

## In re Sanctuary Belize Litigation

Consumer Committee Meeting

Videoconference

December 16<sup>th</sup> 2:00pm – 4:00pm ET

<b>Attendees</b>	
<b>Name</b>	<b>Affiliation</b>
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 Weslander Quaid	Consumer Committee Member
Shawna Arop	Consumer Committee Member
Shryl Kirkbride	Consumer Committee Member
Benjamin Theisman	FTC
Marc Ferzan	Receivership Team
Anthony Milazzo	Receivership Team
Michael Schultz	Receivership Team
Rachel Woloszynski	Receivership Team
Rob Unell	Receivership Team
Terry Brody	Receivership Team

### **Agenda**

- I. Receivership Team Introductions
- II. Receivership Transition Update
- III. FTC Discussion Topics
- IV. Receivership Administration Update
- V. Consumer Engagement
- VI. Future Consumer Committee Meetings
- VII. Consumer Committee Member Feedback / Questions

*Meeting called to order: 2:00pm ET*

## **I. Receivership Team Introductions**

Marc Ferzan introduced the Receivership Team and described the primary focus areas of members, including: (i) Receivership oversight and project management; (ii) real estate operations and maintenance, as well as related redress plan coordination; (iii) accounting and investigative fact gathering; and (iv) consumer engagement.

The Receivership Team reviewed Consumer Committee guidelines and logistics to ensure effective collaboration with the members moving forward. In this regard, the following was addressed:

- The Receivership Team has reviewed the requirements set forth in the Order Governing Interim Receivership Management (entered on August 23, 2019), and the Order Expanding the Consumer Committee (entered on January 13, 2021). The current composition of the Committee satisfies these requirements and no changes have been made to the appointments previously made by Robb Evans & Associates.
- The Interim Management Order contemplated monthly meetings of the Consumer Committee. The Receivership Team intends to resume monthly meetings in accord with the Order.
- The Interim Management Order also provides that every fourth meeting should be in person. Since the pandemic began, all meetings have been conducted virtually. The Receivership Team plans to continue that practice for the time being for three reasons:
  - With the uncertainty surrounding the latest COVID-19 variant and the increasing number of cases, it is important to safeguard everyone's health.
  - Ongoing operations and management considerations remain relatively consistent at this juncture, and virtual engagement on status updates appear to be adequate. Moreover, the proposed redress plan remains pending before the Court. Once a plan is approved, there may be a more compelling reason to meet and collaborate in person.
  - As stewards of the Receivership assets, the Receivership Team will endeavor to limit costs whenever possible (including travel expenses).
- Moving forward, the Receivership Team will solicit agenda items from Consumer Committee members in advance of Committee meetings. The meetings are intended to provide transparency and information to all lot owners through the minutes made available by the Receivership Team. Committee members may also serve as conduits of information to lot owner.

## **II. Receivership Transition Update**

The Consumer Committee members were reminded that Marc Ferzan of Ankura Consulting Group, LLC was appointed by the Court as successor receiver in the matter on October 26, 2021, following the passing of leadership team members from Robb Evans & Associates. It was explained that the current Receivership Team has served in various independent oversight and fiduciary roles over the years, and will apply its experience in supporting the current matter. Practically, the Receivership Team will carry out its responsibilities in accordance with the

governing Orders issued by Judge Messitte. The Receivership Team will endeavor to be efficient, leverage technology to streamline processes, and operate in the best interests of all stakeholders.

#### Review of Knowledge and Document Transfer

- The Receivership Team has been working closely and productively alongside Robb Evans & Associates personnel to effectively transition responsibilities and reduce the learning curve. The historical documents and electronic records are voluminous, and the Receivership Team is working to understand and organize documentation and information in support of administration responsibilities as expeditiously as possible.
- Robb Evans & Associates has provided several databases containing consumer demographic information. Over the past few weeks, the Receivership Team has consolidated the databases, standardized data, and validated information. This work is important to ensure there is a comprehensive list of all impacted consumers, as well as current contact information, so that all can be kept apprised of Receivership activities and material updates. This work also will assist with administering the redress plan, once approved. The Receivership Team's goal is to streamline the claims process as much as possible to reduce the burden on lot purchasers.

#### Preparation to Administer the Redress Plan

- One of the Receivership Team's primary priorities has been preparation for the administration of the redress program. The proposed plan is quite complex and will require the Receiver and lot purchasers to do several prescribed things in a relatively short period of time. Therefore, the Receivership Team is designing necessary processes and systems in preparation for moving forward once the Court rules on the proposed plan.

### **III. FTC Discussion Topics**

FTC attorney Benjamin Theisman explained that his colleague Jonathan Cohen is currently on paternity leave, but will continue working on this matter upon his anticipated return to the office in 2022. In the meantime, Mr. Theisman will continue to lead engagement with the Receivership Team and consumers on behalf of the FTC. Mr. Theisman also provided the following updates:

#### Litigation Status

- In April and May 2021, Defendants Luke Chadwick, Peter Baker, John Usher, and Andris Pukke, as well as the Defaulted Entities (Global Property Alliance, Inc., Sittee River Wildlife Reserve, Buy Belize, LLC, Buy International, Inc., Foundation Development Management, Inc., Eco-Futures Development, LLC, Eco-Futures Belize, Ltd., Power Haus Marketing) and the Estate of John Pukke filed Notices of Appeal with the U.S. Court of Appeals for the Fourth Circuit challenging the judgments entered by the U.S. District Court. The appeals are in the process of being briefed.
- On July 22, 2021, several defaulted defendants filed a motion with the U.S. District Court seeking relief from the default judgments entered against them on January 13, 2021. On August 24, 2021, Judge Messitte denied the motion.

- On November 12, 2021, a Motion to Intervene was filed by fourteen individuals and one corporate entity who collectively invested \$1.95 million in Newport Land Group (“NLG”). NLG is a defendant entity in the litigation, and its assets have been placed into the Receivership Estate. Movants sought to intervene in order to file a motion for relief from the judgment to set aside, in part, the Court’s default judgment and recover their initial investment from the Receivership estate. The motion is being fully briefed.

#### Redress Plan Status

- The proposed redress plan is pending before the Court. At this time, there is no further information with respect to the anticipated timing of a ruling on the proposed plan.

### **IV. Receivership Administration Update**

#### Real Estate

- Over the past two months, the Receivership Team has collaborated with Robb Evans & Associates, as well as personnel located in Belize, to understand ongoing operations and maintenance at the Receivership properties, evaluate infrastructure and resources, and refine related processes.
- The Receivership Team is in the process of developing models and feasibility analyses to inform how the properties may be effectively marketed to qualified developers in accord with the anticipated requirements set forth in the proposed redress plan.

#### Accounting

- The Receivership Team has continued to meet with Robb Evans & Associates to transition accounting processes and take over Receivership books and records. The Receivership Team opened a new bank account and is in the process of transitioning funds from an account managed by Robb Evans & Associates. The Receivership Team also established an expense approval process and is continuing to investigate prospects for additional recoveries.

#### Land Tax

- The Receivership Team also covered issues associated with land taxes to ensure that lot owners understand their obligations.
- The Receiver is responsible for making land tax payments on property that is in the Receivership Estate, including unsold and/or unauthenticated lots. The required tax payments for land in the Receivership Estate have been made by the Receiver.
- The Receivership Team intends to distribute a notice to all lot owners in early 2022 to remind them of their responsibility with respect to land tax payments and provide links to online resources so that lot owners may obtain more information about how to make their land tax payments.

#### Other Litigation Updates

- On November 23, 2021, the Receiver obtained approval from the Court to sell the Kings Place property in Newport Beach, California, which previously was held by the

Chittenden Family Trust, the beneficiary of which was an associate of Pukke. The property previously was deemed by the Court to be an asset of the Receivership Estate. The Receiver has negotiated a sale of the property for \$13,830,000. The property is subject to two liens totaling just over \$5.6 million, and the sale will be subject to a 4% broker's commission (\$553,200). Net sales proceeds will be deposited into the Receivership Estate's account.

## **V. Consumer Engagement**

The Receivership Team transitioned the Receivership website from Robb Evans & Associates to a newly-established Receivership website at: <https://www.sanctuarybelizereceivership.com>. Consumers may continue to visit this website for updates on the litigation and the Receivership Team's activities. The Receivership Team also established a dedicated email address for consumer outreach: [info@sanctuarybelizereceivership.com](mailto:info@sanctuarybelizereceivership.com). This is the preferred method of communication with lot owners and other interested stakeholders to ensure timely responses to questions.

## **VI. Future Consumer Committee Meetings**

The Receivership Team will continue to conduct monthly Consumer Committee meetings and solicit input from members on discussion topics. The meetings will be memorialized in minutes that will be made available to all consumers on the Receivership website at: <http://www.sanctuarybelizereceivership.com>.

## **VII. Consumer Committee Member Feedback / Questions**

- A Consumer Committee member asked if the Receivership Team intends to visit the property. The Receivership Team understands the importance of visiting the property as soon as reasonably practicable, taking COVID-19 requirements and health and safety precautions into consideration.
- A Consumer Committee member made the Receivership Team aware that two boats were apparently abandoned on the property.
- A Consumer Committee member noted that consumers have questions regarding how to obtain internet access. The Receivership Team is evaluating current practices and consumers should contact [info@sanctuarybelizereceivership.com](mailto:info@sanctuarybelizereceivership.com) if they are planning to install internet so that they can be provided with instruction on the required process steps.

*Meeting adjourned: 3:45pm ET*