

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
TEMPORARY RECEIVER’S AND PROFESSIONAL’S FEES AND COSTS FROM
FEBRUARY 1, 2019 THROUGH MAY 31, 2019; MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT THEREOF [SUPPORTING DECLARATIONS OF
BRICK KANE AND GARY OWEN CARIS FILED CONCURRENTLY HEREWITH]**

The temporary receiver Robb Evans & Associates LLC (“Receiver”), the temporary receiver appointed pursuant to the 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 (Doc. 13) (“TRO”), extended pursuant to the Extension of Temporary Restraining Order and Interim Preliminary Injunction (Doc. 34) (“Interim Preliminary Injunction”), hereby moves the Court for an order approving and authorizing payment of receivership fees and costs for the period from February 1, 2019 through May 31, 2019 (“Second Expense Period”). The Receiver specifically moves the Court for an order: (1) approving and authorizing for payment the fees of the Receiver, the Receiver’s members, staff and professionals, and reimbursement of costs, comprised of (a) Receiver’s fees, including the Receiver’s members and staff, of \$399,820.20 and Receiver’s costs of \$12,981.60,

for a total of \$412,801.80; and (b) Receiver's counsel Barnes & Thornburg LLP's ("Barnes & Thornburg") fees of \$298,683.70 and costs of \$7,001.58, for a total of \$305,685.28.

Dated: August 26, 2019

By: /s/ Gary Owen Caris

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**UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
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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 TEMPORARY
RECEIVER'S AND PROFESSIONAL'S FEES AND COSTS FROM FEBRUARY 1, 2019
THROUGH MAY 31, 2019**

I. INTRODUCTION

This lawsuit was commenced on October 31, 2018 by the Federal Trade Commission (“FTC”) on October 31, 2018 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. The TRO was issued by the Court on November 5, 2019. Under the TRO, the Receiver became temporary receiver over all entity defendants except for Atlantic International Bank, Ltd. (“AIBL”) and over the assets of Andris Pukke (“Pukke”) and Peter Baker (“Baker”) valued at \$1,000 or more. The Court extended the duration of the TRO pursuant to the Interim Preliminary Injunction on November 20, 2018. The FTC filed a motion to amend the Complaint and a proposed Amended Complaint for Permanent Injunction and Other Equitable Relief (“Amended Complaint”) on December 28, 2018 (Doc. 87) adding Michael Santos and Newport Land Group, LLC (“NLG”) as defendants. The Court granted the motion to amend on January 11, 2019 (Doc. 107). On February 13, 2019 the Court entered a the 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”). Under the Stipulated Preliminary Injunction, the Receiver remained as receiver over the stipulating Receivership Entities BG Marketing, LLC, Ecological Fox, LLC, and Foundation Partners, and NLG was expressly added as a named Receivership Entity.¹ The Receiver continues to serve as temporary receiver as to all other Receivership Entities and continues to serve as temporary receiver over Pukke’s and Baker’s assets. The Court recently entered its Memorandum Opinion in Support of Preliminary Injunction (Doc. 539-1) (“Memorandum Opinion”) on August 2, 2019, and it is anticipated that the Receiver will be named as permanent receiver as part of the preliminary injunction once entered, consistent with the Memorandum Opinion and footnote 34 therein.

Pursuant to Section XXIII of the TRO, the Receiver was directed to file and serve on the parties periodic requests for the payment of reasonable compensation for the performance of its duties and for the cost of its out-of-pocket expenses from the assets of the receivership estate, with the initial request for such compensation to be filed no more than 60 days from the date of entry of the TRO. Pursuant to the Receiver’s motion, the Court issued an order extending the deadline for the Receiver for an additional 60 days, through March 5, 2019 (Doc. 92).

Thereafter, at the verbal request of the Receiver through its counsel at the hearings held on March 1, 2019, the Court granted the Receiver another one-month extension of time to file its initial request for compensation, through April 5, 2019. The Receiver filed its initial fee motion on April 5, 2019 (Doc. 400). The Court granted the Receiver’s motion in its entirety by Order

¹ The Receiver had already determined that NLG is a non-party Receivership Entity, in addition to previously determining that two other non-party entities, 2729 Bristol LLC and 3905 Marcus, LLC, are Receivership Entities, pursuant to Sections XVI.W and X of the TRO.

entered on April 25, 2019 (Doc. 430). This Motion is the second request for an order approving and authorizing payment of the fees and costs incurred by the Receiver and its counsel, Barnes & Thornburg LLP (“Barnes & Thornburg”), covering the four-month period from February 1, 2019 through May 31, 2019 (“Second Expense Period”).

As evidenced by the detailed billing records which accompany the declaration of Brick Kane (“Kane Declaration”) in support of this Motion, marked collectively as Exhibit 2 to the Kane Declaration, and by the detailed billing records which accompany the declaration of Gary Owen Caris (“Caris Declaration”) in support of the Motion, marked collectively as Exhibit 1 to the Caris Declaration, and as discussed in greater detail below, the receivership continues to be extremely challenging and time consuming for the Receiver and its counsel. During the Second Expense Period, the Receiver continued to focus on the reconstruction of the Receivership Entities’ accounting records and preparation of a thorough forensic accounting analysis, leading to the completion and filing of a voluminous and detailed Report of Activities for the Period From November 6, 2018 to February 21, 2019 (Doc. 219) (“First Report”) filed on February 22, 2019. This forensic accounting analysis continued after filing the First Report, based on the review of additional banking and other records, much of which was obtained through discovery. This ultimately led to the preparation and filing of the Receiver’s Second Court Report Dated July 2, 2019 (Doc. 513) (“Second Report”), which identified an additional diversion of money by Pukke in excess of \$2.1 million, beyond the diversion of \$15.945 million which was identified in the First Report.

The Receiver continued to spend substantial amounts of time dealing with the administration and management of the real estate development project in Belize known as the Reserve in order to preserve that asset and ensure the safety and security of those residing or

visiting there, as well as addressing preliminary and interim management plans for the Reserve as required by the Court. In addition to addressing a myriad of Reserve issues, the Receiver continued to develop and implement strategies for the preservation and monetization of several assets of the receivership estate, which was imperative given the precarious liquid financial condition of the estate throughout the Second Expense Period. Through these efforts, in conjunction with its counsel, the Receiver was able to bring funds into the receivership estate for the period from February 1, 2019 through July 31, 2019 (the Second Expense Period plus the two months following the Second Expense Period) for the benefit of the entire estate and its creditors, including potential consumer claimants, of over \$5.5 million, not including sums held from Relief Defendants.²

During the Second Expense Period, Barnes & Thornburg worked closely with the Receiver by undertaking discovery to obtain critical banking and other records to facilitate the Receiver's forensic accounting. It also assisted the Receiver in revising the First Report and addressing numerous operational issues in Belize, including the drafting of various interim plans for the management of the Reserve. Most critically, it assisted the Receiver in negotiating agreements and drafting multiple pleadings which led to the recovery of significant funds for the once cash-strapped receivership estate.

This receivership has a broad and diverse range of interested parties. The Receiver and its counsel have continued to remain accessible and responsive to their needs and requests throughout the Second Expense Period to address a panoply of issues, competing viewpoints, multiple receivership assets and geographical challenges. This has resulted in the Receiver and

² A substantial amount of these funds were collected shortly after the conclusion of the Second Expense Period and are not reflected in the Receivership Administrative Expenses and Fund Balance spreadsheet attached to the Kane Declaration as Exhibit 1.

its counsel engaging in regular and continuous communications with numerous parties to the litigation, on-site management at the Reserve, numerous Reserve lot purchasers with a wide variety of opinions and concerns, lienholders, landlords, vendors, merchant processors and other financial institutions, insurers and other third parties, as well as attorneys for many of these persons and entities.

The services rendered by the Receiver and its counsel are summarized separately below, discussed in the accompanying declarations of Kane and Caris, and described in the detailed billing records attached as exhibits to those declarations.

II. SUMMARY OF THE RECEIVER'S SERVICES AND ACTIVITIES DURING THE SECOND EXPENSE PERIOD

The Receiver seeks payment of the Receiver's fees and costs summarized in the Receivership Administrative Expenses and Fund Balance spreadsheet ("Financial Summary") attached as Exhibit 1 to the Kane Declaration in support of this Motion, together with the detailed billing records of the Receiver, attached to the Kane Declaration collectively as Exhibit 2.³ During the four-month Second Expense Period, the Receiver has incurred fees for the Receiver's members and staff of \$399,820.20. The Receiver's costs during the Initial Expense Period total \$12,981.60 and are detailed in the Financial Summary.

During the Second Expense Period, the Receiver continued to review, reconcile and analyze the Receivership Entities' accounting records, banking records, and data downloads for the purpose of revising, refining and completing the First Report, which was 74 pages in length,

³ As explained in the Caris declaration, the bills have been redacted where appropriate to preserve confidential, sensitive, tactical, strategic, attorney-client privileged and/or attorney work-product information. This is particularly critical at the early stages of the receivership and the Receiver's investigation, and while the Receiver and its counsel are still developing asset recovery strategies.

single spaced, and contained 50 exhibits. It set forth eleven key findings of the Receiver, including providing support for each of the findings; it had an exhaustive preliminary forensic analysis of the Receivership Entities located in the United States and in Belize; it analyzed and addressed the status of other offshore businesses being undertaken by the Receivership Entities and/or its principals; and it discussed the Receivership Entities' marketing methods, analyzed scripts found on the business premises, and analyzed the Receivership Entities' methods for dealing with dissatisfied consumers and defending litigation claims.

The Receiver's forensic accounting work was not completed with the First Report. During the balance of the Second Expense Period, the Receiver continued to further refine and modify its forensic accounting analysis and reconstruct the Receivership Entities' accounting records based on an ongoing examination of banking records and other documents obtained both from the records of the Receivership Entities and from third parties. Much of this work was eventually reflected in the Receiver's Second Report. This work disclosed that over \$2.1 million in additional cash had been diverted from the Receivership Entities by Pukke.

During the Second Expense Period, the Receiver continued dealing with the complex and time consuming issues related to the management and operations at the Reserve while facing a severe cash shortage in the receivership estate. The Receiver regularly communicated with on-site management at the Reserve and the Receiver's Belize counsel. It continuously addressed Reserve expenditures and budget issues. It was in regular written, telephonic and in-person communications with numerous lot purchasers regarding a host of issues pertaining to repair, maintenance, development, security, and other operational issues. The Receiver addressed questions pertaining to competing lot claims, title acquisition and issues raised by former lot owners that had been purportedly foreclosed out. In conjunction with its counsel, the Receiver

addressed problems with the Reserve's internet access supplied by vendor Cisco Meraki.

In addition to the day-to-day management and operational issues and communications, the Reserve also addressed competing interim management plans for the Reserve prepared by various lot purchasers, Pukke, Baker, and the FTC. The Receiver itself prepared and filed, with the assistance of counsel, a preliminary interim management plan and began preparing its own detailed interim plan which was geared to generate critically needed revenue for the receivership estate until the Receiver was presented with an alternative interim plan proposed by the FTC which made additional funds of \$4.112 million available to the Receiver, if necessary, from the funds the FTC recovered from John Vipulis. The Receiver ultimately supported the FTC proposal, which has been adopted by the Court with minor modifications after the conclusion of the Second Expense Period at a hearing held July 9, 2019.

Despite the fact that the Receiver was still designated as temporary as to most of the Receivership Entities, the Receiver continued to aggressively pursue, where appropriate, steps to liquidate assets at market value and obtain necessary cash for the receivership estate. The Receiver assisted Barnes & Thornburg in developing the facts in support of a successful motion whereby assets held in accounts in the name of Receivership Entity NLG would be available to the Receiver for all receivership purposes and not be segregated for the exclusive benefit of NLG's investors. The NLG motion (Doc. 453) was brought late in the Second Expense Period and granted after the Second Expense Period by Order entered June 24, 2019 (Doc. 507). This freed up over \$3.7 million for the benefit of the entire receivership estate.

During the Second Expense Period, the Receiver continued to develop strategies with respect to several investments and assets which had been acquired as a result of Pukke's diversion of assets from the Receivership Entities and, where feasible, to reduce those assets to

cash for the benefit of the estate. The property at 1833 Port Barmouth Place, Newport Beach, California (“Port Barmouth Property”) in the name of the AAC Family HYCET Trust Dated 10/7/15 (“AAC Trust”) was the subject of a stipulation and Order permitting the Receiver to market the property for sale.⁴ In the stipulated Order permitting the marketing and sale of the property, the AAC Trust reserved the right to assert an interest in the proceeds of any sale. During the Second Expense Period, the Receiver retained a broker and obtained a buyer for the Port Barmouth Property. The Receiver negotiated a sale at full market value. The Receiver assisted Barnes & Thornburg in the preparation of a motion for an order approving the sale and determining that the receivership estate was entitled to all of the net proceeds from the sale. In the motion, the Receiver contended and proved that, based on its forensic investigation, the Port Barmouth Property was properly an asset of the receivership estate because it had been acquired and maintained with the assets of the Receivership Entities and all net proceeds from the sale properly belonged to the receivership estate. The motion to approve the sale was brought in April 2019 (Doc. 427) and an Order granting the motion was entered in May 2019 (Doc. 464). This paved the way for a successful closing of escrow shortly after the Second Expense Period, which generated \$862,413.63 for the estate.

The Receiver has continued to assert control over the residence located at 104 Kings Place, Newport Beach, California (“Kings Place Property”), held in the name of the AAC Trust, but which is specifically identified as an asset of the receivership estate in the TRO. As discussed in the Receiver’s first fee motion, the AAC Trust entered into a post-TRO lease/purchase option agreement on the property without the Receiver’s knowledge or

⁴ The AAC Trust is a purported asset protection trust for the benefit of the minor children of Pukke and Chittenden (“Chittenden”). AAC are Chittenden’s initials. HYCET stands for “have your cake and eat it too.”

permission. The Receiver continues to communicate with the lessee about a potential accelerated acquisition of the property. Starting in May 2019 and continuing through July 31, 2019 the lessee has made substantial lease and purchase option payments to the Receiver in the amount of \$355,000.00. During the Second Expense Period, the Receiver, with its counsel, also successfully addressed various insurance claims on the Kings Place Property as a result of water damage issues which resulted from heavy rainfall shortly after the commencement of the receivership.

The Receiver also successfully negotiated a stock repurchase agreement with Remote.com, Inc. (“Remote.com”) whereby the estate obtained \$150,000 in exchange for Chittenden’s return of all stock held in her name which was acquired with Receivership Entities’ funds. The motion was filed in May 2019 during the Second Expense Period (Doc. 457) and approved by Court order entered in June 2019 (Doc. 508). In addition, with the assistance of counsel, it took steps to collect in excess of \$250,000 from a credit card merchant processor for the Receivership Defendants.

In addition to addressing, preserving and, where feasible, liquidating a myriad of assets of the receivership estate, Brick Kane also prepared for and appeared as a witness to testify at the preliminary injunction hearing over a two-day period in March 2019. The Receiver also continued to handle traditional receivership operational issues, including maintaining an accounting of the finances of the receivership estate, employing necessary vendors to preserve and maintain receivership assets, and processing payables, while carefully managing the limited cash available in the receivership estate during this period.

Despite the wide-ranging and complex nature of this receivership, the Receiver’s work has been extremely beneficial and cost-effective to the estate. As noted above, the Receiver has

collected in excess of \$5.5 million from February 1, 2019 through July 31, 2019, not including any of the funds paid by the Relief Defendants.

III. SUMMARY OF THE RECEIVER'S COUNSEL'S SERVICES AND ACTIVITIES DURING THE SECOND EXPENSE PERIOD

The Receiver also seeks payment of its counsel's fees and expenses summarized in the Financial Summary, Exhibit 1 to the Kane declaration, and set forth in the detailed billing records of Barnes & Thornburg, attached collectively as Exhibit 1 to the Caris declaration. During the Second Expense Period, the Receiver incurred fees to Barnes & Thornburg of \$298,683.70 and costs of \$7,001.58, for a total of \$305,685.28.

Throughout the Second Expense Period, Barnes & Thornburg reviewed pleadings pertinent to the Receiver and consulted with and advised the Receiver on a variety of issues. In connection with the various work described above in Section II and in this section, counsel for the Receiver was in regular communication with counsel for the FTC, Chittenden, the AAC Trust, the lessee of the Kings Place Property, the sublessor of the property at 3333 Michelson, Suite 500, Irvine, California ("Receivership Premises"), where the Receivership Entities operated, lienholders on the various Southern California properties, a credit card merchant processor, and Cisco Meraki.

During the Second Expense Period, Barnes & Thornburg assisted the Receiver in reviewing, revising and finalizing the First Report. To assist in the Receiver's forensic accounting analysis, counsel continued to issue document subpoenas to various third party banks and other entities. Six subpoenas were issued and served in the Second Expense Period. Barnes & Thornburg oversaw the production of documents and communicated with subpoenaed parties and their counsel as necessary.

Counsel assisted the Receiver in the preparation and filing of the preliminary interim management plan and worked closely with the Receiver in developing a more detailed interim plan that was ultimately shelved in support of the FTC's interim plan which has been substantially approved by the Court.

Much of Barnes & Thornburg's work led directly to the financial benefit of the receivership. It negotiated for the return of the unused portion of the security deposit with the sublessor of the Receivership Premises, resulting in the recovery of \$16,066.21. When there was a logjam obtaining reserve account funds from Base Commerce, a credit card merchant processor, counsel negotiated for the prompt return of more than \$250,000. Barnes & Thornburg prepared and obtained a stipulation to sell the Port Barmouth Property. It thereafter brought a successful motion to sell the Port Barmouth Property and demonstrated in that motion why all of the proceeds belonged to the receivership estate and why the AAC Trust should not be entitled to any of the proceeds. This led to the recovery of \$862,413.63 for the receivership estate shortly after the Second Expense Period. Barnes & Thornburg also assisted the Receiver in finalizing negotiations for the repurchase of Remote.com stock and the immediate payment of \$150,000, and prepared the successful motion to approve that agreement.

As described in detail above, the Receiver's counsel, with the Receiver's assistance in preparing a forensic analysis, drafted a successful motion for an order determining that all of the funds held in the NLG bank accounts at the outset of the estate properly belonged to the Receiver and could be used for all receivership estate purposes. This enabled the Receiver to access over \$3.7 million for the benefit of the receivership estate and has, in conjunction with the sale of the Port Barmouth property and other recoveries, alleviated the extreme financial constraints faced by the Receiver during the early portion of this case.

During the Second Expense Period, counsel for the Receiver made substantial progress regarding two other properties in the receivership estate, 3905 Marcus Avenue, Newport Beach, California (“Marcus Property”) and 2729 Bristol Street, Costa Mesa, California (“Bristol Property”). After the Receiver took possession and control of the Bristol Property during the Second Expense Period from a tenant who vacated following commencement of unlawful detainer proceedings, the Receiver’s counsel attempted to obtain a stipulation with Rod Kazazi as manager of 3905 Marcus LLC or Chittenden as purported sole member of that entity to permit the Receiver to market the property for sale. After determining that Kazazi had resigned as manager and Chittenden asserted that her signature on the applicable documents were forgeries, the Receiver brought a successful motion to permit the Marcus Property to be marketed for sale following the conclusion of the Second Expense Period. During the Second Expense Period, the Receiver’s counsel developed legal theories concerning the Bristol Property and negotiated with counsel for the former owner of the Bristol Property who holds a purchase money first trust deed on the property. An agreement in principal with the former owner has been reached which, if finalized and approved by the Court, will generate significant additional funds for the receivership estate. It is anticipated that this agreement will be presented to the Court for approval soon. During the Second Expense Period, the Receiver also addressed and remedied problems with vagrants occupying outside portions of the Bristol Property.

The Receiver’s counsel also developed preliminary strategies with respect to the property which was acquired by the Receivership Entities in the Bahamas and which the vendor claims has been lost by the receivership as a result of the post-receivership discontinuance of payments. Counsel filed a miscellaneous action pursuant to 28 U.S.C. §754 in the Southern District of Florida in connection with these strategies.

During the Second Expense Period, the Receiver's counsel successfully assisted the Receiver in addressing insurance claims that have arisen with respect to the Kings Place Property. It also has advised the Receiver with respect to pension and benefit issues, including the prospective termination of a 401(k) plan sponsored by the Receivership Entities. It assisted the Receiver in successfully negotiating with Cisco Meraki, the vendor which supplied internet hardware and software to the Reserve, in order that the Receiver could access and control the Reserve's internet operations and address internet problems.

Barnes & Thornburg filed successful oppositions to Pukke's motion to unfreeze assets and to seal the First Report. It also prepared the successful motion to approve and authorize the payment of fees and costs incurred during the Initial Expense Period. Counsel also attended two Court hearings over three days, one on March 1, 2019 to successfully argue against Pukke's motion to unfreeze assets and to seal the First Report and two days on March 20-21 during the preliminary injunction hearing while Kane testified. At those latter hearings, the Receiver's counsel was successful in persuading the Court to modify the preliminary injunction to require Pukke to disclose and obtain approval from the Receiver for any proposed borrowing which in the aggregate exceeded \$1,000. Barnes & Thornburg also attended two telephonic Court hearings during the Second Expense Period, one principally to address Baker's request for a release of funds for legal fees and travel expenses, and one which focused on the freeze order as it related to Atlantic International Bank, Ltd. but during which the Receiver addressed the Reserve management plan briefing and hearing schedule and the pending Port Barmouth Property sale motion.

Barnes & Thornburg, utilizing its Washington, D.C. office also has acted as local counsel through James Van Horn to facilitate the service and filing of pleadings and assist Caris as

necessary to ensure compliance with local practice and procedure.

IV. 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).

The Receiver is an officer of the Court charged with a myriad of duties under the Court's TRO and Stipulated Preliminary Injunction, 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. *In re San Vicente Medical Partners Ltd.*, 962 F. 2d at 1409-1410.

The Receiver and its professionals have performed extensive and wide-ranging tasks during the Second Expense Period in this extremely complex receivership proceeding. This motion establishes that the Receiver, its members, staff and professionals rendered reasonable and critical services for the receivership estate during the Second Expense Period that were highly beneficial to the estate and which has led to the successful recovery of over \$5.5 million from February 1, 2019 through July 31, 2019 for the benefit of the receivership estate. *See Federal Trade Commission v. Capital Acquisitions & Management Corp.*, 2005 U.S. Dist. LEXIS 18504 (N.D. Ill. August 26, 2005). This work has enabled the Receiver to dramatically improve its liquidity and financial condition. The Receiver submits the fees are reasonable in

light of the services rendered, and that the fees and expenses requested should be awarded in their entirety. Currently, the Receiver has on hand approximately \$4.0 million which is available to pay the fees and costs requested for payment pursuant to this Motion, not including \$4.112 million recovered from John Vipulis which will be available when the Court enters the interim receivership management order and not including any other Relief Defendant's funds.

V. **CONCLUSION**

Based on the Motion, this Memorandum of Points and Authorities, the supporting declarations of Brick Kane and Gary Owen Caris, along with the exhibits attached thereto, it is respectfully requested that the Court grant the Motion in its entirety, and approve and authorize for payment the fees and expenses of the Receiver and its counsel as set forth herein.

Dated: August 26, 2019

By: /s/ Gary Owen Caris

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UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

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No: 18-cv-3309-PJM

**DECLARATION OF BRICK KANE IN SUPPORT OF MOTION FOR
ORDER APPROVING AND AUTHORIZING PAYMENT OF TEMPORARY
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THROUGH MAY 31, 2019**

I, Brick Kane, declare:

1. I am the President of Robb Evans & Associates LLC (“Receiver”), the temporary receiver in this action. This lawsuit was commenced on October 31, 2018 by the Federal Trade Commission (“FTC”) on October 31, 2018 with its filing of a Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”). The lawsuit named 17 entity defendants and seven individual defendants, in addition to five relief defendants. The Court issued the Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Restraining Order and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”) on November 5, 2019. Under the TRO, the Receiver became temporary receiver over all entity defendants except for Atlantic International Bank, Ltd. (“AIBL”) and over the assets of Andris Pukke (“Pukke”) and Peter Baker (“Baker”) valued at \$1,000 or more. The Court extended the duration of the TRO pursuant to an Extension of Temporary Restraining Order and Interim Preliminary Injunction on November 20, 2018. The FTC filed a motion to amend the Complaint and a proposed Amended Complaint for Permanent Injunction and Other Equitable Relief (“Amended Complaint”) on December 28, 2018 adding

Michael Santos and Newport Land Group, LLC (“NLG”) as defendants. The Court granted the motion to amend on January 11, 2019. 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 (“Stipulated Preliminary Injunction”). Under the Stipulated Preliminary Injunction, the Receiver remained as receiver over the stipulating Receivership Entities BG Marketing, LLC, Ecological Fox, LLC, and Foundation Partners, and NLG was expressly added as a named Receivership Entity. The Receiver continues to serve as temporary receiver as to all other Receivership Entities named in the TRO and over the assets of Pukke and Baker. The Court recently entered its Memorandum Opinion in Support of Preliminary Injunction on August 2, 2019. It is anticipated that the Receiver will be named as permanent receiver upon the entry of a preliminary injunction, consistent with the Memorandum Opinion.

2. I have been one of the members of Robb Evans & Associates LLC primarily responsible for the supervision, management and administration of the receivership estate, the Receiver’s taking possession and control of the business and operations of the Receivership Entities, as defined in the TRO, the review and investigation of the business, operations and assets of the Receivership Entities and the individuals whose assets are under receivership, and the Receiver’s exercise of the other powers and duties set forth in the TRO and Stipulated Preliminary Injunction. I have been involved in the Receiver’s ongoing review and detailed analysis of the Receivership Entities’ financial records, banking records, and other business records and files. I was personally involved in the preparation and review of the Receiver’s Report of Activities for the Period From November 6, 2018 to February 21, 2019 (“First

Report”) filed on February 22, 2019 and the Receiver’s Second Court Report Dated July 2, 2019 (“Second Report”). 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.

3. The Receiver seeks payment of the Receiver’s fees and costs summarized in the Receivership Administrative Expenses and Fund Balance spreadsheet (“Financial Summary”) attached hereto as Exhibit 1. The fees are set forth in the detailed billing records of the Receiver, attached collectively hereto as Exhibit 2, for the four-month period from February 1, 2019 through May 31, 2019 (“Second Expense Period). During the Second Expense Period, the Receiver has incurred fees for the Receiver, including the Receiver’s members and staff, of \$399,820.20. The Receiver’s costs during the Second Expense Period total \$12,981.60 and are detailed in the Financial Summary.

4. As evidenced by the detailed billing records which accompany this declaration and the summary of services which follows in this declaration, the receivership continued to be extremely challenging and time consuming during the Second Expense Period. As described in more detail below and in the accompanying time records, during the Second Expense Period the Receiver continued to focus on the reconstruction of the Receivership Entities’ accounting records and a thorough forensic accounting analysis, leading to the completion and filing of the voluminous First Report. After the First Report was filed, the Receiver continued to undertake its forensic accounting analysis based on the review of additional banking and other records, much of which was obtained through discovery, which led to the preparation and filing of the Second Report. The Second Report identified an additional diversion of money by Pukke from the Receivership Entities in excess of \$2.1 million, beyond the diversion of \$15.945 million

which was identified and documented in the First Report. The Receiver continued to spend substantial amounts of time dealing with the administration and management of the real estate development project in Belize known as the Reserve in order to preserve that asset and ensure the safety and security of those residing or visiting there. The Receiver also addressed preliminary and interim management plans for the Reserve, as required by the Court. The Receiver also continued to develop and implement strategies for the preservation and monetization of several assets of the receivership estate, which was critical given the precarious liquid financial condition of the estate throughout the Second Expense Period. Throughout the Second Expense Period, the Receiver, in conjunction with its counsel, Barnes & Thornburg LLP (“Barnes & Thornburg”), was engaged in regular and continuous communication with numerous parties to the litigation, on-site management of the Reserve, numerous Reserve lot purchasers with a wide variety of opinions and concerns, lienholders, landlords, vendors, merchant processors and other financial institutions, and insurers and other third parties.

5. During the Second Expense Period, the Receiver continued to review, reconcile and analyze the Receivership Entities’ accounting records, banking records, and data downloads for the purpose of revising, refining and completing the First Report, which was 74 pages in length, single spaced, and contained 50 exhibits. It set forth eleven key findings of the Receiver, including providing support for each of the findings; it had an exhaustive preliminary forensic analysis of the Receivership Entities located in the United States and in Belize; it analyzed and addressed the status of other offshore businesses being undertaken by the Receivership Entities and/or its principals; and it discussed the Receivership Entities’ marketing methods, analyzed scripts found on the business premises, and analyzed the Receivership Entities’ methods for dealing with dissatisfied consumers and defending litigation claims.

6. The Receiver's forensic accounting work was not completed with the First Report. During the balance of the Second Expense Period, the Receiver continued to further refine and modify its forensic accounting analysis and reconstruct the Receivership Entities' accounting records based on an ongoing examination of banking records and other documents obtained both from the records of the Receivership Entities and from third parties. Much of this work was eventually reflected in the Receiver's Second Report. This work disclosed that over \$2.1 million in additional cash had been diverted from the Receivership Entities by Pukke.

7. During the Second Expense Period, the Receiver continued dealing with the complex and time consuming issues related to the management and operations at the Reserve while facing a severe cash shortage in the receivership estate. The Receiver regularly communicated with on-site management at the Reserve and the Receiver's Belize counsel. It continuously addressed Reserve expenditures and budget issues. It was in regular written, telephonic and in-person communications with numerous lot purchasers regarding a host of issues pertaining to repair, maintenance, development, security, and other operational issues. The Receiver addressed questions pertaining to competing lot claims, title acquisition and issues raised by former lot owners that had been purportedly foreclosed out. In conjunction with its counsel, the Receiver addressed problems with the Reserve's internet access supplied by vendor Cisco Meraki.

8. In addition to the day-to-day management and operational issues and communications, the Reserve also addressed competing interim management plans for the Reserve prepared by various lot purchasers, Pukke, Baker, and the FTC. The Receiver itself prepared and filed, with the assistance of counsel, a preliminary interim management plan and began preparing its own detailed interim plan which was geared to generate critically needed

revenue for the receivership estate until the Receiver was presented with an alternative interim plan proposed by the FTC which made additional funds of \$4.112 million available to the Receiver, if necessary, from the funds the FTC recovered from John Vipulis. The Receiver ultimately supported the FTC proposal, which has been adopted by the Court with minor modifications after the conclusion of the Second Expense Period at a hearing held July 9, 2019.

9. Despite the fact that the Receiver was still designated as temporary as to most of the Receivership Entities, the Receiver continued to aggressively pursue, where appropriate, steps to liquidate assets at market value and obtain necessary cash for the receivership estate. The Receiver assisted Barnes & Thornburg in developing the facts in support of a successful motion whereby assets held in accounts in the name of Receivership Entity NLG would be available to the Receiver for all receivership purposes and not be segregated for the exclusive benefit of NLG's investors. The NLG motion was brought late in the Second Expense Period and granted after the Second Expense Period by Order entered June 24, 2019. This freed up over \$3.7 million for the benefit of the entire receivership estate.

10. During the Second Expense Period, the Receiver continued to develop strategies with respect to several investments and assets which had been acquired as a result of Pukke's diversion of assets from the Receivership Entities and, where feasible, to reduce those assets to cash for the benefit of the estate. The property at 1833 Port Barmouth Place, Newport Beach, California ("Port Barmouth Property") in the name of the AAC Family HYCET Trust Dated 10/7/15 ("AAC Trust") was the subject of a stipulation and Order permitting the Receiver to market the property for sale. The AAC Trust is a purported asset protection trust for the benefit of the minor children of Pukke and Angela Chittenden ("Chittenden"). AAC are Chittenden's initials. HYCET stands for "have your cake and eat it too." In the stipulated Order permitting

the marketing and sale of the property, the AAC Trust reserved the right to assert an interest in the proceeds of any sale. During the Second Expense Period, the Receiver retained a broker and obtained a buyer for the Port Barmouth Property. The Receiver negotiated a sale at full market value. The Receiver assisted Barnes & Thornburg in the preparation of a motion for an order approving the sale and determining that the receivership estate was entitled to all of the net proceeds from the sale. In the motion, the Receiver contended and proved that, based on its forensic investigation, the Port Barmouth Property was properly an asset of the receivership estate because it had been acquired and maintained with the assets of the Receivership Entities and all net proceeds from the sale properly belonged to the receivership estate. The motion to approve the sale was brought in April 2019 and an Order granting the motion was entered in May 2019. This paved the way for a successful closing of escrow shortly after the Second Expense Period, which generated \$862,413.63 for the estate.

11. The Receiver has continued to assert control over the residence located at 104 Kings Place, Newport Beach, California (“Kings Place Property”), held in the name of the AAC Trust, but which is specifically identified as an asset of the receivership estate in the TRO. As discussed in the Receiver’s first fee motion, the AAC Trust entered into a post-TRO lease/purchase option agreement on the property without the Receiver’s knowledge or permission. The Receiver continues to communicate with the lessee about a potential accelerated acquisition of the property. Starting in May 2019 and continuing through July 31, 2019 the lessee has made substantial lease and purchase option payments to the Receiver in the amount of \$355,000.00. During the Second Expense Period, the Receiver, with its counsel, also successfully addressed various insurance claims on the Kings Place Property as a result of water damage issues which resulted from heavy rainfall shortly after the commencement of the

receivership. During the Second Expense Period, the Receiver also addressed and remedied problems with vagrants occupying outside portions of the receivership property at 2729 Bristol Street, Costa Mesa, California.

12. The Receiver also successfully negotiated a stock repurchase agreement with Remote.com, Inc. (“Remote.com”) whereby the estate obtained \$150,000 in exchange for Chittenden’s return of all stock held in her name which was acquired with Receivership Entities’ funds. The motion was filed in May 2019 during the Second Expense Period and approved by Court order entered in June 2019. In addition, with the assistance of counsel, it took steps to collect in excess of \$250,000 from a credit card merchant processor for the Receivership Defendants.

13. In addition to addressing, preserving and, where feasible, liquidating a myriad of assets of the receivership estate, I also prepared for and appeared as a witness to testify at the preliminary injunction hearing over a two-day period in March 2019. The Receiver also continued to handle traditional receivership operational issues, including maintaining an accounting of the finances of the receivership estate, employing necessary vendors to preserve and maintain receivership assets, and processing payables, while carefully managing the limited cash available in the receivership estate during this period.

14. Despite the wide-ranging and complex nature of this receivership, the Receiver’s work has been extremely beneficial and cost-effective to the estate. As a result of these efforts, the Receiver has collected in excess of \$5.5 million from February 1, 2019 through July 31, 2019, not including any of the funds paid by the Relief Defendants.

15. The billing rates charged by the Receiver in this case reflected in the billing records filed in support of the Motion are discounted by 10% from the rates charged by the

Receiver's firm in private sector cases as of the time of the Receiver's appointment in 2018. The Receiver will not raise its rates on this matter from the discounted rates in place as of 2018.

16. As the president of Robb Evans & Associates LLC, I am familiar with the methods and procedures used by the Receiver and its members, staff and employees to record the time spent rendering services to receivership estates over which Robb Evans and/or Robb Evans & Associates LLC have been appointed. The records attached hereto as Exhibit 2 is regularly prepared by the members, staff and employees of the Receiver at or about the time of the services rendered and each of whom has a business duty to accurately record the information regarding their services set forth in these records. The records are reviewed by the Receiver's accounting staff or me and summarized in the Financial Summary, Exhibit 1 attached hereto. As explained in the accompanying declaration of Gary Owen Caris, the Receiver's time records and the records of its professionals have been redacted where appropriate to preserve descriptions containing confidential, tactical, strategic, attorney-client privileged and/or attorney work-product information. Based on my experience with Robb Evans & Associates LLC, I believe the Receiver's methods and procedures for recording and accounting for time and services for the receivership estates over which Robb Evans and/or Robb Evans & Associates LLC have been appointed are reliable and accurate.

17. I have worked for over 20 years with Robb Evans & Associates LLC and have been directly involved in the supervision, management and administration of over 90 federal equity receivership matters. Based on my experience, I believe the rates and amounts charged by the Receiver for the services rendered during the Second Expense Period are reasonable and appropriate based on the nature of the services rendered, the quality and amount of services

provided, the complexity of this receivership estate and issues involved and other factors under the circumstances.

18. The receivership estate presently has approximately \$4.0 million which is available to pay the fees and costs requested for payment by the Receiver and its counsel, not including \$4.112 million recovered from John Vipulis which will be available to the Receiver when the Court enters the interim receivership management order.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on August 22, 2019 at Sun Valley, California.


BRICK KANE

14935471v1

EXHIBIT 1

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance**
From inception (November 8, 2018) to May 31, 2019

| | Previously Reported and Approved | Feb 19 | Mar 19 | Apr 19 | May 19 | 2/1/19~ 5/31/19 | TOTAL |
|--|--|-----------------|-------------|------------------|-------------|--------------------|-------------------|
| Corporate/Defendant Assets | | | | | | | |
| Funds Turned Over | | | | | | | |
| 2729 Bristol LLC | 3,729.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,729.22 |
| Bank of America #3809 | 3,729.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,729.22 |
| Total 2729 Bristol LLC | 3,729.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,729.22 |
| 3905 Marcus LLC | | | | | | | |
| Bank of America #0723 | 0.00 | 1,742.51 | 0.00 | 0.00 | 0.00 | 1,742.51 | 1,742.51 |
| Total 3905 Marcus LLC | 0.00 | 1,742.51 | 0.00 | 0.00 | 0.00 | 1,742.51 | 1,742.51 |
| Belize Real Estate Affiliates | | | | | | | |
| Bank of America #8078 | 0.00 | 94.55 | 0.00 | 0.00 | 0.00 | 94.55 | 94.55 |
| Total Belize Real Estate Affiliates | 0.00 | 94.55 | 0.00 | 0.00 | 0.00 | 94.55 | 94.55 |
| Buy International Inc | | | | | | | |
| Bank of America #9844 | 67,489.26 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 67,489.26 |
| JPMorgan Chase #8196 | 3,666.43 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,666.43 |
| Total Buy International Inc | 71,155.69 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 71,155.69 |
| Cortez Properties LLC | | | | | | | |
| Bank of America #0807 | 0.00 | 0.00 | 0.00 | 733.57 | 0.00 | 733.57 | 733.57 |
| Bank of America #9504 | 0.00 | 0.00 | 0.00 | 12,457.92 | 0.00 | 12,457.92 | 12,457.92 |
| Base Commerce LLC #4750 | 0.00 | 0.00 | 0.00 | 8,099.44 | 0.00 | 8,099.44 | 8,099.44 |
| Total Cortez Properties LLC | 0.00 | 0.00 | 0.00 | 21,290.93 | 0.00 | 21,290.93 | 21,290.93 |
| Eco Future Belize Ltd | | | | | | | |
| Atlantic Bank | 0.00 | 0.00 | 0.00 | 21,134.52 | 0.00 | 21,134.52 | 21,134.52 |
| Total Eco Future Belize Ltd | 0.00 | 0.00 | 0.00 | 21,134.52 | 0.00 | 21,134.52 | 21,134.52 |
| Eco Futures Development | | | | | | | |
| First Data Merchant Services LL | 0.00 | 0.00 | 0.00 | 38,342.27 | 0.00 | 38,342.27 | 38,342.27 |
| Bank of America #5655 | 26,020.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 26,020.08 |
| Bank of America #9828 | 222,572.95 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 222,572.95 |
| Total Eco Futures Development | 248,593.03 | 0.00 | 0.00 | 38,342.27 | 0.00 | 38,342.27 | 286,935.30 |

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance**
From inception (November 8, 2018) to May 31, 2019

| | Previously Reported and Approved | Feb 19 | Mar 19 | Apr 19 | May 19 | 2/1/19~ 5/31/19 | TOTAL |
|--------------------------------------|--|----------|--------|--------------|--------|--------------------|--------------|
| Eco Futures Management Co. Ltd | | | | | | | |
| Atlantic Bank | 0.00 | 0.00 | 0.00 | 1,576.15 | 0.00 | 1,576.15 | 1,576.15 |
| Total Eco Futures Management Co. Ltd | 0.00 | 0.00 | 0.00 | 1,576.15 | 0.00 | 1,576.15 | 1,576.15 |
| Foundations Partners | | | | | | | |
| JPMorgan Chase #3589 | 20,089.73 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20,089.73 |
| Wells Fargo Bank #6444 | 47,469.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 47,469.61 |
| Total Foundations Partners | 67,559.34 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 67,559.34 |
| Global Property Alliance Inc. | | | | | | | |
| Base Commerce LLC #1772 | 0.00 | 0.00 | 0.00 | 242,275.00 | 0.00 | 242,275.00 | 242,275.00 |
| Bank of America #5098 | 10,262.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,262.72 |
| Total Global Property Alliance Inc. | 10,262.72 | 0.00 | 0.00 | 242,275.00 | 0.00 | 242,275.00 | 252,537.72 |
| Newport Land Group LLC | | | | | | | |
| Bank of America #0794 | 0.00 | 0.00 | 0.00 | 4,773.59 | 0.00 | 4,773.59 | 4,773.59 |
| Bank of America #8924 | 0.00 | 0.00 | 0.00 | 3,752,571.50 | 0.00 | 3,752,571.50 | 3,752,571.50 |
| Total Newport Land Group LLC | 0.00 | 0.00 | 0.00 | 3,757,345.09 | 0.00 | 3,757,345.09 | 3,757,345.09 |
| Power Haus Marketing | | | | | | | |
| Bank of America #5717 | 42,141.82 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 42,141.82 |
| Total Power Haus Marketing | 42,141.82 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 42,141.82 |
| Prodigy Management Group | | | | | | | |
| Bank of America #3169 | 0.00 | 0.32 | 0.00 | 0.00 | 0.00 | 0.32 | 0.32 |
| Total Prodigy Management Group | 0.00 | 0.32 | 0.00 | 0.00 | 0.00 | 0.32 | 0.32 |
| Sanctuary Belize POA | 329,358.37 | 0.00 | 0.00 | 3,612.41 | 0.00 | 3,612.41 | 332,970.78 |
| Southern Belize Realty LLC | | | | | | | |
| Bank of America #4754 | 0.00 | 4.50 | 0.00 | 0.00 | 0.00 | 4.50 | 4.50 |
| Total Southern Belize Realty LLC | 0.00 | 4.50 | 0.00 | 0.00 | 0.00 | 4.50 | 4.50 |
| Office & Petty Cash | 1,527.38 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,527.38 |
| Total Funds Turned Over | 774,327.57 | 1,841.88 | 0.00 | 4,085,576.37 | 0.00 | 4,087,418.25 | 4,861,745.82 |

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al
Receiver Administrative Expenses and Fund Balance**
From inception (November 8, 2018) to May 31, 2019

| | Previously Reported and Approved | Feb 19 | Mar 19 | Apr 19 | May 19 | 2/1/19~ 5/31/19 | TOTAL |
|--|--|------------------|------------------|---------------------|-------------------|---------------------|---------------------|
| Other Funds Collected | | | | | | | |
| AAC Family HYCET Trust | 197,772.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 197,772.23 |
| Biltong Brand, LLC | 1,080.00 | 1,512.00 | 0.00 | 0.00 | 0.00 | 1,512.00 | 2,592.00 |
| Foundation Partners | 7,422.10 | 1,030.07 | 0.00 | 0.00 | 0.00 | 1,030.07 | 8,452.17 |
| 104 Kings Place | 0.00 | 0.00 | 0.00 | 0.00 | 302,500.00 | 302,500.00 | 302,500.00 |
| Total Other Funds Collected | <u>206,274.33</u> | <u>2,542.07</u> | <u>0.00</u> | <u>0.00</u> | <u>302,500.00</u> | <u>305,042.07</u> | <u>511,316.40</u> |
| Total Corporate/Defendant Assets | 980,601.90 | 4,383.95 | 0.00 | 4,085,576.37 | 302,500.00 | 4,392,460.32 | 5,373,062.22 |
| Other Collections | | | | | | | |
| Proceeds from Sale of Property | 0.00 | 0.00 | 0.00 | 0.00 | 150,000.00 | 150,000.00 | 150,000.00 |
| Remote.com Inc. | 0.00 | 0.00 | 0.00 | 0.00 | 150,000.00 | 150,000.00 | 150,000.00 |
| Total Proceeds from Sale of Property | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>150,000.00</u> | <u>150,000.00</u> | <u>150,000.00</u> |
| The Sanctuary Reserve- Misc Coll. | | | | | | | |
| Beach Club Funds Received | 0.00 | 1,942.78 | 0.00 | 229.63 | 0.00 | 2,172.41 | 2,172.41 |
| Collection of Docking Fees | 0.00 | 13,043.59 | 6,974.37 | 4,140.52 | 2,280.73 | 26,439.21 | 26,439.21 |
| Collection for Logs/Materials | 0.00 | 0.00 | 2,500.00 | 2,500.00 | 1,425.00 | 6,425.00 | 6,425.00 |
| Laundry Coin Collected | 0.00 | 0.00 | 0.00 | 0.00 | 26.00 | 26.00 | 26.00 |
| Total The Sanctuary Reserve- Misc Coll. | <u>0.00</u> | <u>14,986.37</u> | <u>9,474.37</u> | <u>6,870.15</u> | <u>3,731.73</u> | <u>35,062.62</u> | <u>35,062.62</u> |
| Interest Income | 2,049.15 | 1,692.45 | 1,556.86 | 1,940.63 | 2,039.11 | 7,229.05 | 9,278.20 |
| Irvine Office Auction Proceeds | 0.00 | 0.00 | 9,659.69 | 0.00 | 0.00 | 9,659.69 | 9,659.69 |
| United Check Card Refunds | 0.00 | 451.00 | 0.00 | 0.00 | 0.00 | 451.00 | 451.00 |
| Lessor Refund | 0.00 | 0.00 | 16,066.21 | 0.00 | 0.00 | 16,066.21 | 16,066.21 |
| Wainea Villa Rent | 0.00 | 0.00 | 0.00 | 2,731.61 | 338.71 | 3,070.32 | 3,070.32 |
| Total Other Collections | <u>2,049.15</u> | <u>17,129.82</u> | <u>36,757.13</u> | <u>11,542.39</u> | <u>156,109.55</u> | <u>221,538.89</u> | <u>223,588.04</u> |
| Total Collections | <u>982,651.05</u> | <u>21,513.77</u> | <u>36,757.13</u> | <u>4,097,118.76</u> | <u>458,609.55</u> | <u>4,613,999.21</u> | <u>5,596,650.26</u> |

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance**
From inception (November 8, 2018) to May 31, 2019

| | Previously Reported and Approved | Feb 19 | Mar 19 | Apr 19 | May 19 | 2/1/19~ 5/31/19 | TOTAL |
|--|--|-----------|--------|----------|--------|--------------------|-----------|
| Expenses | | | | | | | |
| Corporation Entity Expenses | | | | | | | |
| Power Haus Marketing | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Corporation Taxes | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Total Power Haus Marketing | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Global Property Alliance Inc. | | | | | | | |
| Corporation Taxes | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Total Global Property Alliance Inc. | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Buy International Inc. | | | | | | | |
| Corporation Taxes | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Total Buy International Inc. | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Eco Futures Development | | | | | | | |
| Corporation Taxes | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Total Eco Futures Development | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Buy Belize LLC | | | | | | | |
| Corporation Taxes | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Total Buy Belize LLC | 0.00 | 0.00 | 0.00 | 800.00 | 0.00 | 800.00 | 800.00 |
| Total Corporation Entity Expenses | 0.00 | 0.00 | 0.00 | 4,000.00 | 0.00 | 4,000.00 | 4,000.00 |
| Buy Belize International Inc. | | | | | | | |
| IRA Contributions | 259.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 259.87 |
| Total Buy Belize International Inc. | 259.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 259.87 |
| Court Approved Legal Fees for P. Baker | 0.00 | 20,000.00 | 0.00 | 0.00 | 0.00 | 20,000.00 | 20,000.00 |
| Property Expenses | | | | | | | |
| The Sanctuary Reserve | | | | | | | |
| Annual Station Licenses | 0.00 | 1,375.00 | 0.00 | 0.00 | 0.00 | 1,375.00 | 1,375.00 |
| Bank Fees | 1,050.68 | 162.37 | 78.00 | 107.27 | 106.75 | 454.39 | 1,505.07 |

Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance
 From inception (November 8, 2018) to May 31, 2019

| | Previously Reported and Approved | Feb 19 | Mar 19 | Apr 19 | May 19 | 2/1/19~ 5/31/19 | TOTAL |
|------------------------------------|----------------------------------|-------------------|-------------------|------------------|-------------------|--------------------|-------------------|
| Boarding Fees | 0.00 | 0.00 | 725.00 | 0.00 | 0.00 | 725.00 | 725.00 |
| Conservation Mgmt Fees | 3,020.00 | 0.00 | 9,260.00 | 2,000.00 | 4,000.00 | 15,260.00 | 18,280.00 |
| Electricity | 25,091.49 | 27,710.42 | 7,527.24 | 0.00 | 13,107.22 | 48,344.88 | 73,436.37 |
| Firearm & Security License Fees | 2,162.50 | 1,350.00 | 0.00 | 0.00 | 0.00 | 1,350.00 | 3,512.50 |
| Gasoline and Diesel | 1,489.96 | 10,117.16 | 4,698.86 | 4,359.04 | 4,093.49 | 23,268.55 | 24,758.51 |
| Government of Belize Taxes | 96,522.91 | 9,616.38 | 20,677.88 | 6,286.66 | 7,897.06 | 44,477.98 | 141,000.89 |
| Internet & Phones | 15,669.92 | 4,580.57 | 8,924.06 | 1,547.50 | 1,611.56 | 16,663.69 | 32,333.61 |
| Inspection & License Fees | 0.00 | 925.00 | 0.00 | 0.00 | 0.00 | 925.00 | 925.00 |
| Licenses & Registration | 0.00 | 162.50 | 0.00 | 0.00 | 50.00 | 212.50 | 212.50 |
| Meals | 0.00 | 112.13 | 0.00 | 144.45 | 0.00 | 256.58 | 256.58 |
| Miscellaneous | 0.00 | 0.00 | 0.00 | 600.00 | 0.00 | 600.00 | 600.00 |
| Post Office Box rental | 60.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60.00 |
| Repairs, Maintenance & Parts | 0.00 | 6,476.28 | 1,537.88 | 2,367.84 | 3,737.35 | 14,119.35 | 14,119.35 |
| Staff & Management Fees | 200,101.16 | 80,822.55 | 52,076.56 | 55,185.88 | 78,229.49 | 266,314.48 | 466,415.64 |
| Supplies | 15.32 | 282.68 | 1,296.26 | 12.66 | 304.91 | 1,896.51 | 1,911.83 |
| Vehicle/Motorcycle Fleet Insurance | 0.00 | 0.00 | 4,938.75 | 0.00 | 211.92 | 5,150.67 | 5,150.67 |
| Water Quality Testing | 0.00 | 0.00 | 2,338.38 | 0.00 | 0.00 | 2,338.38 | 2,338.38 |
| Legal Fees & Costs | 21,875.00 | 23,625.00 | 2,250.00 | 0.00 | 4,500.00 | 30,375.00 | 52,250.00 |
| Total The Sanctuary Reserve | 367,058.94 | 167,318.04 | 116,328.87 | 72,611.30 | 117,849.75 | 474,107.96 | 841,166.90 |
| 104 Kings Place | | | | | | | |
| Appraisal Fees | 400.00 | 0.00 | 3,300.00 | 0.00 | 0.00 | 3,300.00 | 3,700.00 |
| Litigation Guarantee Costs | 1,151.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,151.00 |
| Mortgage Payments | 35,707.63 | 35,707.63 | 38,298.22 | 0.00 | 0.00 | 74,005.85 | 109,713.48 |
| Property Insurance Premiums | 1,087.68 | (1,015.02) | 28.88 | 27.95 | 28.88 | (929.31) | 158.37 |
| Repairs & Maintenance | 12,076.12 | 6,490.00 | 0.00 | 0.00 | 0.00 | 6,490.00 | 18,566.12 |
| Total 104 Kings Place | 50,422.43 | 41,182.61 | 41,627.10 | 27.95 | 28.88 | 82,866.54 | 133,288.97 |
| 1833 Port Barmouth Place | | | | | | | |
| Appraisal Fees | 400.00 | 1,350.00 | 0.00 | 0.00 | 0.00 | 1,350.00 | 1,750.00 |
| Electricity | 0.00 | 98.21 | 129.59 | 235.19 | 260.73 | 723.72 | 723.72 |
| Gardening | 0.00 | 0.00 | 0.00 | 0.00 | 450.00 | 450.00 | 450.00 |

Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al
Receiver Administrative Expenses and Fund Balance
 From inception (November 8, 2018) to May 31, 2019

| | Previously Reported and Approved | Feb 19 | Mar 19 | Apr 19 | May 19 | 2/1/19~ 5/31/19 | TOTAL |
|---------------------------------------|--|-------------------|-------------------|------------------|-------------------|--------------------|---------------------|
| Natural Gas | 0.00 | 0.00 | 0.00 | 216.07 | 5.10 | 221.17 | 221.17 |
| Litigation Guarantee Costs | 1,151.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,151.00 |
| Mortgage Payments | 16,116.37 | 16,116.37 | 16,718.68 | 0.00 | 0.00 | 32,835.05 | 48,951.42 |
| Pool Maintenance | 0.00 | 220.00 | 110.00 | 172.50 | 110.00 | 612.50 | 612.50 |
| Property Insurance Premiums | 1,087.68 | (1,015.02) | 28.88 | 27.95 | 28.88 | (929.31) | 158.37 |
| Water/Sewer | 0.00 | 0.00 | 0.00 | 0.00 | 318.18 | 318.18 | 318.18 |
| Total 1833 Port Barmouth Place | 18,755.05 | 16,769.56 | 16,987.15 | 651.71 | 1,172.89 | 35,581.31 | 54,336.36 |
| 2729 Bristol St. Office | | | | | | | |
| Appraisal Fees | 0.00 | 0.00 | 0.00 | 1,970.00 | 0.00 | 1,970.00 | 1,970.00 |
| Electricity | 3,433.42 | 788.97 | 809.16 | 659.78 | 644.50 | 2,902.41 | 6,335.83 |
| Landscaping Services | 0.00 | 0.00 | 0.00 | 1,702.14 | 0.00 | 1,702.14 | 1,702.14 |
| Litigation Guarantee Costs | 1,151.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,151.00 |
| Property Insurance | 14,115.07 | 4,940.27 | 5,469.59 | 5,293.15 | 5,469.59 | 21,172.60 | 35,287.67 |
| Repairs & Maintenance | 2,656.24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,656.24 |
| Secured Property Taxes | 0.00 | 19,714.83 | 0.00 | 0.00 | 0.00 | 19,714.83 | 19,714.83 |
| Water | 468.38 | 0.00 | 0.00 | 0.00 | 494.23 | 494.23 | 962.61 |
| Total 2729 Bristol St. Office | 21,824.11 | 25,444.07 | 6,278.75 | 9,625.07 | 6,608.32 | 47,956.21 | 69,780.32 |
| 3905 Marcus Ave. | | | | | | | |
| Repairs & Maintenance | 0.00 | 0.00 | 0.00 | 0.00 | 145.26 | 145.26 | 145.26 |
| Moving Expenses | 0.00 | 2,740.01 | 0.00 | 0.00 | 0.00 | 2,740.01 | 2,740.01 |
| Electricity | 0.00 | 0.00 | 10.88 | (19.48) | 11.83 | 3.23 | 3.23 |
| Appraisal Fees | 0.00 | 970.00 | 0.00 | 0.00 | 0.00 | 970.00 | 970.00 |
| Legal Fees | 0.00 | 400.00 | 0.00 | 0.00 | 0.00 | 400.00 | 400.00 |
| Litigation Guarantee Costs | 1,151.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,151.00 |
| Property Insurance Premiums | 1,214.02 | 207.12 | 229.32 | 221.92 | 229.32 | 887.68 | 2,101.70 |
| Water | 370.62 | 61.36 | 0.00 | 0.00 | 0.00 | 61.36 | 431.98 |
| Total 3905 Marcus Ave. | 2,735.64 | 4,378.49 | 240.20 | 202.44 | 386.41 | 5,207.54 | 7,943.18 |
| Total Property Expenses | 460,796.17 | 255,092.77 | 181,462.07 | 83,118.47 | 126,046.25 | 645,719.56 | 1,106,515.73 |

Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance
 From inception (November 8, 2018) to May 31, 2019

| | Previously Reported and Approved | Feb 19 | Mar 19 | Apr 19 | May 19 | 2/1/19~ 5/31/19 | TOTAL |
|---|--|-------------------|-------------------|------------------|------------------|--------------------|---------------------|
| Receiver Fees & Expenses | | | | | | | |
| Receiver Fees | | | | | | | |
| R. Evans | 1,071.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,071.00 |
| B. Kane | 68,160.60 | 28,522.80 | 20,896.20 | 13,714.20 | 6,634.80 | 69,768.00 | 137,928.60 |
| S. Krishnan | 8,550.00 | 0.00 | 205.20 | 0.00 | 0.00 | 205.20 | 8,755.20 |
| K. Johnson | 37,243.80 | 5,301.00 | 5,506.20 | 3,864.60 | 3,830.40 | 18,502.20 | 55,746.00 |
| V. Miller | 104,583.60 | 27,223.20 | 16,484.40 | 16,176.60 | 12,517.20 | 72,401.40 | 176,985.00 |
| A. Jen | 59,371.20 | 17,920.80 | 8,686.80 | 12,448.80 | 7,113.60 | 46,170.00 | 105,541.20 |
| C. Callahan | 16,785.00 | 1,102.50 | 1,890.00 | 2,115.00 | 1,102.50 | 6,210.00 | 22,995.00 |
| M. Lin | 90,570.60 | 17,698.05 | 0.00 | 0.00 | 0.00 | 17,698.05 | 108,268.65 |
| F. Jen | 43,174.80 | 1,929.60 | 3,437.10 | 2,562.75 | 2,924.55 | 10,854.00 | 54,028.80 |
| T. Chung | 110,379.15 | 27,466.65 | 25,235.55 | 17,999.55 | 14,411.70 | 85,113.45 | 195,492.60 |
| C. DeCius | 18,820.35 | 4,908.60 | 5,224.50 | 3,426.30 | 4,349.70 | 17,909.10 | 36,729.45 |
| H. Jen | 43,159.50 | 17,199.00 | 11,461.50 | 8,397.00 | 7,492.50 | 44,550.00 | 87,709.50 |
| J. Dadbin | 4,341.60 | 2,754.00 | 3,069.90 | 1,425.60 | 1,887.30 | 9,136.80 | 13,478.40 |
| Support Staff | 3,126.00 | 444.00 | 228.00 | 234.00 | 396.00 | 1,302.00 | 4,428.00 |
| Total Receiver Fees | 609,337.20 | 152,470.20 | 102,325.35 | 82,364.40 | 62,660.25 | 399,820.20 | 1,009,157.40 |
| Receiver Expenses | | | | | | | |
| Asset & Investigative Searches | | | | | | | |
| Bank Fees | 65.31 | 1,161.53 | 14.52 | 24.08 | 0.00 | 1,200.13 | 1,265.44 |
| Document Reproduction | 0.00 | 0.00 | 168.27 | 0.00 | 0.00 | 168.27 | 168.27 |
| External Storage Device | 0.00 | 0.00 | 26.93 | 29.08 | 63.39 | 119.40 | 119.40 |
| Locksmith Services | 700.63 | 0.00 | 0.00 | 298.14 | 0.00 | 298.14 | 998.77 |
| Office Moving Expenses | 972.91 | 1,000.00 | 900.00 | 0.00 | 0.00 | 1,900.00 | 2,872.91 |
| Office Supplies | 585.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 585.00 |
| Parking & Tolls | 749.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 749.91 |
| Postage & Delivery | 441.30 | 0.00 | 0.00 | 0.00 | 21.25 | 21.25 | 462.55 |
| Security Guard | 964.50 | 284.45 | 168.15 | 72.77 | 338.53 | 863.90 | 1,828.40 |
| Storage Unit Rent | 1,900.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,900.80 |
| Travel Expenses | 974.33 | 370.00 | 370.00 | 370.00 | 370.00 | 1,480.00 | 2,454.33 |
| Website Support | 5,277.11 | 944.48 | 0.00 | 911.04 | 4,316.44 | 6,171.96 | 11,449.07 |
| Total Receiver Expenses | 2,852.35 | 230.67 | 44.36 | 88.72 | 394.80 | 758.55 | 3,610.90 |
| Total Receiver Expenses | 15,484.15 | 3,991.13 | 1,692.23 | 1,793.83 | 5,504.41 | 12,981.60 | 28,465.75 |

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance**
From inception (November 8, 2018) to May 31, 2019

| | Previously Reported and Approved | Feb 19 | Mar 19 | Apr 19 | May 19 | 2/1/19~ 5/31/19 | TOTAL |
|--|--|------------|------------|------------|------------|--------------------|---------------------|
| Legal Fees & Costs | | | | | | | |
| Barnes & Thornburg LLP | | | | | | | |
| Legal Fees | 104,986.35 | 83,259.45 | 88,623.10 | 79,361.25 | 47,439.90 | 298,683.70 | 403,670.05 |
| Legal Costs | 4,277.32 | 1,594.10 | 3,105.15 | 1,847.60 | 454.73 | 7,001.58 | 11,278.90 |
| Total Barnes & Thornburg LLP | 109,263.67 | 84,853.55 | 91,728.25 | 81,208.85 | 47,894.63 | 305,685.28 | 414,948.95 |
| Total Legal Fees & Costs | 109,263.67 | 84,853.55 | 91,728.25 | 81,208.85 | 47,894.63 | 305,685.28 | 414,948.95 |
| Total Receiver Fees & Expenses | 734,085.02 | 241,314.88 | 195,745.83 | 165,367.08 | 116,059.29 | 718,487.08 | 1,452,572.10 |
| Total Expenses | 1,195,141.06 | 516,407.65 | 377,207.90 | 252,485.55 | 242,105.54 | 1,388,206.64 | 2,583,347.70 |
| Fund Balance | <u>(212,490.01)</u> | | | | | | <u>3,013,302.56</u> |
| Relief Defendants' Funds Held by the Receiver | | | | | | | |
| A. Chittenden | 150,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 150,000.00 |
| Beach Bunny Holdings LLC | 115,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 115,000.00 |
| John Vipulis | 4,112,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,112,000.00 |
| Total Relief Defendants' Funds Held by the Receiver | 4,377,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,377,000.00 |

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**DECLARATION OF GARY OWEN CARIS IN SUPPORT OF MOTION FOR
ORDER APPROVING AND AUTHORIZING PAYMENT OF TEMPORARY
RECEIVER'S AND PROFESSIONAL'S FEES AND COSTS FROM
FEBRUARY 1, 2019 THROUGH MAY 31, 2019**

I, Gary Owen Caris, declare:

1. I am an attorney at law duly licensed to practice before all courts of the State of California and admitted *pro hac vice* before this Court in this matter. Since the inception of the receivership estate, I have been the attorney at Barnes & Thornburg LLP (“Barnes & Thornburg”) primarily responsible for representing the temporary receiver, Robb Evans & Associates LLC (“Receiver”) on this matter and its lead counsel. My partner, James E. Van Horn, resident in Barnes & Thornburg’s Washington D.C. office and admitted to practice in the courts of Maryland and the United States District Court for the District of Maryland, has been responsible for acting as the Receiver’s local counsel on this matter. 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.

2. Attached collectively hereto as Exhibit 1 are copies of the billing records for the attorneys and paralegals at Barnes & Thornburg who performed work on this matter during the period from the February 1, 2019 through May 31, 2019 (“Second Expense Period”).

3. During the Second Expense Period, the Receiver has incurred attorneys' fees to Barnes & Thornburg of \$298,683.70 and costs of \$7,001.58 for a total of \$305,685.28. The billing records attached as Exhibit 1 itemize and detail the hours spent and the work performed by those attorneys and paralegals rendering services on this matter. The time records attached hereto as Exhibit 1, as well as the time records for the Receiver which accompany Brick Kane's declaration, have been redacted by me where appropriate to preserve descriptions containing confidential, sensitive, tactical, strategic, attorney-client privileged and/or work-product information. It is particularly important not to disclose sensitive and strategic information concerning the Receiver's work while the Receiver and its counsel are still developing asset recovery strategies.

4. Throughout the Second Expense Period, Barnes & Thornburg reviewed pleadings pertinent to the Receiver and consulted with and advised the Receiver on a variety of issues. Counsel for the Receiver was in regular communication with counsel for the FTC, Angela Chittenden ("Chittenden"), the AAC Family HYCET Trust Dated 10/7/15 ("AAC Trust"), the lessee of the property at 104 Kings Place, Newport Beach, California, the sublessor of the property at 3333 Michelson, Suite 500, Irvine, California ("Receivership Premises"), where the Receivership Entities operated, lienholders on the various Southern California properties of the receivership estate, a credit card merchant processor, and Cisco Meraki.

5. During the Second Expense Period, Barnes & Thornburg assisted the Receiver in reviewing, revising and finalizing the Report of Activities for the Period from November 6, 2018 to February 21, 2019 ("First Report"). To assist in the Receiver's forensic accounting analysis, counsel continued to issue document subpoenas to various third party banks and other entities. Six subpoenas were issued and served in the Second Expense Period. Barnes & Thornburg

oversaw the production of documents and communicated with subpoenaed parties and their counsel as necessary.

6. Counsel assisted the Receiver in the preparation and filing of a preliminary interim management plan and worked closely with the Receiver in developing a more detailed interim plan that was ultimately shelved in support of the FTC's interim plan which has been substantially approved by the Court.

7. Much of Barnes & Thornburg's work led directly to the financial benefit of the receivership. It negotiated for the return of the unused portion of the security deposit with the sublessor of the Receivership Premises, resulting in the recovery of \$16,066.21. When there was a logjam obtaining reserve account funds from Base Commerce, a credit card merchant processor, counsel negotiated for the prompt return of more than \$250,000. Barnes & Thornburg prepared and obtained a stipulation to sell the property at 1833 Port Barmouth Place, Newport Beach, California ("Port Barmouth Property"). It thereafter brought a successful motion to sell the Port Barmouth Property and demonstrated in that motion why all of the proceeds belonged to the receivership estate and why the AAC Trust should not be entitled to any of the proceeds. This led to the recovery of \$862,413.63 for the receivership estate shortly after the Second Expense Period. Barnes & Thornburg also assisted the Receiver in finalizing negotiations for the repurchase of Remote.com stock and the immediate payment of \$150,000, and prepared the successful motion to approve that agreement.

8. The Receiver's counsel, with the Receiver's assistance in preparing a forensic analysis, drafted a successful motion for an order determining that all of the funds held in the Newport Land Group, LLC ("NLG") bank accounts at the outset of the estate properly belonged to the Receiver and could be used for all receivership estate purposes. This enabled the Receiver

to access over \$3.7 million for the benefit of the receivership estate and has, in conjunction with the sale of the Port Barmouth property and other recoveries, alleviated the extreme financial constraints faced by the Receiver during the early portion of this case.

9. During the Second Expense Period, Barnes & Thornburg made substantial progress regarding two other properties in the receivership estate, 3905 Marcus Avenue, Newport Beach, California (“Marcus Property”) and 2729 Bristol Street, Costa Mesa, California (“Bristol Property”). After the Receiver took possession and control of the Bristol Property during the Second Expense Period from a tenant who vacated following commencement of unlawful detainer proceedings, the Receiver’s counsel attempted to obtain a stipulation with Rod Kazazi as manager of 3905 Marcus LLC or Chittenden as purported sole member of that entity to permit the Receiver to market the property for sale. After determining that Kazazi had resigned as manager and Chittenden asserted that her signature on the applicable documents were forgeries, the Receiver’s counsel brought a successful motion to permit the Marcus Property to be marketed for sale following the conclusion of the Second Expense Period. During the Second Expense Period, the Receiver’s counsel developed legal theories concerning the Marcus Property and negotiated with counsel for the former owner of the Bristol Property who holds a purchase money first trust deed on the property. An agreement in principal with the former owner has been reached which, if finalized and approved by the Court, will generate significant additional funds for the receivership estate. It is anticipated that this agreement will be presented to the Court for approval soon.

10. The Receiver’s counsel also developed preliminary strategies with respect to the property which was acquired by the Receivership Entities in the Bahamas and which the vendor

claims has been lost by the receivership as a result of the post-receivership discontinuance of payments. Counsel filed a miscellaneous action pursuant to 28 U.S.C. §754 in the Southern District of Florida in connection with these strategies.

11. During the Second Expense Period, the Receiver's counsel successfully assisted the Receiver in addressing insurance claims that have arisen with respect to the Kings Place Property. It also has advised the Receiver with respect to pension and benefit issues, including the prospective termination of a 401(k) plan sponsored by the Receivership Entities. It assisted the Receiver in successfully negotiating with Cisco Meraki, the vendor which supplied internet hardware and software to the Reserve, in order that the Receiver could access and control the Reserve's internet operations and address internet problems.

12. Barnes & Thornburg filed successful oppositions to Pukke's motion to unfreeze assets and to seal the First Report. It also prepared the successful motion to approve and authorize the payment of fees and costs incurred during the Initial Expense Period. Counsel also attended two Court hearings over three days, one on March 1, 2019 to successfully argue against Pukke's motion to unfreeze assets and to seal the First Report and two days on March 20-21 during the preliminary injunction hearing while Kane testified. At those latter hearings, the Receiver's counsel was successful in persuading the Court to modify the preliminary injunction to require Pukke to disclose and obtain approval from the Receiver for any proposed borrowing which in the aggregate exceeded \$1,000. Barnes & Thornburg also attended two telephonic Court hearings during the Second Expense Period, one principally to address Baker's request for a release of funds for legal fees and travel expenses, and one which focused on the freeze order as it related to Atlantic International Bank, Ltd. but during which the Receiver addressed the

Reserve management plan briefing and hearing schedule, and the pending Port Barmouth Property sale motion.

13. As a partner at Barnes & Thornburg, I am familiar with the methods and procedures used to create, record and maintain billing records for clients of the firm. The billing records collectively attached hereto as Exhibit 1 are prepared from computerized time records prepared contemporaneously with the services rendered by each attorney and paralegal billing time to the matter. These computerized records are prepared in the ordinary course of business by the attorneys and paralegals employed by the firm who have a business duty to accurately record their time spent and services rendered on the matters on which they perform work. The time records are transferred into computerized billing programs that generate monthly invoices under the supervision of the accounting department of the firm. Based upon my experience at Barnes & Thornburg, I believe the methods and procedures used for recording and accounting for time and services for our clients are reliable and accurate.

14. The fees charged by Barnes & Thornburg on this matter reflect a 10% discount off of the standard hourly billing rates charged by the firm in 2018 for lawyers and paralegals who worked on this matter. The firm's rates will not be raised during this engagement from those discounted 2018 rates.

15. I have more than 39 years' experience as a business and commercial litigator and I also have extensive experience as a bankruptcy attorney representing creditors in Chapter 11 and Chapter 7 cases. For more than 19 years, I have also specialized in representing receivers in federal equity receiverships. I believe the rates and amounts incurred by the Receiver to Barnes & Thornburg for the services rendered during the period covered by the Motion are reasonable

and appropriate based on the nature of the services rendered, the quality and amount of services provided, the complexity of the issues involved and other factors under the circumstances.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on August 26, 2019 at Los Angeles, California.


GARY OWEN CARIS

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