

UNITED STATES DISTRICT COURT  
DISTRICT OF MARYLAND  
SOUTHERN DIVISION

*In re* SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**MOTION FOR ORDER APPROVING AND AUTHORIZING PAYMENT OF  
RECEIVER’S AND PROFESSIONALS’ FEES AND COSTS FROM  
JANUARY 1, 2024 THROUGH APRIL 30, 2024**

Marc-Philip Ferzan of Ankura Consulting Group, LLC (“Receiver”), the Receiver appointed as successor Receiver on October 26, 2021 pursuant to the Order Appointing Marc-Philip Ferzan as Receiver (Doc. 1305), hereby moves the Court for an order approving and authorizing payment of receivership fees and costs for the period from January 1, 2024 through April 30, 2024 (“Reporting Period”).

The Receiver specifically moves the Court for an order approving and authorizing the payment of fees of the Receiver and the members of the Receiver’s team at Ankura Consulting Group, LLC (“Ankura”) and his professionals, and reimbursement of costs during the Reporting Period, comprised of (a) Receiver’s fees, including the fees of the Receiver’s team at Ankura, of \$115,569.36 and Receiver’s costs of \$4,880.60, for a total of \$120,449.96; and (b) Receiver’s counsel Barnes & Thornburg LLP’s fees of \$51,814.62 and costs of \$60.16, for a total of \$51,874.78.

In accordance with the Order Regarding Billing Guidelines for the Receiver and its Counsel (Doc. 1519), the proposed order submitted herewith also includes a holdback to be paid at the Court’s discretion as part of the final fee request submitted at the close of the receivership

- of (a) Receiver's fees, including the fees of the Receiver's team at Ankura, of \$12,841.04; and  
(b) Receiver's counsel Barnes & Thornburg LLP's fees of \$5,757.18.

Respectfully submitted,

Dated: July 15, 2024

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UNITED STATES DISTRICT COURT  
DISTRICT OF MARYLAND  
SOUTHERN DIVISION

*In re* SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF  
MOTION FOR ORDER APPROVING AND AUTHORIZING PAYMENT OF  
RECEIVER’S AND PROFESSIONALS’ FEES AND COSTS FEES AND COSTS FROM  
JANUARY 1, 2024 THROUGH APRIL 30, 2024**

This memorandum of points and authorities is filed by Marc-Philip Ferzan of Ankura Consulting Group, LLC (“Receiver”) as successor Receiver to Robb Evans & Associates LLC (“Robb Evans”) in support of the Motion for Order Approving and Authorizing Payment of Receiver’s and Professionals’ Fees and Costs from January 1, 2024 through April 30, 2024 (“Motion”). (Ankura Consulting Group, LLC is referred to herein as “Ankura.”)

As detailed further below, and in the report, invoices and supporting declaration filed concurrently with the Motion, the Receivership Team, together with the Receiver’s counsel, Barnes & Thornburg LLP, have continued to perform extensive and wide-ranging tasks during the relevant reporting period, rendering important and necessary services that were highly beneficial to the estate, in the course of the Receiver’s diligent discharge of his duties pursuant to orders of the Court. The Receiver submits that the fees and expenses for which approval is sought are reasonable and necessary for the administration of the estate in light of the services rendered, and that the fees and expenses requested should be awarded in their entirety.

**I. SUMMARY OF BACKGROUND**

This lawsuit was commenced on October 31, 2018 by the Federal Trade Commission (“FTC”) with its filing of a Complaint for Permanent Injunction and Other Equitable Relief (Doc. 1) (“Complaint”). The lawsuit named 17 entity defendants and seven individual defendants, in addition to five relief defendants. On November 5, 2018, the Court issued an Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”). Under the TRO, Robb Evans became temporary receiver over all entity defendants except for Atlantic International Bank Limited (“AIBL”) and over the assets of Andris Pukke (“Pukke”) and Peter Baker (“Baker”) valued at \$1,000 or more.

In January 2019, the Court granted the FTC’s motion to amend the Complaint, which added Michael Santos and Newport Land Group, LLC (“NLG”) as defendants. On February 13, 2019, the Court entered a Stipulated Preliminary Injunction as to Defendants Rod Kazazi, Foundation Partners, Brandi Greenfield, BG Marketing LLC, Frank Costanzo, Deborah Connelly, Ecological Fox LLC, Michael Santos, Angela Chittenden, and Beach Bunny Holdings LLC (Doc. 195) (“Stipulated Preliminary Injunction”). On October 3, 2019, the Court issued the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (Doc. 615) (“Pukke Preliminary Injunction”). Under the Stipulated Preliminary Injunction and Pukke Preliminary Injunction, Robb Evans remained as receiver over numerous Receivership Entities and over Pukke’s, Baker’s and Luke Chadwick’s (“Chadwick”) assets valued at \$1,000 or more.

On August 23, 2019, the Court entered the Order Governing Interim Receivership Management (Doc. 559) that requires the Receiver, among other things, to manage and maintain the Sanctuary Belize development.

On September 25, 2019, the Court entered the Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendant Atlantic International Bank Limited (Doc. 607) (“AIBL Order”). Among other things, the AIBL Order required AIBL to turn over \$23,000,000 and ordered that the \$23,000,000 became a Receivership Asset. *Id.*

Between November 2019 and January 2020, five stipulated judgments were entered into between the FTC and various Defendants, each of which vested certain duties, powers and authority in Robb Evans as permanent receiver (Docs. 668, 788, 789, 819 and 820) (collectively, the “Stipulated Judgments”).

On January 13, 2021, the Court entered its Order for Permanent Injunction and Monetary Judgment Against Defaulting Defendants John Usher, et al. (Doc. 1112) (“Default Judgment”). Pursuant to the Default Judgment, Robb Evans remained as permanent receiver over the Defaulting Corporate Defendants, as defined therein, and John Usher was ordered to transfer his assets to Robb Evans, which would become assets of the receivership estate, with limited exceptions as set forth in the Default Judgment. On March 24, 2021, the Court entered its Amended Final Order for Permanent Injunction and Monetary Judgment Against Defendants Andris Pukke, Peter Baker and Luke Chadwick (Doc. 1194) (“Pukke Final Judgment”). Robb Evans remained as permanent receiver over the assets of Pukke, Baker and Chadwick, with limited exceptions as set forth in the Pukke Final Judgment. On March 23, 2022, the Court entered its Stipulated Order Partially Modifying the Court’s Orders at Docket Entries 1112 and 1194 as to Defendants Luke Chadwick, Prodigy Management Group LLC, Belize Real Estate

Affiliates LLC, Exotic Investor LLC, and Southern Belize Realty LLC (Doc. 1341) (“Chadwick Stipulated Order”). The Chadwick Stipulated Order modified the Default Judgment and Pukke Final Judgment as it pertained to Chadwick and four of his wholly owned entities.

On October 7, 2021, Robb Evans filed its Statement by Receiver, Robb Evans & Associates LLC, Regarding Receiver’s Status (Doc. 1293), advising the Court that as a result of various circumstances, including the fact that Brick Kane passed away on October 2, 2021, it determined that it could no longer serve as receiver beyond the short term. The same day, the FTC filed the FTC’s Motion to Appoint Marc-Philip Ferzan of Ankura Consulting Group, LLC as Receiver (Doc. 1294) (“Successor Receiver Motion”). The Court granted the Successor Receiver Motion, and issued its Order Appointing Marc-Philip Ferzan as Receiver on October 26, 2021 (Doc. 1305) (“Successor Receiver Order”), pursuant to which Marc-Philip Ferzan of Ankura Consulting Group, LLC was appointed as successor receiver.

On August 18, 2022, the Court entered its Order Regarding Implementation of the Redress Plan (Doc. 1373) (“August 2022 Redress Order”), which partially granted the FTC’s motion (Doc. 1117) for implementation of a proposed redress plan (Doc. 1117-1) (the “Redress Plan”). Under the August 2022 Redress Order, the Receiver was directed to implement the first 150 days of the Redress Plan, as set forth therein at Sections II through III.A, and submit a report to the Court concerning the status of implementation of the Redress Plan within 180 days of the Effective Date of the Redress Plan, which the Receiver did on March 10, 2023 (Doc. 1412).

On November 1, 2022, the Fourth Circuit Court of Appeals issued its published opinion on the consolidated appeals filed by, among other defendants, Pukke, Baker and John Usher. In the opinion, the Fourth Circuit affirmed this Court’s orders appointing the Receiver and left the receivership unaffected. On January 4, 2023, the Court granted the FTC’s motion to confirm the

Receiver's control over all receivership assets pursuant to the Order Confirming Receiver's Possession of and Control Over Assets Previously Order to be Turned Over (Doc. 1397).

On June 14, 2023, the Court entered its Order Reforming and Reaffirming the Final Orders (Doc. 1447). On June 14, 2023, the Court also entered its Order Implementing Next Phase of Consumer Redress Plan (Doc. 1446, "June 2023 Redress Order"). Among other things, the June 2023 Redress Order enables the Receiver to make an initial distribution to Consumers with eligible Claim Applications, undertake marketing and sale related efforts as to the Belize Assets (as defined in the June 2023 Redress Order), and survey Consumers with eligible Claim Applications as to their choices with respect to lots. On December 28, 2023, the Court additionally entered the Stipulated Order Authorizing Measures to Assist Consumers During the Redress Process (Doc. 1499, "December 2023 Order").

Pursuant to multiple orders of the Court, the Receiver, and his counsel, "are entitled to reasonable compensation" and the Receiver is directed to file and serve on the parties periodic requests for the payment of reasonable compensation for the performance of his duties and for the cost of his out-of-pocket expenses from the assets of the receivership estate. (*See* Doc. 607, §IV; Doc. 688, §IX; Doc. 788, § III; Doc. 789, §VIII; Doc. 819, §V; Doc. 820, §X; Doc. 1112, §IX; Doc. 1194, §IX). This Motion is the ninth request for payment of fees and costs incurred by the Receiver and his counsel since his appointment pursuant to the Successor Receiver Order. The Receiver's prior eight fee motions filed as successor Receiver, covering the initial period from his appointment through December 31, 2021, all four quarters of 2022, and all four quarters of 2023. (Docs. 1345, 1348, 1370, 1381, 1427, 1476, 1507, 1524). This Motion covers the four-month period from January 1, 2024 through April 30, 2024 ("Ninth Reporting Period") and

includes a request for payment of the fees and costs incurred by Barnes & Thornburg LLP (“Barnes & Thornburg”), counsel for the Receiver, during the Ninth Reporting Period.

**II. SUMMARY OF THE FEES AND COSTS SOUGHT BY THE RECEIVER DURING THE NINTH REPORTING PERIOD**

Concurrently with the filing of this Motion, the Receiver is filing his Receiver Report of Activities for the Period January 1, 2024 through April 30, 2024 (“Receiver’s Ninth Report”). The Receiver’s Ninth Report covering the four-month period is also attached as Exhibit 1 to the Declaration of Marc-Philip Ferzan (“Ferzan Declaration”) which accompanies this Motion. The Receiver’s Ninth Report provides a detailed report concerning the status of the implementation of consumer redress as required by the August 2022 Redress Order and the June 2023 Redress Order. It also includes a detailed summary of the work undertaken by the Receiver during the Ninth Reporting Period. The Receiver’s Ninth Report also provides financial statements, including a Statement of Net Assets and a Statement of Net Recoveries (the “Financial Statements”), at pages 20-21. The Financial Statements reflect the fees and costs incurred during the Ninth Reporting Period by the Receiver, including his team at Ankura, as well as Barnes & Thornburg. These fees and costs are more particularly detailed in the billing records of Ankura and Barnes & Thornburg, and attached as Exhibits 2 and 3, respectively, to the Ferzan Declaration.<sup>1</sup>

During the Ninth Reporting Period, spanning four months of Receivership activities, the Receiver incurred fees and costs as follows: (a) fees of \$128,410.40 and costs of \$4,880.60, for a total of \$133,291.00, for the Receiver and the Receiver’s team at Ankura; and (b) fees of

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<sup>1</sup> The billing records filed with this Motion have been redacted where appropriate to preserve confidential, sensitive, tactical, strategic, attorney-client privileged and/or attorney work-product information.



\$57,571.80 and costs of \$60.16, for a total of \$57,631.96 to Barnes & Thornburg. The Receiver requests an order approving and authorizing the payment of: (a) Receiver's fees, including the fees of the Receiver's team at Ankura, of \$115,569.36 and Receiver's costs of \$4,880.60, for a total of \$120,449.96; and (b) Receiver's counsel Barnes & Thornburg LLP's fees of \$51,814.62 and costs of \$60.16, for a total of \$51,874.78. In accordance with the Order Regarding Billing Guidelines for the Receiver and its Counsel (Doc. 1519, "Guidelines Order"), the proposed order submitted herewith also includes a holdback to be paid at the Court's discretion as part of the final fee request submitted at the close of the receivership of: (a) Receiver's fees, including the fees of the Receiver's team at Ankura, of \$12,841.04; and (b) Receiver's counsel Barnes & Thornburg LLP's fees of \$5,757.18.

**III. THE FEES AND COSTS OF THE RECEIVER AND ITS COUNSEL ARE REASONABLE AND SHOULD BE PAID AS REQUESTED**

It is a fundamental tenet of receivership law that expenses of administration incurred by the Receiver, including those of the Receiver, his counsel and others employed by him, constitute priority expenses for which compensation should be paid from the assets of the receivership. As explained in the leading treatise *Clark on Receivers*:

The obligations and expenses, which the court creates in its administration of the property, are necessarily burdens on the property taken possession of, and this, irrespective of the question who may be the ultimate owner, or who may have the preferred lien, or who may invoke the receivership. The appointing court pledges its good faith that all duly authorized obligations incurred during the receivership shall be paid.

2 Clark, Ralph Ewing, *A Treatise on the Law and Practice of Receivers* § 637, p. 1052 (3rd ed. Rev. 1992); *see also SEC v. Merrill*, 18-cv-2844 RBD, 2019 WL 4916164, \*2 (D. Md. Oct. 4, 2019) ("A receiver appointed by a court who reasonably and diligently discharges his duties is entitled to be fairly compensated for services rendered and expenses incurred. The entitlement to reasonable compensation extends to the professionals employed by the receiver.").

A receiver is an officer of the Court charged with a myriad of duties under the Court's orders, many of which have no relationship to recovery of assets or increasing the funds available for distribution to creditors. Because of the nature of the administrative and other services required in receiverships, the benefit a receiver confers on receivership property cannot be determined based solely on the increase or decrease in the value of property in the receiver's possession. As the Court explained in *Securities and Exchange Commission v. Elliott*, 953 F. 2d 1560, 1577 (11th Cir. 1992):

[I]t is sometimes difficult to ascertain what type of benefits a receiver has bestowed on receivership property . . . . [A] benefit to a secured party may take more subtle forms than a bare increase in monetary value. Even though a receiver may not have increased, or prevented a decrease in, the value of the collateral, if a receiver reasonably and diligently discharges his duties, he is entitled to compensation. [Citations omitted.]

*Securities and Exchange Commission v. Elliott*, 953 F. 2d at 1577.

The Court has broad discretion in determining the reasonableness of fees to be awarded a receiver. *See In re San Vicente Medical Partners Ltd.*, 962 F. 2d 1402, 1409-1410 (9th Cir. 1992). The Court may evaluate the time and effort expended by the receiver with respect to specific projects and aspects of the administration of the estate, and may look to a number of different factors under the case law in approving receiver's and counsel's fees. *Id.* at 1409-1410.

The Receiver and the Ankura team, along with Barnes & Thornburg, have continued to perform extensive and wide-ranging tasks during the Ninth Reporting Period in this complex and multi-faceted receivership proceeding and have rendered important and necessary services for the receivership estate during the Ninth Reporting Period that were highly beneficial to the estate. As described in more detail in the Receiver's Ninth Report, intensive work during the Ninth Reporting Period included, among other things, taking final steps to initiate: (i) an online survey process to offer eligible consumers certain lot-related options, factoring in additional

resources and safeguards to support consumers as reflected the December 2023 Order; and (ii) 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 to them; 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).

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 email notifications to its global network 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. Pursuant to the June 2023 Redress 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.

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. During the relevant time period, Barnes & Thornburg, among other things, advised with respect to survey and RFP materials and implementation; attended a remote conference before the Court; responded to filings by the FTC; participated in conferences with FTC counsel and corresponded with FTC counsel relating to redress implementation and other matters; and responded to correspondence from the trustee in a insolvency proceeding instituted in the United Kingdom as to a claimant as it relates to ongoing redress initiatives.

The work summarized above is also reflected in the detailed billing statements, Exhibits 2 and 3, attached to the Ferzan Declaration. The Receiver submits the fees are reasonable and necessary in light of the services rendered, and that the fees and expenses requested should be awarded in their entirety with the exception of the amounts that are subject to holdback in accordance with the Guidelines Order. *See Federal Trade Commission v. Capital Acquisitions & Management Corp.*, 2005 U.S. Dist. LEXIS 18504 (N.D. Ill. August 26, 2005).

**IV. CONCLUSION**

Based on the Motion, this Memorandum of Points and Authorities, and the supporting declaration of Marc-Philip Ferzan, along with the exhibits attached thereto, it is respectfully requested that the Court grant the Motion in its entirety and enter an order substantially in the form of the proposed order filed herewith.

Dated: July 15, 2024

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**UNITED STATES DISTRICT COURT  
DISTRICT OF MARYLAND  
SOUTHERN DISTRICT**

*In re* SANCTUARY BELIZE LITIGATION

No. 18-cv-3309-PJM

**DECLARATION OF MARC-PHILIP FERZAN IN SUPPORT OF  
MOTION FOR ORDER APPROVING AND AUTHORIZING PAYMENT  
OF RECEIVER’S AND PROFESSIONALS’ FEES AND COSTS FROM  
JANUARY 1, 2024 THROUGH APRIL 30, 2024**

I, Marc-Philip Ferzan, declare:

1. I am a Senior Advisor with Ankura Consulting Group, LLC (“Ankura”), and serve as the Court-appointed Receiver in the above-captioned action. I and my colleagues at Ankura assigned to support the receivership are collectively referred to in this declaration as the “Receivership Team.” I have personal knowledge of the matters set forth in this declaration, and if I were called upon to testify as to these matters, I could and would competently testify thereto based on my personal knowledge.

2. In accordance with Section IX of the Amended Final Order for Permanent Injunction and Monetary Judgment Against Defendants Andris Pukke, Peter Baker, and Luke Chadwick (Doc. 1194), the Receiver has prepared a Receiver Report of Activities for the Period January 1, 2024 to April 1, 2024 (the “Receiver’s Report”), which is being separately filed with the Court, a copy of which is also attached hereto as Exhibit 1, to update all stakeholders on the progress of the receivership and material developments impacting the estate from January 1, 2024 to April 1, 2024 (hereinafter, the “Reporting Period”), and to support a request for payment

for the performance of services and out-of-pocket expenses incurred that enabled the ongoing functions of the receivership estate. As shown on page 21 of the Receiver's Report at Exhibit 1, \$562,369 was expended on operations and maintenance costs associated with managing the Sanctuary Belize and Kanantik development areas during the Reporting Period.

3. The Receiver also seeks payment of Ankura's fees and costs incurred over the Reporting Period, as set forth in detailed billing records attached hereto as Exhibit 2. During the Reporting Period, Ankura incurred fees of \$115,569.36 and costs of \$4,880.60, in addition to \$12,841.04 in fees that constitute a holdback to be paid at the Court's discretion as part of the final fee request submitted at the close of the receivership, in accordance with the Order Regarding Billing Guidelines for the Receiver and its Counsel (Doc. 1519; the "Billing Guidelines Order").

4. The hourly rates charged by the Receivership Team in this case, as reflected in Exhibit 2, are substantially discounted from the commercial rates ordinarily charged by Ankura in private sector matters. The Receiver will abide by the provisions in the Court's October 26, 2021 Order (Doc. 1305) and the Billing Guidelines Order with respect to allowable hourly rates and charges.

5. Pursuant to my experience and responsibilities with Ankura, I am familiar with the methods and procedures used by the professionals assigned to the Receivership Team to record time associated with performing receivership duties. The records attached as Exhibit 2 are regularly prepared by the members of the Receivership Team at or about the time the services are rendered. Each member of the team has a duty to accurately record the time associated with his or her services. The records are then reviewed by Ankura's senior staff and me to ensure accuracy and reasonableness. Based on my experience, I believe the Receivership Team's

methods and procedures for recording time associated with services rendered for the receivership estate are reliable and accurate, and that Ankura's fees and costs are reasonable and necessary for the administration of the receivership estate.

6. Throughout the Reporting Period, I continued to engage Barnes & Thornburg LLP ("Barnes & Thornburg") as the Receiver's litigation counsel to support the performance of my duties and responsibilities as was reasonable and necessary.

7. I supervised all work performed by Barnes & Thornburg throughout the Reporting Period.

8. Attached hereto as Exhibit 3 are copies of the billing records for the attorneys at Barnes & Thornburg who performed work on this matter during the Reporting Period. I am advised that Barnes & Thornburg's billing practices during the Reporting Period continued as generally described in prior declarations of attorney Gary Caris in connection with previous fee requests. As set forth in the billing records, Exhibit 3, during the Reporting Period, Barnes & Thornburg incurred fees of \$51,814.62 and costs of \$60.16, in addition to \$5,757.18 in fees that constitute a holdback to be paid at the Court's discretion as part of the final fee request submitted at the close of the receivership, in accordance with the Billing Guidelines Order.

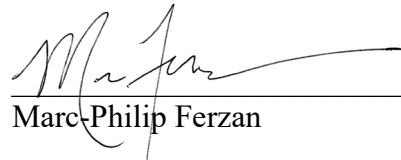
9. I have reviewed the billing records of Barnes & Thornburg attached hereto and validated that the work billed was performed at my direction, and was reasonable and necessary for administration of the receivership estate.

10. The billing records attached have been redacted where appropriate to protect confidential, sensitive, tactical, strategic, attorney-client privileged, and / or work product information. Information that has been redacted includes, but is not limited to, information pertaining to ongoing court proceedings.



11. I have worked with Ankura for more than seven years and have served in a variety of court-appointed independent oversight roles, including as monitor, trustee, redress administrator, and receiver. Based on my experience, I believe the amounts charged by the Receivership Team and Barnes & Thornburg for the services rendered during the Reporting Period are reasonable, appropriate, and necessary for the administration of the receivership estate considering the nature and scope of the services rendered, the quality of services provided, and the complexity of this receivership estate and issues involved, as well as other factors and circumstances.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on July 15, 2024 in Haverford, Pennsylvania.



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Marc Philip Ferzan



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:   
\_\_\_\_\_  
**Marc-Philip Ferzan**  
**Receiver**

Submitted: July 15, 2024

UNITED STATES DISTRICT COURT  
DISTRICT OF MARYLAND  
SOUTHERN DIVISION

*In re* SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**[PROPOSED] ORDER GRANTING MOTION FOR ORDER APPROVING AND  
AUTHORIZING PAYMENT OF RECEIVER’S AND PROFESSIONALS’ FEES AND  
COSTS FROM JANUARY 1, 2024 THROUGH APRIL 30, 2024**

The Motion for Order Approving and Authorizing Payment of Receiver’s and Professionals’ Fees and Costs From January 1, 2024 through April 30, 2024 (the “Motion”) filed by the Receiver, Marc-Philip Ferzan of Ankura Consulting Group, LLC (“Receiver”), came before this Court for determination pursuant to regularly noticed motion. The Court, having read and considered the Motion and all pleadings and evidence filed in support thereof, and opposition to the Motion, if any, and good cause appearing therefore, it is

ORDERED that:

1. The Motion is granted;
2. The following fees and costs incurred from January 1, 2024 through April 30, 2024 are hereby approved and authorized to be paid immediately from the assets of the receivership estate: (a) Receiver’s fees, including the fees of the Receiver’s team at Ankura Consulting Group, LLC, of \$115,569.36 and Receiver’s costs of \$4,880.60, for a total of \$120,449.96; and (b) Receiver’s counsel Barnes & Thornburg LLP’s fees of \$51,814.62 and costs of \$60.16, for a total of \$51,874.78.

3. In accordance with the Court's June 18, 2024 Order Regarding Billing Guidelines for the Receiver and its Counsel, the following additional fee amounts incurred from January 1, 2024 through April 20, 2024 are hereby held back and will be paid at the Court's discretion as part of the final fee request submitted at the close of the receivership: (a) Receiver's fees, including the fees of the Receiver's team at Ankura Consulting Group, LLC, of \$12,841.04; and (b) Receiver's counsel Barnes & Thornburg LLP's fees of \$5,757.18.

Dated:

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HONORABLE PETER J. MESSITTE  
UNITED STATES DISTRICT JUDGE