Consumer Committee meetings, the Receivership Team is continually evaluating opportunities for additional cost savings and operational efficiencies. In the first quarter of 2022, the Receivership Team implemented an initial round of staffing reductions. After the Receivership Team's visit to the development areas in April 2022, an analysis was completed to take advantage of opportunities for broader staffing cuts.
  - In an effort to limit redundancies, as well as recognize operational efficiencies and additional cost savings, the Receivership Team terminated the entire staff at Kanantik. Management of the property has been consolidated under the Sanctuary Belize organizational team. There will be a greater focus on security at the Kanantik property, and the Sanctuary Belize team will perform periodic maintenance at Kanantik to ensure the property is positioned for marketing and sales efforts.
  - The Receivership Team believes there is value in having one local staff management team in Belize -- with comprehensive knowledge of both development areas -- to interact with potential qualified developers in the future. The staffing changes have been effectively implemented and the Receivership Team will continue to work with the local Sanctuary Belize managers to ensure that Kanantik responsibilities are seamlessly integrated to facilitate ongoing security, operations, and maintenance efforts.
- *Security*
  - Lighting at Security Booths – At the Town Hall, concerns were raised regarding the sufficiency of lighting at the security booths during evening hours. The situation was evaluated and cost-reasonable Solar lighting was subsequently installed at the security booths as an additional security measure. It is expected that this will enhance safety, and also add some value in connection with the marketing and sales efforts.
  - Care of Security Dogs – At the Town Hall, residents raised concerns regarding the care of the security dogs. Staff is completing construction of shelters so that the security dogs have a place to reside when not on-duty. The shelter is designed to be properly ventilated, shaded, and with enough room for the comfort and safety of the dogs. The staff repurposed available materials and, as a result, the associated costs for construction are de minimis. As previously reported, among other things, regular, on-site veterinary services will be provided for the dogs every six months, and new food and water bowls have been purchased to facilitate nutritional needs. The dogs will also be provided with longer leashes at the security booths while on duty so that they may be move around more freely and be comfortable.

- Kanantik Airstrip & Marina Security – A Consumer Committee member asked whether the Kanantik airfield is still operational. The airstrip is currently inoperable as the Receivership Team previously instructed staff to install visible, temporary barriers in an effort to address safety concerns. A future qualified developer may have interest in making the airstrip operable again, and it is believed that operability may be achieved with limited cost and effort. Another Consumer Committee member asked about the security measures surrounding the Sanctuary Belize marina. The security staff at Sanctuary Belize carry weapons, have security dogs, and regularly patrol the properties. Moreover, the Receivership Team remains in close contact with the local management team to monitor significant security issues and concerns.
- *Maintenance Projects Under Consideration*

Under U.S. Court directives, the Receiver must generally conserve development area assets and prevent amenities from falling into disrepair, as well as undertake efforts to limit certain material degradation of the Sanctuary Belize development area’s environmental conditions. Accordingly, the Receivership Team is continuing to evaluate the advisability and cost of certain potential maintenance projects.

  - Beach Replenishment and Marina Docks – The Receivership Team is soliciting input from qualified engineering firms to evaluate conditions at the Marina, as well as beach replenishment strategies. The Receivership Team has evaluated historical erosion and sought proposals for possible beach renourishment projects at both Sanctuary Beach and Sanctuary Caye. The Receivership Team also requested proposals from US-based marine engineering firms to perform an assessment of the Marina. The Receivership Team will evaluate the proposals and determine the best and most cost-effective methods to address beach erosion and Marina conditions.
  - Activation of Well Site – The Receivership Team previously was advised by certain residents of water pressure issues at the property. To alleviate related water supply challenges and reduce strain on other wells, staff completed construction on a well that had previously been dug, but had not been fully implemented. An electric meter is in the process of being activated so that the well may become functional.
- *Assets for Use/Rent/Sale*
  - Ambulance and Emergency Services Solution – At the Town Hall, residents inquired whether the ambulance may be made available to transport residents in the event of a health emergency. The Receivership Team has identified a cost-effective solution utilizing a third-party emergency services provider near Hopkins that provides 24-hour operations. Moreover, it has been determined that it is advisable to sell the ambulance at the appropriate time, since, among other things, local staff does not have the necessary certification to operate the ambulance.
  - Gym Equipment – At the Town Hall, residents asked if they could use the gym equipment, which is in the garage of the home that formerly belonged to Peter Baker. The Receivership Team previously advised that it considered a variety of factors, including security, safety, and insurance, and ultimately determined it will not open the gym to residents. The Receivership Team also sought a

preliminary appraisal of the gym equipment and concluded that it will be most advantageous to market it as part of the contemplated home sales efforts.

Litigation Updates:

- *Chadwick Appeal*
  - On June 16, 2022, the U.S. Court of Appeals for the Fourth Circuit issued an order granting the FTC's motion to dismiss the appeal of Luke Chadwick and his corporate entities, per the terms of the settlement. The Court also dismissed the appeal of four other corporate entities associated with Kanantik, as they were not parties to the underlying litigation and lacked standing. As a result of the appellate court's order, the Receiver is now in a more favorable position to seek to recognition by the Belize court of other relevant U.S. court orders that will facilitate Kanantik-related redress plan administration efforts. The Receivership Team has continued to work with legal counsel to prepare the application.

*Meeting adjourned at 4:53pm ET*

UNITED STATES DISTRICT COURT  
DISTRICT OF MARYLAND

PETER J. MESSITTE  
UNITED STATES DISTRICT JUDGE

6500 CHERRYWOOD LANE  
GREENBELT, MARYLAND 20770  
301-344-0632

MEMORANDUM

To: Counsel of Record  
From: Judge Peter J. Messitte  
Re: In re Sanctuary Belize  
Civil No. PJM 18-3309  
Date: June 18, 2022

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The FTC has requested that the Court set a status conference in this case. Chambers advised FTC counsel that defense counsel would have to be notified and could participate and that the topics to be discussed would need to be circulated in advance. The Court understands there are two issues:

- 1) Defense counsel responded at first that they did not believe the status conference should be scheduled until the FTC circulated topics for discussion; i.e., they would not provide their availability until the topics were shared. The Court agrees.
- 2) However, defense counsel now state that they do not believe a status conference should be held at all while the case is on appeal to the Fourth Circuit. With this the Court disagrees.

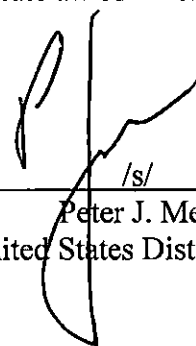
Taking the second issue first, the Court will hold a status conference, which presumably will deal with operation of the Receivership and other administrative matters. Defense counsel may note their objection and even decline to appear, if they so choose. The hearing will be virtual.

As for the topics to be discussed, the Court is not asking for a joint proposed agenda from all parties. The Court is not inviting a list of topics that defense counsel wish to raise, but simply wants to understand the functional issues the FTC wishes to discuss.

At this point, given the scheduling constraints of the Court, the Court will **schedule the virtual status conference on July 27 at 11:00am**. If individual counsel have conflicts on that date, they are directed to have someone from their firm to appear in their place. The Court does not intend to get into back and forth with respect to the date of the conference. If counsel are unable to accommodate this time, they should contact chambers at 301-344-3655.

The FTC is directed to share its list of topics to be discussed with defense counsel (copy to the Court) by **July 15, 2022**.

Despite the informal nature of this ruling, it shall constitute an Order of the Court and the Clerk is directed to docket it accordingly.



/s/  
Peter J. Messitte  
United States District Judge

CC: Court File