

In re Sanctuary Belize Litigation
Quarterly Consumer Committee Meeting
Virtual Teleconference
September 26, 2024 | 3:30pm – 5:00pm 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
Linda Ozminkowski	Consumer Committee Member
Lisa Daniels	Consumer Committee Member
Michele Westlander Quaid	Consumer Committee Member
Shawna Arop	Consumer Committee Member
Shryl Kirkbride	Consumer Committee Member
Jonathan Cohen	FTC
Elizabeth Brennan	FTC
Mike Schultz	Receivership Team
Marc Ferzan	Receivership Team
Lauren Buzoianu	Receivership Team

Agenda

- I. Redress Initiatives Under June 14, 2023 Court Order
 - A. Lot Choice Survey
 - B. Request For Proposals Bidding Process to Market Development Areas
- II. Court Matters
- III. Next Scheduled Consumer Committee Meeting

Meeting called to order at 3:30 p.m. ET

I. Redress Initiatives Under June 14, 2023 Court Order

- The Court’s June 14, 2023 Order (the “June 2023 Order”) directed consumer redress initiatives, including the administration of the Lot Choice Survey, and the Request for Proposals (“RFP”) Bidding Process for the Sanctuary Belize and Kanantik Development Areas.

A. Lot Choice Survey

Completion of the Consumer Lot Choice Survey

- The Lot Choice Survey was distributed to consumers by email on April 8, 2024, and consumers had through July 8, 2024 to review their lot choice options and consider other relevant factors in making their selection for each eligible lot.
- The Survey itself, as well as Frequently Asked Questions, provided important information (including risk considerations and process steps) to help consumers evaluate which option may be best for them.
- In addition, other helpful resources, including a Belize real estate purchase process guide, maps, photos, and Sanctuary Belize and Kanantik government land records, have been posted on the Receivership website at: www.SanctuaryBelizeReceivership.com
- A dedicated customer support team has also remained available to provide assistance via email (help@SanctuaryBelizeLotSurvey.com) and toll-free telephone helpline (1-833-637-6358).
- Those consumers who selected Option No. 1 and requested reformed contracts after being informed that their lot was available and reviewing pricing information, have 60 days (from the date they were emailed the contracts) to decide whether they want to proceed with lot buy outs by signing and submitting the new contracts.
- Approximately 64 contracts were signed by Sanctuary Belize consumers and proceeding to closing though the date of the Consumer Committee meeting, and additional contracts are still under review by consumers in accord with their 60-day review periods.

Lot Choice Survey Options

- As a reminder, pursuant to the June 2023 Order, each eligible consumer was afforded the opportunity to select one of three options that informed whether they would seek to:
 - Acquire their lot now and proceed to finalize the purchase (to the extent that title to the property was determined to be available to be transferred) (“Option No. 1”);
 - Defer the decision of whether to acquire their lot, 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 development area assets -- to the extent an investor or developer may choose to offer lots for sale to consumers under terms and conditions that are acceptable (“Option

No. 2”); or

- Decline to acquire their lot 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 included a separate category for consumers who already hold title to their lot and, therefore, do not need to choose from Option Nos. 1, 2 or 3. For any consumers who indicated that they already hold title, the Receivership Team reviewed available land records to assess whether it appears that ownership of the lot was, in fact, transferred from the Receivership.
 - To the extent that the Receivership Team’s review of available land records did not show that a title transfer from the Receivership Estate occurred, impacted consumers were informed and given the opportunity to resubmit their Survey choice to select from Option Nos. 1, 2 or 3.
- To the extent that eligible consumers did not complete the Survey or multiple co-owners did not select the same option, they have been assigned Option No. 2.

Additional Option No. 1 Factors for Consumers Seeking to Buy Out Their Lots

- Under the June 2023 Order, consumers who elected Survey Option No. 1, and followed the necessary steps, will be able to complete the purchase of the lot reflected in their approved Claim Application and acquire title to the extent that:
 - The lot is located in a Belize government-approved subdivision;
 - Any competing claims (in instances where the defendants sold the lot multiple times) have been resolved in the consumer’s favor; and
 - The transfer was 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 limited to, encumbrances).
- The June 2023 Order also requires that consumers who elect Option No. 1 enter into a reformed contract provided during the Survey process.
- In addition, Option No. 1 consumers were also informed that they will be 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.

Lot Choice Survey Program Administration Update – Sanctuary Belize

- The following provides an overview of the survey results associated with Sanctuary Belize lot purchasers as of the Consumer Committee meeting:

Option No. 1

- Sanctuary Belize consumers initially selected Option No. 1 -- indicating that they were interested in pursuing a buyout -- in connection with approximately 250 lots.
 - Of the consumers who initially selected Option No. 1, steps were undertaken to

enter into reformed contracts to complete buyouts and seek to acquire title in connection with approximately 64 lots.

- Additional Sanctuary Belize consumers are continuing to evaluate reformed contracts in order to decide whether to complete a buyout.

Option No. 2

- Sanctuary Belize consumers affirmatively selected Option No. 2 -- advising of their intent to wait and see if a lot will be made available to them under acceptable terms and conditions by a potential new development area owner after the RFP process -- in connection with approximately 118 lots.
- Sanctuary Belize consumers were assigned Option No. 2 in connection with approximately 503 lots. With respect to approximately 279 of such lots, consumers did not return a timely survey response. With respect to approximately 105 of these lots, joint owners did not make the same survey choice. With respect to approximately 86 of the lots, consumers initially selected Option No. 1, but, after being provided with pricing information and/or reformed contracts, did not complete the steps to enter into a reformed contract and proceed to closing. With respect to approximately 33 of the lots, consumers selected Option No. 1, but their lot was not available under the terms of the June 2023 Order.

Option No. 3:

- Sanctuary Belize consumers selected Option No. 3 and relinquished their ownership interests in connection with approximately 320 lots.
- Consumers proceeding under this option remain entitled to redress payments.

Title Confirmations:

- The Receivership Team confirmed previous title transfer records in connection with approximately 123 lots.
- Consumers proceeding under this option remain entitled to redress payments.

Lot Choice Survey Program Administration Update - Kanantik

- As previously reported, although government land records reflect that the Mango Springs subdivision received certain Belizean government approvals, other complicating factors were identified impacting the transferability of the individual lots. The factors included the existence of encumbrances on the underlying land parcels, the lack of boundary surveys, administrative lapses relating to the underlying land parcels in the Belize Land Titles Register, and the lack of recognition of the subdivided lots by the Belize taxing authority.
- The Receivership Team and FTC conferred regarding the identified challenges and submitted a joint request for a status conference following the conclusion of the July 8, 2024 survey deadline to address the underlying issues with the Court and seek additional guidance. The Court granted the request, and convened a status conference

on August 14, 2024.

- In advance of the status conference, the survey administrator notified the relevant Kanantik consumers who selected Option No. 1 in connection with 77 corresponding lots (slightly less than 20% of the total 400 Kanantik lots) of the transfer limitations under the requirements of the June 2023 Order.
- Among other things, the Order provides that lot transfers may occur only “subject to the permissibility of such transactions pursuant to Belize legal and regulatory requirements, encumbrances, competing claims, and other relevant considerations that may preclude transferability,” and during the status conference, the Receivership Team confirmed with the Court that the Kanantik lots were, therefore, deemed not available for transfer under its requirements.
- All Kanantik consumers electing Option No. 1 were subsequently provided notice that, due to the factors impacting transferability, and after considering the anticipated timetables, costs, and uncertainties, as well as other receivership priorities, the Court agreed with the Receiver and FTC’s joint recommendation that the Receiver should not attempt to transfer the Kanantik lots in accordance with the June 2023 Order. Consequently, the survey administrator advised impacted consumers that they were assigned Option No. 2.
- The following provides an overview of the survey results associated with Kanantik lot purchasers as of the Consumer Committee meeting:

Option No. 2

- Kanantik consumers affirmatively selected Option No. 2 -- advising of their intent to wait and see if a lot will be made available to them under acceptable terms and conditions by a potential new development area owner after the RFP process -- in connection with approximately 62 lots.
- Kanantik consumers were ultimately assigned Option No. 2 in connection with approximately 226 lots. As noted above, with respect to 77 of such lots, consumers initially selected Option No. 1, but their lot was deemed not available under the terms of the June 2023 Order. With respect to approximately 118 of these lots, consumers did not return a timely survey response. With respect to the remaining approximately 31 lots, joint owners did not make the same survey choice.

Option No. 3

- Kanantik consumers selected Option No. 3 and relinquished their ownership interests in connection with approximately 112 lots.
- Consumers proceeding under this option remain entitled to redress payments.

B. RFP Bidding Process to Market Development Areas

Overview

- Consistent with the directive in the Court's June 2023 Order, the Receiver engaged global real estate brokerage firm CBRE to assist the Receivership Estate with the marketing and sale of the Sanctuary Belize and Kanantik development area assets.
- The marketing efforts in connection with the RFP bidding process were launched on May 29, 2024. The RFP offers more than 18,000 acres in Belize land assets for sale to prospective investors and developers from around the world.
- Following the marketing efforts described below, including boots-on-the-grounds site visits for interested parties, CBRE issued a call for written offers beginning on September 16, 2024.
- A copy of the RFP offering memorandum for consumers may be found on the landing page of the receivership website at www.SanctuaryBelizeReceivership.com, and may also be accessed [here](#).
- Updated results of the Consumer Lot Choice Survey are being incorporated in the offering materials on an ongoing basis for the consideration of prospective purchasers.
 - As previously noted, the Survey program will not only enable the Receivership Team to accommodate consumer lot choices based on individual selections, but has also served to collect foundational information on additional individual lot transfers and future interest in potential lot purchases for potential investors and developers who may be interested in bidding during the RFP process for the purchase of some or all of the development area land.

Marketing Efforts in Connection with RFP Launch

- As previously described, marketing efforts by CBRE have consisted of, among other things:
 - Activation by CBRE of a dedicated RFP website;
 - Distribution of notice of the RFP, which provides an offering overview to CBRE's global network of potential investors and developers;
 - Issuance of a CBRE press release; and
 - CBRE information sessions with interested parties.
- As part of the RFP marketing materials, interested bidders who enter into confidentiality agreements and request information have access to:
 - The offering memorandum that provides a detailed overview of the assets available for sale;
 - 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, photographs, and aerial video footage; and
 - Guidance to prospective purchasers on bidding parameters and how to submit offers.

- The RFP process generally includes 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 offer(s) deemed to be viable will be provided with reasonable time to conduct additional investigation and complete due diligence;
 - Bidder(s) with 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 the 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.
- Under 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.

RFP Offering Parameters

- In accordance with feedback provided by experienced developers during the Request for Information 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, offering parameters enable prospective purchasers to submit offers for the entire real estate portfolio, individual developments areas, or land tracts within the development areas.
 - In addition, bidders can submit bids with the intention of pursuing residential, commercial, or other uses for the land, as well as development plans that are re-envisioned from what was previously planned prior to the receivership.
- 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:
 - Pursue residential development, commercial development, and/or other uses for the real estate;
 - Provide services and/or amenities, including 24-hour security, power and water hook up, roadway completion, utilities and infrastructure maintenance, and facilities access;

- Maintain a form of controlling covenants, conditions, restrictions and/or easements;
 - Enable a property owners association (or similar body); and/or
 - 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 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.
- As previously noted, to the extent that the RFP bidding process generates meaningful and credible offers, they will be provided to the Court with Receiver recommendations for consideration and approval prior to any development area land transfers.

II. Court Matters

Defendants' Appeal to the Fourth Circuit

- On July 12, 2023, the defendants filed a Notice of Appeal to the Fourth Circuit of the District Court's June 14, 2023 Order Implementing Next Phase of Consumer Redress and June 14, 2023 Order Reforming and Reaffirming the Final Orders (as well as all prior related and subsumed orders).
- The Notice of Appeal does not automatically stay the Orders that are the subject of appeal, and the defendants have not filed a separate motion seeking a stay, so the Orders remain in effect.
- The defendants filed their opening brief on September 26, 2023, the FTC filed its responding brief on November 17, 2023, and the defendants filed their reply brief on December 8, 2023.
- Oral argument is currently scheduled for October 31, 2024.

Federal Criminal Matter Pending in New York

- Andris Pukke's criminal 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 with wire fraud and obstruction of an official proceeding, respectively.
- On September 9, 2024, Mr. Pukke filed a motion for judgment of acquittal or new trial. Briefing on the motion is scheduled to be completed by the end of October 2024.
- A sentencing date has not yet been set.

Federal Court of Claims Matter filed by Defendants was Dismissed

- 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 September 9, 2024, the Court of Federal Claims granted the United States's motion to dismiss.
- On September 13, 2024, the defendants filed a Notice of Appeal.

III. Next Scheduled Consumer Committee Meeting

- The next quarterly Consumer Committee meeting is scheduled to take place on December 18, 2024.
- The Receivership Team will continue to provide updates to all lot purchasers via email and website postings, as well as by making available progress reports and other filings submitted to the Court.

Meeting adjourned at approximately 4:43 p.m. ET