



ankura 

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

**Receiver Report of Activities for the  
Period January 1, 2024 to April 30, 2024**

Submitted: July 15, 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 four-month reporting period<sup>1</sup> from January 1, 2024 through April 30, 2024 (the “Reporting Period”), unless otherwise indicated.<sup>2</sup>

In the Receiver’s March 2023 report, and at the related April 20, 2023 hearing, the Receiver made recommendations to proceed with next phases of consumer redress that would take into account the substantial passage of time, risks, and costs of administration. More particularly, the Receiver requested that the Court authorize steps to: (i) begin issuing redress payments to eligible consumers; (ii) undertake an approach to the marketing of Belize land assets that could be tailored to market feedback and conditions, and provide eligible consumer victims with additional relevant information before making lot choices; and (iii) enable a streamlined, binding lot choice election process to empower consumer choice and efficiently focus receivership efforts. In light of the significant receivership estate carrying costs, the Receiver’s recommendations were intended to simplify the approach to redress, reduce the related administration costs, accelerate progress for consumers, and envision receivership wind down as quickly as possible. These recommendations culminated in the Court’s entry of the June 14, 2023 Order Implementing Next Phase of Consumer Redress (the “June 2023 Order”).

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<sup>1</sup> It is anticipated that receivership reporting will generally occur over three reporting periods, each covering a four-month interval, to provide progress updates in connection with the activities undertaken during the 2024 calendar year.

<sup>2</sup> All capitalized terms that are not otherwise defined herein shall have the meaning ascribed to them in the Redress Plan.



Following the distribution of nearly \$10 million in redress payments to Sanctuary Belize consumers in the third and fourth quarters of 2023, the Receiver made additional progress over the Reporting Period in accordance with the June 2023 Order. The Receivership Team, among other things: (i) initiated 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 (ii) took the final steps to launch a Request for Proposals (“RFP”) process to begin marketing the more than 18,000 acres of Belize development area land assets.

The consumer survey was initiated on April 8, 2024 to allow eligible consumers who have not previously acquired title to their lot to elect to: (i) buy out their lots in advance of the completion of the RFP process, to the extent that title to the underlying property is available to be transferred; (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 may choose to offer lots for sale to consumers under terms and conditions that are acceptable; or (iii) waive any right to acquire a lot.

Consistent with the requirements of the December 2023 Order, the Receiver engaged an FTC-approved vendor with reasonable rates in January 2024 to implement the consumer survey program at the direction of the Receivership Team and consistent with Court-ordered requirements. In advance of the launch of the survey, the Receivership Team oriented the survey administrator and worked closely with its project personnel in preparation for the distribution of various FTC-approved consumer notifications, as well as to provide assistance to consumers in understanding their lot choice preferences relative to the three options (for those not already holding title to their



lot). At the conclusion of the survey period on July 8, 2024, approximately 1,850 eligible consumers had submitted survey elections in connection with more than 1,000 corresponding lots.

On May 29, 2024, the Receivership Team, together with international real estate broker CBRE, Inc. -- Global Commercial Real Estate Services (“CBRE”), initiated the RFP process to begin marketing the receivership Belize development area assets. CBRE announced the RFP by launching a dedicated website that includes offering materials, providing notifications by email and through social media to its global network of thousands of prospective investors and developers, and issuing a press release. In preparation for the RFP process, the Receivership Team and CBRE worked closely together to, among other things, further develop the offering materials, finalize a virtual data room with due diligence materials, and issue guidance to prospective purchasers on bidding parameters to meet the needs of receivership stakeholders. In accordance with feedback provided by experienced developers, as well as guidance provided by CBRE and other real estate industry professionals, the RFP is designed to encourage flexible bidding with the objective of maximizing investor and developer interest, as well as corresponding bids. Pursuant to the June 2023 Order, the RFP process is scheduled to take up to nine months, but it may be extended upon notice to the Court that additional time may be necessary and appropriate to facilitate bidding.

As further described below, the Receivership Team also continued to meet its other obligations under the Court’s orders by, among other things, overseeing the operation and maintenance of the Belize development areas, keeping consumers apprised of receivership updates, coordinating with legal counsel in connection with civil and criminal proceedings, and identifying opportunities to maximize receivership estate efficiencies or reduce expenses where possible.



## II. STATUS OF REDRESS INITIATIVES

As previously reported, 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 an online survey; and (iii) commence preparations for marketing activities in connection with the Belize land and other assets. With the vast majority of redress payment activities having been previously completed,<sup>3</sup> the Receivership Team focused efforts over the Reporting Period on initiating the lot choice survey and Belize real estate marketing activities as described below.

### A. Development and Initiation of Consumer Lot Choice Survey

#### i. Survey and Lot Choice Options Overview

On April 8, 2024, the Receiver initiated a detailed online survey that afforded consumers the choice within prescribed parameters to elect to:

- Acquire their lot(s) 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(s), 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

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<sup>3</sup> As of July 10, 2024, redress payments had been issued relating to 1,204 Sanctuary Belize claims, and a total of \$9,889,861.09 in corresponding redress funds had been transferred. The balance of the funds that have not 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 were not accepted by eligible consumers. 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.



- Decline to acquire their lot(s) and waive all rights to acquire a lot at any time in the future as part of any Court-approved redress (“Option No. 3”).

The survey also enabled consumers who believe that they already hold title to their lot(s) to provide notice to the Receivership Team accordingly for review and feedback.<sup>4</sup> Consumers who hold title to a lot did not need to choose from Option Nos. 1, 2 or 3.

Consumers were provided until July 8, 2024 -- 90 days from the launch of the survey -- to review the survey disclosures, evaluate the risks, conduct due diligence, and consider other relevant factors prior to making their lot choice election. For lots involving co-owners, all individuals or entities listed in a joint Claim Application were required to coordinate amongst themselves and *separately* complete and submit their own, individual survey. If eligible consumers did not complete the survey by the deadline or all co-owners did not select the same option, they are 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 are 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

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<sup>4</sup> For any consumers indicating that they already hold title, the Receivership Team has reviewed available land records to assess whether it appears that title has, in fact, been transferred from the receivership. To the extent that the Receivership Team’s review did not show that a title transfer has occurred, impacted consumers have been informed and given the opportunity to resubmit their survey to select from Option Nos. 1, 2 or 3.



limited to, encumbrances.

Most of the lots within the Sanctuary Belize subdivisions are available for transfer according to available Belize Government land records. However, based on the review of government records in connection with the Laguna Palms and Marina Village subdivisions, associated lots are not available for transfer because the corresponding subdivision plans were not previously approved by the Government of Belize. With respect to Kanantik, although government land records reflect that the Mango Springs subdivision has Belizean Government approval, other complicating factors have been identified that may impact the transferability of those lots, including the existence of encumbrances on the underlying land parcels. As such, the Receivership Team conferred with the FTC, and submitted a request for a status conference following the conclusion of the July 8, 2024 survey deadline, to address the issues with the Court and seek additional guidance. The Court granted the joint Receiver and FTC request, and the status conference is currently scheduled for August 14, 2024. Kanantik consumers who selected Option No. 1 have been advised by email of the lot transferability limitation under the requirements of the June 2023 Order, and that they will be provided with additional information following the engagement with the Court.<sup>5</sup>

The June 2023 Order further provides that, for those consumers who select Option No. 1 and have a lot that meets its requirements, the purchase price will be calculated in accordance with a specified formula set forth in Paragraph 7 of the order that applies discounts from the Seller

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<sup>5</sup> Among other things, for Mango Springs lot transfers to be effectuated, it would likely entail ongoing efforts by Belize legal counsel as well as filings with the Belize courts and/or relevant government agencies in order to satisfy Belize legal and regulatory requirements and comply with the June 2023 Order. Carrying out these steps would necessitate additional Receivership Team time, resources, and cost. Since Kanantik currently does not have access to liquid assets, it is expected that cost-benefit factors will necessarily require additional consideration by the Court.





Deceptive Price (as defined in the Redress Plan).<sup>6</sup> 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. The order further specifies that these consumers will not be entitled to any refund on account of such a 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 are 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.<sup>7</sup>

The survey itself, as well as Frequently Asked Questions (“FAQs”) and several other helpful resources posted on the receivership website, have provided more information (including specified risk considerations that comport with Redress Plan requirements) to help consumers evaluate which option may present the best path for them. In addition, dedicated live customer service resources supported by the survey administrator are available by email and telephone to address consumer outreach.

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<sup>6</sup> 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 (i.e., a 35% discount); (3) dividing that figure by the Tax Adjustment Factor of 1.125 (i.e., a 12.5% discount); and then (4) reducing the sum by the previous Amount Paid expenditures (as defined in the Redress Plan) for such lot.

<sup>7</sup> Because there can be governmental delays associated with the processing of title transfers, the December 2023 Order provides that 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 Choice Survey - Option No. 2**

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

### **Lot Choice Survey - Option No. 3**

Pursuant to the June 2023 Order, 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, but they will remain entitled to receive future redress payments based on the availability of funds and future directives from the Court.

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

Following completion of the Request for Information (“RFI”) process on August 18, 2023,<sup>8</sup> and entry of two Court orders -- i.e., the October 19, 2023 Order Clarifying, In Part, the Court’s Order Implementing Next Phase of Consumer Redress,<sup>9</sup> and the December 2023 Order<sup>10</sup> -- the FTC and the Receiver continued to work collaboratively to finalize consumer survey content, related

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<sup>8</sup> As previously reported, in accordance with the requirements of the June 2023 Order, the Receivership Team and CBRE engaged in an RFI 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. During the RFI process, which concluded in August 2023, the Receivership Team and CBRE conducted seven one-hour sessions with representative investors and developers.

<sup>9</sup> The October 19, 2023 Order provides 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.”

<sup>10</sup> 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 a lot buy out).



email communications, and customer support resources. Generally, the consumer communications and resources have provided: (i) notice of the availability of the survey with directions on how to complete it; (ii) explanations of all three survey options and related risks; (iii) notice of the July 8, 2024 deadline to complete the survey; and (iv) for consumers considering or selecting Option No. 1, information relating to pricing, contracting, due diligence, the closing process steps and forms, including estimated closing-related costs, and a non-exhaustive list of Belize attorneys who are able to provide advice and assistance.

Consistent with the terms of the December 2023 Order, consumers considering Option No. 1 lot buy outs have been 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, the receivership website includes 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, the dedicated customer support team remained available to provide email and toll-free telephone helpline engagement.



### **iii. Consumer Lot Choice Survey Administration**

In accordance with the December 2023 Order, in January 2024, the Receivership Team engaged an FTC-approved survey administrator with reasonable rates to implement the survey. At the direction of the Receivership Team, and using the survey materials with approved FTC language, the survey administrator has been responsible for distributing consumer notices, providing consumers with customer support in connection with their lot choice preferences relative to the three options, and compiling the results of the survey selections for use in connection with facilitating the transfer of lots for consumers proceeding under Option No. 1, as well as for the real estate marketing activities relative to the interests of prospective investors and developers in connection with the RFP process.

In preparation for survey implementation, the Receivership Team provided the survey administrator with a tailored master data file containing pertinent foundational information aligned to operative Redress Plan definitions and court-ordered lot choice program mandates that were gathered through the Receivership Team's collection, analysis, and organization of consumer Claim Application materials, Belize government records, defendant company documents, and other sources. Among other things, the data file sets forth detailed information relating to each eligible consumer and corresponding lot, including underlying contract terms, payment data, and other information required to calculate the new lot purchase price for those consumers considering completing the purchase of their lot under Option No. 1. The data file also identifies with respect to each lot whether: (i) competing claims exist; (ii) home construction has been initiated or completed (to inform any potential competing claim analysis); and (iii) title already has been transferred to a third party (based on available records).



The Receivership Team also delivered to the survey administrator a series of FTC-approved consumer notification templates designed to be customized for eligible consumers and corresponding lots by employing the information contained in the master data file. The consumer survey program communications have included:

- An email notification announcing the survey and providing a detailed overview of the available options for consumers with lots located in Sanctuary Belize and Kanantik;
- An email notification advising consumers with an interest in a lot located outside Sanctuary Belize or Kanantik that they are unable to purchase the lot through the survey process because the receivership estate does not own the underlying land that was sold to them;
- Email notifications confirming consumer survey selections;
- A series of email communications to consumers selecting Option No. 1 advising them whether their lot is available for purchase and, to the extent it is available under the survey parameters, providing them the new pricing information, as well as a template reformed contract that must be signed within 60 days should they want to complete their purchase;<sup>11</sup>
- Email notifications advising consumers of instances in which there are competing claims on a lot and describing the process by which the Receivership Team will determine which consumer has the best claim to it;<sup>12</sup>
- Emails advising consumers who believe that they hold title to their lot whether the Receivership Team's records reflect that the title has, in fact, been transferred; and
- Emails reminding eligible consumers to complete the survey by July 8, 2024 and advising that, if they do not timely do so, they will be assigned Option No. 2.

The Receivership Team also worked with the survey administrator to develop detailed workflows in order to facilitate the appropriate sequencing and timely delivery of consumer communications throughout the survey program lifecycle. Furthermore, the Receivership Team

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<sup>11</sup> In preparation for survey administration, the Receivership Team coordinated with Belize legal counsel to develop a standard reformed contract template to facilitate the purchase and closing process for consumers pursuing Option No. 1.

<sup>12</sup> To reach this determination, the Receiver will consider the Amount Paid information for each consumer with an interest in the lot as determined during the Claim Application process, and other relevant information and circumstances.



coordinated with the survey administrator to implement an interactive voice response script (for consumers who call the toll-free customer support telephone helpline), as well as survey program responses for dedicated customer service agents to address a broad range of consumer inquiries via email and the telephone helpline. Following survey launch, the Receivership Team also remained available to: (i) provide guidance concerning unique, complex and/or multifaceted inquiries escalated by the survey administrator; (ii) supplement the survey program customer support responses as necessary; and (iii) provide direction to the survey administrator concerning the survey process steps and implementation protocols.

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.

#### **iv. Current Survey Results**

Following the initiation of the survey process on April 8, 2024, according to survey administrator data, the website hosting the online survey was visited more than 7,300 times, and over 1,800 eligible consumers (including individual owners and joint co-owners) submitted survey responses corresponding to final survey elections in connection with more than 1,000 corresponding lots.<sup>13</sup> Based on preliminary survey administration data, the following tables provide an overview of completed lot survey selections as of July 9, 2024, organized by each development area.

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<sup>13</sup> The difference between the number of survey elections and corresponding lots is attributable to the several lots with joint co-owners requiring additional participation.



### Sanctuary Belize Lot Choices

Survey Program Option Choice	Number of Lots	Percentage of Total Survey Program Lots
1	235	19.6%
2	122	10.1%
3	322	26.8%
4 / Title	116	9.7%
Selection not completed – assigned Option No. 2	407	33.9%

### Kanantik Lot Choices

Survey Program Option Choice	Number of Lots	Percentage of Total Survey Program Lots
1	77	19.3%
2	63	15.8%
3	110	27.5%
4 / Title	0	0%
Selection not completed – assigned Option No. 2	150	37.5%

Individual owners and joint co-owners of approximately 45 Sanctuary Belize lots who selected Option No. 1 have elected to move forward after receiving reformed contract pricing information, and have been provided with new contracts for further consideration as to whether they will choose to proceed with the purchase of their lots.

From April 8, 2024 through July 8, 2024, the survey administrator had received and responded to more than 900 emails and in excess of 400 phone calls regarding the survey process and related redress matters. The most common consumer inquiries pertained to the implications of selecting each of the survey options and the process steps following the selection of Option No. 1. Close to 200 additional consumer inquiries were also addressed by a separate customer support



vendor and the Receivership Team from January 2024 to June 2024 concerning topics that ranged from title and land tax questions to operations and maintenance issues, among others.<sup>14</sup>

The Receivership Team also continued to provide relevant information to consumers via email and by updating the receivership website (<https://www.sanctuarybelizereceivership.com>), which posts Receiver reports, Consumer Committee meeting minutes, various guidance and reference resources related to the survey program, and Court filings.

### **B. Belize Real Estate Marketing and Sales Activities**

Over the Reporting Period, the Receivership Team took additional steps with CBRE to coordinate the marketing launch for the more than 18,000 acres of Belize land and other development area assets. On May 29, 2024, CBRE initiated the RFP process by activating a dedicated website showcasing the offering and enabling access to relevant records, providing notice by email and social media of the RFP to its global network of thousands of prospective investors and developers, and issuing a press release, among other things.

In anticipation of the initiation of the RFP process, the Receivership Team and CBRE collaborated to, among other things, further develop: (i) an Offering Memorandum that provides a detailed overview of the assets available for sale;<sup>15</sup> (ii) a virtual data room containing due diligence materials, including development area maps, surveys, title records, government permits and approvals, corporate records, land tax payment records, U.S. and Belize court filings and orders,

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<sup>14</sup> The Receivership Team continues to utilize the customer support vendor engaged in connection with the Claim Application program to provide assistance in responding to certain consumer inquiries not being handled by the survey administrator.

<sup>15</sup> A copy of the Offering Memorandum for consumers is accessible through the receivership website utilizing this [link](#).





photographs, and aerial video footage;<sup>16</sup> and (iii) guidance to prospective purchasers on bidding parameters along with a bidder questionnaire & term sheet template to facilitate the submission of bids.

As previously reported, in accordance with feedback provided by experienced developers during the RFI process, as well as guidance provided by CBRE and other real estate industry professionals, the RFP is designed to encourage flexible bidding with the objective of maximizing investor and developer interest, as well as corresponding bids. Accordingly, the bidder questionnaire enables prospective purchasers to submit offers for the entire real estate portfolio, individual developments areas, or land tracts within the development areas. To facilitate the analysis of bids relative to the goals of the receivership and the interests of consumer stakeholders, the bidder questionnaire requires that prospective purchasers provide information about their background and plans to develop the property, including, but not limited to, whether they intend to: (i) pursue residential development, commercial development, and/or other uses for the real estate; (ii) provide services and/or amenities, including 24-hour security, power and water hook up, roadway completion, utilities and infrastructure maintenance, and facilities access; (iii) maintain a form of controlling covenants, conditions, restrictions and/or easements; (iv) enable a property owners association (or similar body); and/or (v) offer lots for purchase to Option No. 2 consumers who previously entered into lot purchase agreements with the defendants prior to 2018, but did not

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<sup>16</sup> In developing the virtual data room and offering materials, the Receivership Team assembled, analyzed, organized and shared with CBRE a multitude of records, and leveraged information obtained from site visits during which the Receivership Team and CBRE conferred with local staff, undertook assessments of the Belize real estate and other receivership assets, evaluated comparable real estate offerings to support land valuation analyses, further developed marketing strategies in advance of RFP launch, and guided a professional photography team that captured a significant volume of high-resolution photographs and video drone footage of the expansive development areas, as well as key assets.



complete the purchase of their lots during the survey process -- and, if so, apply any credits from prior contract payments and/or offer the lots at discounts.

Along with the bidder questionnaire, the proposed term sheet sets forth the general conditions under which a sale of the “as is” and “where is” offering, with no representations or warranties, could be consummated. Among other things, the term sheet includes provisions relating to the prospective bidder’s due diligence obligations, earnest money deposit requirements, and anticipated negotiation of a purchase agreement, which will ultimately require Court approval before any sale may be consummated and closing may be scheduled.

The Receivership Team anticipates that the RFP process will generally include the following steps, which may be subject to adjustment in order to facilitate bidding and contracting:

- Following execution of confidentiality agreements, the review and consideration of offering materials by prospective bidders;
- Coordination of site visits for interested prospective bidders;
- Review of offers in the form of completed bidder questionnaire & term sheet forms;
- Bidder(s) with viable offer(s) deemed to be viable will be provided with reasonable time to conduct additional investigation and complete due diligence;
- Bidder(s) with viable offer(s) deemed to be viable wishing to proceed will negotiate and enter into fully executed purchase agreement (requiring U.S. Court approval);
- Executed purchase agreement(s) will be submitted by the Receiver to U.S. Court for consideration for approval in accordance with statutory overbidding and other U.S. and Belize legal process requirements; and
- Following any U.S. Court approval, scheduling and administration of closing according to terms of the purchase agreement.

Pursuant to the June 2023 Order, the RFP process is scheduled to take up to nine months from the May 29, 2024 launch date, but it may be extended upon notice to the Court that additional time is necessary and appropriate to facilitate bidding.



### III. BELIZE PROPERTY MANAGEMENT OVERSIGHT

The Receivership Team continued to meet its obligations to oversee the operations and maintenance of the Belize developments as required under the terms of the Court's orders, while identifying and capitalizing on opportunities to limit associated expenses.

The Receivership Team generally maintained local staffing levels and related costs in accordance with the efficiency plans initiated beginning in the first quarter of 2022. However, while overall headcount and payroll expenditures were generally kept flat during the reporting period, additional personnel changes were made. Two management positions were consolidated following employee terminations in December 2023, as the former Deputy General Manager was appointed to take on the duties of the General Manager job on a permanent basis, and another senior employee was assigned responsibility for the management of the maintenance team. Moreover, in consideration of recent security incidents at Sanctuary Belize and the anticipated increases in development area site visits from consumers in connection with the lot choice survey program and bidders evaluating the development area as part of the RFP marketing and sales activities, one ranger position was added to the security team and a small hourly wage increase was implemented for security staff as a retention measure.<sup>17</sup>

With the direction of the Receivership Team, local staff has continued to enable the necessary upkeep of the development areas, which is also expected to be beneficial to the RFP process and the consideration of prospective bidders. Notable operations and maintenance activities over the Reporting Period included completion of the first phase of a road maintenance plan, which involved rolling and grading of Sanctuary Belize's main roads. The next phase of the road

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<sup>17</sup> The Receivership Team has monitored security needs with local management on an ongoing basis to determine whether adjustments may be necessary based on changing conditions, and will continue to do so.



maintenance plan is expected to proceed in the coming months when weather conditions are most suitable, and it is anticipated that it will focus on Sanctuary's Belize's secondary roads. Local staff also coordinated repairs at the Sanctuary Belize Beach Club pool by remediating leaks. In addition, compliance with Belize permitting and licensing requirements was undertaken by renewing the water abstraction and firearms licenses, while also initiating a quarry permitting request.

Notwithstanding the reductions to expenses and efficiencies realized by the Receivership Team and local staff, annual operations and maintenance carrying costs at current levels are still projected to be more than \$1.7 million. The Receivership Team will continue to assess resources and work to identify potential opportunities to control expenses where possible, while ensuring ongoing compliance with its duties under the Court's orders.

#### **IV. ACCOUNTING AND FINANCIAL STATEMENTS**

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 April 30, 2024, unless specified otherwise. The operating expenses of Sanctuary Belize and Kanantik<sup>18</sup> are generally recorded on a cash basis as payments are approved and issued. The statements for this Reporting Period include payment of land taxes in the amount of approximately \$50,000 for parcels and lots that are held in the names of receivership entities. However, the statements do not include data related to the value of certain receivership assets, including land, improvements, equipment, and other assets located in

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<sup>18</sup> As provided in the Final Order Concerning Kanantik, the District Court ruled that the entities and corresponding land that comprise Kanantik are receivership assets. The Receiver has continued to conserve, manage and preserve the Kanantik development area for the benefit of consumers, despite the lack of liquid Kanantik assets to support operations and maintenance costs. Consequently, related costs incurred in connection with addressing Kanantik responsibilities have been satisfied by applying other receivership estate funds. 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 may be effectuated following the sale of any of the Kanantik assets.



Belize. Factoring in the uniqueness of the Belize assets and goals of the receivership on behalf of the consumer stakeholders, 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 considering valuations for the collective Belize receivership assets in connection with ongoing real estate marketing and sales efforts.

Over the four-month Reporting Period, the Receivership Team continued to roll over the more than \$10.3 million in corresponding cash holdings into subsequent monthly, interest-bearing timed deposits. In doing so, the receivership estate generated additional income from higher interest rates associated with its cash holdings, resulting in earned and accrued interest of \$197,412.

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



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

	<b>As of April 30, 2024</b>
<b>Assets:</b>	
Cash	\$ 12,989,822
Accrued interest on timed deposit	(1) 37,727
<b>Total assets</b>	<b>\$ 13,027,549</b>
<b>Liabilities:</b>	
Allocated redress payment distribution per June 14, 2023 Court Order	(2) \$ 76,229
Ankura professional fees and expenses	(3) 268,689
Barnes & Thornburg professional fees and expenses	(3) 157,431
Other accounts payable	70,958
<b>Total liabilities</b>	<b>573,309</b>
<b>Net assets available</b>	<b>\$ 12,454,240</b>

**Footnotes:**

(1) In April 2024, the Receiver transferred \$10.46 million to a Citibank Timed Deposit account with an interest rate of 5% and a maturity date of May 3, 2024. On the maturity date, the receivership estate received the \$10.46 million deposit plus interest of \$41,918.71. The amount reported in this schedule is the calculated interest accrued on this timed deposit as of April 30, 2024.

(2) This liability accounts for redress payments that were issued but had not yet been accepted by consumers as of April 30, 2024, in addition to holdbacks for Post-Filing Transferee claims that were ultimately determined to be ineligible by the Court.

(3) These amounts payable reflect the fee application requests relating to Ankura and Barnes & Thornburg invoices for the period October 2023 through April 2024 in accord with the guidelines set forth in the Court's June 18, 2024 Order Regarding Billing Guidelines for the Receiver and its Counsel. Pursuant to the Order, a 10% holdback will also be applied in connection with the fee application requests and accounted for as a payable until the Court considers the holdback amounts as part of a final fee request submitted at the close of the receivership.



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

	<b>For the Period January 1, 2024 to April 30, 2024</b>	<b>From Inception to April 30, 2024</b>
<b>Recoveries:</b>		
Atlantic International Bank settlement	(1) \$ -	\$ 23,000,000
Previously reported recoveries	-	20,786,502
Other collections	10,482	1,105,528
Interest income	197,412	781,469
<b>Total recoveries</b>	<b>\$ 207,894</b>	<b>\$ 45,673,499</b>
<b>Disbursements:</b>		
Redress payment distributions	(2) (33,910)	\$ 9,966,090
<b>Expenses:</b>		
Sanctuary Belize operating expenses		
Payroll	\$ 276,692	\$ 4,975,565
Equipment, maintenance, and supplies	101,924	2,572,426
Employment taxes	39,722	813,643
Property taxes and other government payments	33,085	312,490
General, administrative, and other expenses	42,924	1,091,261
Legal fees and costs	26,479	550,528
Total Sanctuary Belize operating expenses	520,827	10,315,914
Kanantik operating expenses		
Payroll	15,294	375,908
Equipment, maintenance, and supplies	1,678	58,848
Employment taxes	-	44,422
Property taxes and other government payments	22,678	80,919
General, administrative, and other expenses	1,220	162,592
Legal fees and costs	671	43,138
Total Kanantik operating expenses	41,542	765,828
Real estate property expenses	337	1,810,471
Corporate entity expenses	-	80,859
Other expenses	(3) 2,403	163,416
Receiver fees and expenses		
Ankura fees and expenses	(4) 133,291	4,473,313
REA fees and expenses	-	2,847,275
Barnes & Thornburg fees and expenses	(4) 57,631	2,685,010
Arnold & Porter Kaye Scholer fees and expenses	-	111,084
Total receiver fees and expenses	190,922	10,116,681
<b>Total distributions &amp; expenses</b>	<b>722,121</b>	<b>33,219,259</b>
<b>Net recoveries/ (distributions &amp; expenses)</b>	<b>\$ (514,227)</b>	<b>\$ 12,454,240</b>

**Footnotes:**

(1) On October 19, 2023, the Court entered an order permitting the Receiver to use: (i) all interest that has accrued or will accrue on the Atlantic International Bank Limited ("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. As of April 30, 2024, approximately \$738,000 of the AIBL principal funds had been allocated for expenses (taking into account accrued liabilities).

(2) Under the Court's June 2023 Order, \$10 million was allocated for Sanctuary Belize consumer redress payments, and an aggregate of \$9,889,861.09 was transferred to eligible beneficiaries as of July 10, 2024.

(3) Other expenses include costs for customer support services provided by vendor NextClaim, as well as for records storage vendors.

(4) Pursuant to the Court's June 18, 2024 Order Regarding Billing Guidelines for the Receiver and its Counsel, cumulative fees and expenses through April 30, 2024 reflect adjusted Q4 2023 Ankura fees and expenses of \$135,398.42 and adjusted Q4 2023 Barnes & Thornburg fees and expenses of \$99,800.28.



## V. COURT PROCEEDINGS

Over the quarter, the Receivership Team continued to coordinate with counsel regarding ongoing legal proceedings. An overview of those efforts and the current status of relevant court matters is set forth below.

### *Criminal Prosecution of Andris Pukke*

- 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 alleged 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 April 3, 2024, the government obtained a superseding indictment alleging obstruction of an official proceeding in place of the unlawful monetary transactions count.
- On June 3, 2024, Mr. Pukke entered a plea of not guilty in connection with the superseding indictment.
- Following prior adjournments, trial commenced the week of June 17, 2024.
- On July 10, 2024, the jury returned verdicts of guilty on each of the two counts in the indictment charging Mr. Pukke.

### *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.<sup>19</sup>
- 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.

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<sup>19</sup> 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.





- Oral argument has been tentatively calendared during the September 24-27, 2024 session.

#### *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.
- On April 18, 2024, the Court of Federal Claims heard oral argument on the motion. No determination has been rendered to date.

#### *Criminal Proceeding in Orange County, California*


- At the request of Orange County District Attorney’s Office, the Receivership Team provided assistance in connection with a criminal proceeding involving allegations of grand theft and money laundering against a building contractor, defendant Leo Delgado, who received funds to provide home construction services in connection with certain Sanctuary Belize lots, but was alleged to have failed to perform the agreed-upon work or return the monies he received.
- The Receivership Team provided requested information and records to the Orange County District Attorney’s Office along with trial testimony. The defendant was ultimately found guilty at trial and sentenced.

## **VI. CONCLUSION**

As reflected above, the Receivership Team made substantial progress over the Reporting Period advancing the redress initiatives approved under the Court’s June 2023 Order. On April 8, 2024, the Receivership Team, in coordination with the survey administrator, initiated the consumer survey and, on May 29, 2024, the Receivership Team, together with CBRE, launched the RFP process to market for sale more than 18,000 acres of receivership land and development area assets in Belize. The Receivership Team will continue to keep consumers apprised of relevant receivership developments through Receivership website updates, Consumer Committee meeting



minutes, direct consumer communications, and regular status update reporting (which is expected to occur on a four-month interval going forward).

By:   
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**Marc-Philip Ferzan**  
**Receiver**

Submitted: July 15, 2024