

In re Sanctuary Belize Litigation

Consumer Committee Meeting

Virtual Teleconference

February 28, 2022 | 2:00pm – 3:30pm ET

Invitees	
Name	Affiliation
Craig Hibbert	Consumer Committee Member
James (Jimbob) Slocum	Consumer Committee Member
Jodi Vance	Consumer Committee Member
Leslie Thomas	Consumer Committee Member
Shryl Kirkbride	Consumer Committee Member
Benjamin Theisman	FTC
Marc Ferzan	Receivership Team
Rachel Woloszynski	Receivership Team
Terry Brody	Receivership Team

Agenda

- I. Receivership Administration Update
- II. Consumer Committee Meeting Follow Up
- III. Consumer Committee Member Feedback / Questions

Current Status of Proposed Redress Plan:

- The FTC's proposed redress plan is pending before the Court for approval.
 - The Receivership Team currently does not have any indication when the Court may rule on the proposed redress plan.
 - The Receivership Team is working to ensure that there are foundational processes in place to efficiently administer the redress plan once it is approved.
 - Consistent with historical practices, Consumers will be provided with material information updates as they become available.
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Meeting called to order: 2:00pm ET

I. Receivership Administration Update

Status Update:

- The Receivership Team informed that it receives ongoing outreach from consumers inquiring about the status of the matter. The Receivership Team will continue to reflect the current status of the case and material developments in the Consumer Committee meeting minutes and in its quarterly reports filed with the Court. Current iterations of both are made available on the Receiver website at www.sanctuarybelizereceivership.com.
- A general overview of Receivership priorities was provided relative to controlling court orders. When Robb Evans & Associates assumed the role of Temporary Receiver in November 2018, it was revealed that the Receivership entities had less than approximately \$800,000 in cash on hand to sustain the operations and maintenance of the Belize properties, despite the fact that evidence supports that more than \$120 million had been collected from lot purchasers during the alleged scheme. Direct operations and maintenance costs associated with the Belize properties have averaged approximately \$200,000 per month, and very little revenue is collected from ongoing development area sources. Therefore, the resources available to fund the operations of the properties are almost exclusively derived from monies separately recovered by the FTC and Receiver. As a general matter, the Receivership Team will oversee and approve necessary expenditures where appropriate to oversee required functions in accord with the directives of relevant court orders, prevent material degradation of conditions at the properties, and to maximize the marketability of the properties to qualified developer(s). Moreover, the objectives of maximizing consumer engagement and redress will remain paramount.

Compliance and Integrity:

- A *Code of Business Conduct and Ethics* has been implemented at Sanctuary Belize and Kanantik. Training sessions will be conducted with employees, who will be required to sign and acknowledge responsibilities and expectations set forth in the code. This process is intended to promote a culture of ethics and integrity at the properties and to clearly define appropriate communications channels if and when issues may arise.

Redress Plan Update:

- The Receivership Team continues to prepare for redress plan administration, including developing efficient, technology-based tools and processes that will facilitate information sharing with, and decision making for, consumers. The Receivership Team is constructing a comprehensive consumer database to facilitate redress plan implementation once approved. It is anticipated that this front-end work will significantly streamline the claims process and reduce the burden on consumers when it comes time to submit a claim application.

Court-related Updates:

- At a February 24, 2022 motion hearing, the Supreme Court of Belize indicated its intent to issue an Order recognizing Marc Ferzan of Ankura Consulting Group as Receiver and empowering the current Receivership Team in accord with the prior determinations and

Orders of the Federal District Court in the United States. Referred to as a “recognition order”, this will enable the Receivership Team to transact necessary business in Belize through the Receivership entities. It was reported that an executed Belizean Court order is expected in the coming days. Once received, among other things the Receivership Team will take steps to reconstitute the boards of the corporate Receivership entities.

- The FTC also provided a briefing on the negotiation of a recent settlement agreement with defendant Luke Chadwick and related entities. The proposed settlement is currently pending before the Federal District Court in Maryland.

II. Consumer Committee Meeting Follow-ups

Boats and Marina:

- The Receivership Team was advised at the December 2021 Consumer Committee meeting that there were two abandoned boats at the marina. The Receivership Team identified the owner of the boats and directed that they be removed from the property within thirty days. The boats were removed from the property in early February 2022.
- The Receivership Team also received an inquiry concerning whether the boats owned by the Receivership Estate could be made available for recreational use. While the boats are in various states of repair, and recognizing that some are operational and used for maintenance functions, there are no current plans to allow residents to use the boats for leisure activities. Among other reasons, they are not covered by the general liability insurance policy for these purposes, and adding coverage would require unnecessary expense.
- The Receivership Team was made aware at the January 2022 Consumer Committee meeting that the marina sign blew over and fell to the ground some time ago, but it had not been removed. In response, the Receivership Team arranged to have staff remove the sign.

Horses:

- At the January 2022 Consumer Committee meeting, a member asked about the care of horses on the property. Currently, there are two employees at the Reserve who are responsible for overseeing the care of the horses. Information gathering efforts by the Receivership Team support that these employees see to it that the horses are fed, bathed, and receive appropriate vitamins and supplements. There is also access to veterinarian care as needed. A Consumer Committee member provided an update that all horses appear to be healthy and treated well.

Roads and Surveys:

- The Receivership Team was informed about poor road conditions in certain areas within Sanctuary Belize. The Receivership Team has been engaged with local staff to evaluate estate-owned, non-public roads and make repairs when necessary. As discussed in the January 2022 Consumer Committee meeting, however, All Pines Road is considered a public road, and guidance had been obtained that it is not legally permissible for the Receiver to perform work on it. However, the Receivership Team did direct the property manager to contact the Ministry of Works via letter to formally request that All Pines Road's poor conditions be addressed. Consumers are also encouraged to contact the local officials regarding the matter, and can do so using the following contact information:

Mr. Miguel Guerra, District Technical Supervisor, Stann Creek District
midh.stanncreek@midh.gov.bz
+501-614-2290

Contact information for Ministry of Works:
chief.engineer@mow.gov.bz
tristan.usher@mow.gov.bz

- The Receivership Team also followed up on a prior inquiry related to the status of resurveying the Estates subdivision. The Receivership Team understands that the Estate subdivision was not constructed in conformity with the authenticated survey such that roads and utilities traverse certain lots. Prior research concerning potential solutions had been explored, but factoring in costs and other development considerations it was determined that the issues would be more appropriately addressed following approval of the proposed redress plan in conjunction with qualified developer(s).

WiFi:

- The Receivership Team was asked whether WiFi will be made available at the Beach Club. After coordination with staff, the Receivership Team agreed that it was appropriate to provide WiFi at the Beach Club for security and connectivity reasons. The IT department is in the process of retrieving quotes, and it is anticipated that associated costs to implement will be minimal.

III. Consumer Committee Member Feedback / Questions

Maintenance and Operations Issues:

- A Consumer Committee member shared that staff may not have received pool maintenance supplies in recent months. The Receivership Team agreed to coordinate with staff to investigate the matter and address related issues as necessary.
- A Consumer Committee member informed that Northridge Park grounds are not being maintained. The Receivership Team indicated that it will coordinate with staff to better understand the issues and address matters as may be appropriate.
- A Consumer Committee member asked about the status of insurance on the property. There is general liability insurance coverage in place for Sanctuary Belize and Kanantik. The Receivership Team has engaged with its insurance broker to explore favorable coverage options for when the current policies expire.

Future Development:

- A Consumer Committee member inquired as to the status of identifying a qualified developer as contemplated in the proposed redress plan. The Receivership Team has informally met with global real estate brokers and other industry professionals to gauge interest levels and better understand market conditions. Once a redress plan is approved by the Court, the Receiver anticipates initiating a formal bidding process for proposals to identify qualified developers.
- A Consumer Committee member informed that there is concern that the defendants will endeavor to regain control of the property through the anticipated future bidding process. The Receivership Team intends to perform robust due diligence in connection with all interested developers to ensure the defendants do not violate the Court's permanent injunction.

- A Consumer Committee member inquired when the Receivership Team anticipates visiting the Belize properties. The Receivership Team is conducting necessary foundational work prior to traveling to Belize in order to maximize the effectiveness of the site visit. It is anticipated the Receivership Team may likely seek to visit the properties sometime in the coming months.

Meeting adjourned: 3:38pm ET