

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

MOTION FOR ORDER APPROVING AND AUTHORIZING PAYMENT OF RECEIVER'S AND PROFESSIONAL'S FEES AND COSTS FROM JUNE 1, 2019 THROUGH SEPTEMBER 30, 2019; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF [SUPPORTING DECLARATIONS OF BRICK KANE AND GARY OWEN CARIS FILED CONCURRENTLY HEREWITH]

The Receiver Robb Evans & Associates LLC (“Receiver”), the Receiver appointed as permanent receiver pursuant to, among other orders, the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (Doc. 615), hereby moves the Court for an order approving and authorizing payment of receivership fees and costs for the period from June 1, 2019 through September 30, 2019 (“Third 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 \$315,360.75 and Receiver's costs of \$27,729.00, for a total of \$343,089.75; and (b) Receiver's counsel Barnes & Thornburg LLP's fees of \$173,005.10 and costs of \$3,749.68, for a total of \$176,754.78.

Dated: November 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
RECEIVER'S AND PROFESSIONAL'S FEES AND COSTS FROM JUNE 1, 2019
THROUGH SEPTEMBER 30, 2019

I. INTRODUCTION

This lawsuit was commenced on October 31, 2018 by the Federal Trade Commission (“FTC”) with its filing of a Complaint for Permanent Injunction and Other Equitable Relief (Doc. 1) (“Complaint”). The lawsuit named 17 entity defendants and seven individual defendants, in addition to five relief defendants. On November 5, 2019, the Court issued an Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”). Under the TRO, 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 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

On October 3, 2019, the Court issued the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (Doc. 615) (“Pukke Preliminary Injunction”). Under the Pukke Preliminary Injunction, the Receiver was named as permanent receiver over at least 16 Receivership Entities and over Pukke’s, Baker’s and Luke Chadwick’s (“Chadwick”) assets valued at \$1,000 or more.

On November 6, 2019, a Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendants Frank Costanzo and Ecological Fox LLC and Relief Defendant Deborah Connelly (Doc. 668) (“Stipulated Judgment”) was entered. Among other things, the Receiver remained as permanent receiver over Ecological Fox LLC under the Stipulated Judgment.

Pursuant to Section XXIII of the TRO, Section XXIII of the Stipulated Preliminary Injunction, Section XXII of the Pukke Preliminary Injunction, and Section IX of the Stipulated

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.

Judgment, the Receiver is 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.

The Receiver filed its initial fee motion on April 5, 2019 (Doc. 400), covering the period from the inception of the receivership estate through January 31, 2019. The Court granted the Receiver's motion in its entirety by Order entered on April 25, 2019 (Doc. 430). The Receiver filed its second fee motion on August 26, 2019 (Doc. 562) covering the period from February 1, 2019 through May 31, 2019. The Court granted the Receiver's second fee motion in its entirety by Order entered on August 30, 2019 (Doc. 567).

This Motion is the third 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 June 1, 2019 through September 30, 2019 ("Third 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 Third 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 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 detailed Report of Activities for the Period From November 6, 2018 to February 21, 2019 (Doc. 219) (“First Report”) filed on February 22, 2019.

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. During the Third Expense Period, it addressed multiple proposals regarding interim management of the Reserve, supported the Federal Trade Commission’s (“FTC”) formulation, and ultimately formed the Consumer Committee and convened the initial meeting of the Committee pursuant to the Order Governing Interim Receivership Management (Doc. 559) (“Interim Reserve Management Order”) entered August 23, 2019.

The Receiver continued to develop and implement strategies for the preservation and monetization of several assets of the receivership estate. Through these efforts, in conjunction with its counsel, the Receiver was able to bring funds into the receivership estate during the Third Expense Period totaling \$1,225,210.69. On November 8, 2019, five weeks after the end of the Third Expense Period, the Receiver closed its second large California real estate transaction in this receivership, resulting in the recovery of an additional \$512,215.37. Since the inception of the receivership through November 25, 2019 the Receiver has successfully collected cash and monetized assets of the receivership estate in excess of \$7.4 million, not including funds received from Relief Defendants and from stipulating defendant AIBL.

During the Third Expense Period, Barnes & Thornburg worked on a number of assignments to assist the Receiver in discharging its duties. As discussed below, they included assisting the Receiver in finalizing the Second Report; undertaking numerous activities in

connection with the preservation and liquidation of receivership assets; and preparing numerous documents, motions and pleadings to assist the Receiver in performing its duties and to advance the interests of the receivership estate.

Throughout the Third Expense Period, the Receiver and its counsel have continued to communicate extensively with various parties to the litigation and their counsel, including the FTC and Baker. The Receiver also conducted an interview with Chadwick, with his counsel present. The Receiver or its counsel also had extensive communications with on-site management at the Reserve, Belize counsel for the Receiver, numerous Reserve lot purchasers, lienholders, brokers, prospective asset purchasers, escrow officers, vendors, financial institutions to obtain documents for the Receiver's ongoing forensic accounting analysis, insurers, experts 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 THIRD 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 2.² During the Third Expense Period, the Receiver has incurred fees for the Receiver's members

² 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.

and staff of \$315,360.75. The Receiver's costs during the Third Expense Period total \$27,729.00 and are detailed in the Financial Summary. The bulk of these expenses are made up of tax preparation fees incurred to the Receiver's outside accounting firm of Squar Milner, which prepared various tax returns for receivership estate entities.

A. Forensic Accounting Analysis

During the Third Expense Period, the Receiver continued to 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. This work was reflected in the Receiver's Second Report, which disclosed that over \$2.1 million in additional cash had been diverted from the Receivership Entities by Pukke.

B. Management of the Reserve

The Receiver continued dealing with complex, challenging and time consuming issues related to a host of financial and operational issues facing the Reserve, including issues pertaining to security, taxes, payroll, payables, the Marina, the Beach Club, the defectively constructed seawall, and equipment repair. The Receiver regularly communicated with on-site management at the Reserve and the Receiver's Belize counsel. The Receiver continued to communicate extensively with numerous lot purchasers regarding a myriad of issues, including title transfer and ownership issues, interim plans for the Reserve, repair, maintenance, development, and security. Its information technology specialist spent significant time addressing internet issues affecting the Reserve.

The Receiver also addressed competing interim management plans for the Reserve prepared by various lot purchasers, Pukke, Baker, and the FTC. The Receiver supported the

FTC proposal, because among other things it made additional funds of \$4.112 million available to the Receiver, if necessary, from the funds the FTC recovered from John Vipulis. It assisted Barnes & Thornburg in preparing a written response which addressed the other proposals, and prepared for and attended the hearing held July 9, 2019 at which time the FTC's interim management plan was adopted with modifications.

Once the Court issued the Interim Reserve Management Order, the Receiver undertook steps to research potential candidates for the Consumer Committee to be formed pursuant to that Order, communicate in writing and orally with many candidates, discuss potential candidates with the FTC, and ultimately select all Committee members. After forming the Committee, the Receiver organized, prepared for and held the inaugural meeting of the Consumer Committee on September 27, 2019, at the end of the Third Expense Period.

C. Asset Preservation and Sales

Even though the Receiver was designated as a temporary receiver as to most of the Receivership Entities until after the expiration of the Third Expense Period, in order to maximize value for the estate and minimize ongoing expenses, the Receiver continued to aggressively take steps to liquidate receivership assets at market value as appropriate. During the Third Expense Period, the previously approved sale of property at 1833 Port Barmouth Place, Newport Beach, California ("Port Barmouth Property") closed escrow in July, generating \$862,413.63 for the estate. During the Third Expense Period, the Receiver took steps to ensure a timely sale of the Port Barmouth Property generating a maximum return for the estate. This included getting the lienholder on that property to waive and reverse all late charges.

During the Third Expense Period, the Receiver worked with its counsel in seeking Court approval to market the property at 3995 Marcus Avenue, Newport Beach, California ("Marcus

Property”). After the Receiver took possession and control of the Marcus Property prior to the Third 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 Relief Defendant Angela Chittenden (“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 during the Third Expense Period. Once the Court granted this motion, the Receiver negotiated a listing agreement, developed marketing and sale strategies with its broker, obtained multiple offers for the Marcus Property, and developed an informal overbidding procedure to maximize value. This led to a full-value offer on the property. On October 23, 2019, shortly after the Third Expense Period ended, the Court granted the motion to sell the Marcus Property. Escrow recently closed, resulting in \$512,215.37 being generated for the receivership estate.

The Receiver has continued to assert control over the property located at 104 Kings Place, Newport Beach, California (“Kings Place Property”), held in the name of the AAC Family HYCET Trust Dated 10/7/15 (“AAC Trust”),³ but which is specifically identified as an asset of the receivership estate in the TRO and Preliminary Injunction. As discussed in the Receiver’s first two fee motions, the AAC Trust entered into a post-TRO lease/purchase option agreement on the property without the Receiver’s knowledge or permission. Starting in May 2019 and continuing through the end of the Third Expense Period, the lessee has made substantial lease

³ The AAC Trust is a purported asset protection trust for the benefit of the minor children of Pukke and Chittenden. AAC are Chittenden’s initials. HYCET stands for “have your cake and eat it too.”

and purchase option payments to the Receiver in the amount of \$460,000.00. The Receiver has negotiated extensively with the lessee about an accelerated acquisition of the property and is optimistic that a deal may be struck soon. During the Third Expense Period, the Receiver, with its counsel, continued to address 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 this period, it also took steps to address a nearby homeless encampment that was affecting the Kings Place Property, as well as addressing other repair issues on the property.

The Receiver continues to address and attempt to maximize value for the property at 2729 Bristol Street, Costa Mesa, California (“Bristol Property”). Prior to the Third 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 was reached, but could not be consummated as a result of the former owner’s inability to obtain title insurance from the title insurer which insured the prior transaction. The Receiver, through counsel, continued to address this issue during the Third Expense Period and in recent weeks it appears that a settlement is once again imminent between the Receiver and the former owner which, if finalized and approved by the Court, will generate significant additional funds for the receivership estate. During the Third Expense Period, the Receiver also continued to address with the City of Costa Mesa and resolve problems with unauthorized camping outside portions of the Bristol Property by transients.

The Receiver also successfully negotiated a stock repurchase agreement with Online Wedding Solutions, Inc. (“Wedding Solutions”) whereby the estate obtained \$176,000.00 in

exchange for Chittenden's return of all stock held in her name which was substantially acquired with Receivership Entities' funds. The motion was filed during the Third Expense Period and approved by an Order entered October 1, 2019. The repurchase amount had already been paid into the receivership estate in September, pending Court approval.

D. General Operational Work

The Receiver also prepared the financials provided to the Court in connection with its second fee application and also continued to handle traditional receivership operational issues, including maintaining an accounting of the finances of the receivership estate, utilizing and overseeing vendors to preserve and maintain receivership assets, and processing payables.

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 \$1,225,210.69 during the Third Expense Period, not including \$512,215.37 recently obtained from the sale of the Marcus Property.

III. SUMMARY OF THE RECEIVER'S COUNSEL'S SERVICES AND ACTIVITIES DURING THE THIRD 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 Third Expense Period, the Receiver incurred fees to Barnes & Thornburg of \$173,005.10 and costs of \$3,749.68, for a total of \$176,754.78.

Barnes & Thornburg worked closely with the Receiver and rendered extensive services in connection with much of the work described in the preceding section of the Motion. Counsel brought the successful motion to market and sell the Marcus Property in July and brought a

second successful motion for an order approving and confirming the Marcus Property sale to the highest offeror, generating \$512,215.37 which was received in November.

It prepared two sets of settlement documents in connection with the Wedding Solutions stock repurchase agreement, necessitated when the buyer changed the terms of the deal from a payment over time to a more favorable all-cash transaction. Barnes & Thornburg also prepared the successful motion to approve that agreement, which led to the recovery of \$176,000.

During the Third Expense Period, counsel prepared a comprehensive settlement agreement with the former owner of the Bristol Property. As discussed above, while that agreement has not been finalized as a result of the problem the former owner faced in getting its title insurer to insure the new transaction, it is believed that this problem has now been resolved and that a settlement is imminent.

Counsel also reviewed and revised the Receiver's Second Report. It prepared opposition to William Rothbard's unsuccessful motion for attorneys' fees, in which substantial funds of the receivership estate were sought. During the Third Expense Period, counsel prepared a response to various comments concerning interim management plans for the Reserve. Barnes & Thornburg also prepared the Receiver's successful second fee motion.

Counsel for the Receiver prepared and revised discovery pleadings and other documents too. In anticipation of the Stipulated Order for Permanent Injunction and Monetary Judgment Against Atlantic International Bank Limited (Doc. 607) ("AIBL Judgment"), the FTC requested that the Receiver's counsel prepare an assignment pursuant to Section IV.C of the AIBL Judgment which provides that various assets of AIBL would be assigned to the Receiver. Barnes & Thornburg began to draft a comprehensive Assignment Agreement during the Third Expense Period.

The Receiver's counsel also prepared two deposition subpoenas and two document production requests for Jorge Diaz-Cueto, individually and as president of Bella Mar Estates, Ltd., to investigate the facts and circumstances surrounding the Receivership Entities' acquisition of land in the Bahamas. Diaz-Cueto asserts that this property is no longer property of the receivership estate as a result of non-payment to the vendor under a purchase money sales contract. During the Third Expense Period, counsel for the Receiver also analyzed the documents produced pursuant to those subpoenas and began to prepare for the depositions that have been rescheduled until early December. Counsel also developed legal theories in an effort to recoup the funds expended by the Receivership Entities on this investment.

Barnes & Thornburg also extensively revised a confidentiality stipulation with Pandora Marketing, a company the Receiver previously served with a document subpoena. The stipulation paved the way for Pandora Marketing to produce all of the documents sought by the Receiver from Pandora Marketing in connection with its ongoing forensic accounting analysis.

Counsel for the Receiver has taken a lead role in negotiating the Receiver's insurance claims surrounding the water damage affecting the Kings Place Property and in retaining a soils engineer to assess the scope of the damage and the appropriate steps for remediation of the problem.

Finally, Barnes & Thornburg attended two Court hearings and one all-day meeting during the Third Expense Period. It prepared for and attended the hearing addressing various interim management plans for the Reserve. Counsel also attended via videoconference the all-day hearing on the form and content of the Pukke Preliminary Injunction. Barnes & Thornburg also attended the all-day inaugural meeting of the Consumer Committee in Los Angeles, California.

During the Third Expense Period, the Receiver's counsel continues to advise and assist the Receiver with respect to pension and benefit issues, including the prospective termination of a 401(k) plan sponsored by the Receivership Entities.

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 orders, many of which have no relationship to recovery of assets or increasing the funds

available for distribution to creditors. Because of the nature of the administrative and other services required in receiverships, the benefit a receiver confers on receivership property cannot be determined based solely on the increase or decrease in the value of property in the receiver's possession. As the Court explained in *Securities and Exchange Commission v. Elliott*, 953 F. 2d 1560, 1577 (11th Cir. 1992):

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

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

The Court has broad discretion in determining the reasonableness of fees to be awarded a receiver. *See In re San Vicente Medical Partners Ltd.*, 962 F. 2d 1402, 1409-1410 (9th Cir. 1992). The Court may evaluate the time and effort expended by the Receiver with respect to specific projects and aspects of the administration of the estate, and may look to a number of different factors under the case law in approving receiver's and counsel's fees. *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 Third Expense Period in this complex receivership proceeding. This motion establishes that the Receiver, its members, staff and professionals rendered important and necessary services for the receivership estate during the Third Expense Period that were highly

beneficial to the estate and which has led to the successful recovery of \$1,225,210.69 during the period. *See Federal Trade Commission v. Capital Acquisitions & Management Corp.*, 2005 U.S. Dist. LEXIS 18504 (N.D. Ill. August 26, 2005). 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 \$7.8 million which is available to pay the fees and costs requested for payment pursuant to this Motion.

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: November 26, 2019

By: /s/ Gary Owen Caris

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UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**DECLARATION OF BRICK KANE IN SUPPORT OF MOTION FOR
ORDER APPROVING AND AUTHORIZING PAYMENT OF RECEIVER'S AND
PROFESSIONAL'S FEES AND COSTS FROM JUNE 1, 2019 THROUGH
SEPTEMBER 30, 2019**

I, Brick Kane, declare:

1. I am the President of Robb Evans & Associates LLC (“Receiver”), the receiver in this action. This lawsuit was commenced on October 31, 2018 by the Federal Trade Commission (“FTC”) with its filing of a Complaint for Permanent Injunction and Other Equitable Relief (“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. On October 3, 2019, the Court issued the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (“Pukke Preliminary Injunction”). Under the Pukke Preliminary Injunction, the Receiver was named as permanent receiver over at least 16 Receivership Entities and over Pukke’s, Baker’s and Luke Chadwick’s (“Chadwick”) assets valued at \$1,000 or more. On November 6, 2019, a Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendants Frank Costanzo and Ecological Fox LLC and Relief Defendant Deborah Connelly (“Stipulated Judgment”) was entered. Among other things, the Receiver remained as permanent receiver over Ecological Fox LLC under the Stipulated Judgment.

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, Stipulated Preliminary Injunction and Pukke Preliminary Injunction, 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, Stipulated Preliminary Injunction and Pukke 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 June 1, 2019 through September 30, 2019 ("Third Expense Period). During the Third Expense Period, the Receiver has incurred fees for the Receiver, including the Receiver's members and staff, of \$315,360.75. The Receiver's costs during the Second Expense Period total \$27,729.00 and are detailed in the Financial Summary. The bulk of these expenses in the sum of \$18,235.88 are made up tax preparation fees incurred to the Receiver's outside accounting firm of Squar Milner, which prepared various tax returns for receivership estate entities. This amount was exactly what was paid by the Receiver to Squar Milner, without mark-up.

4. As evidenced by the detailed billing records which accompany this declaration, the receivership continued to be extremely challenging and time consuming. During the Third Expense Period the Receiver continued to 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 from the records of the Receivership Entities and from third parties. This led to the completion 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. During the Third Expense Period, it addressed multiple proposals regarding interim management of the Reserve, supported the Federal Trade Commission's ("FTC") formulation, and ultimately formed the Consumer Committee and convened the initial meeting of the Committee pursuant to the Order Governing Interim Receivership Management ("Interim Reserve Management Order") entered August 23, 2019. The Receiver continued to develop and implement strategies for the preservation and monetization of several assets of the receivership estate. Through these efforts, in conjunction with its counsel, the Receiver was able to bring funds into the receivership estate during the Third Expense Period totaling \$1,225,210.69. On November 8, 2019, five weeks after the end of the Third Expense Period, the Receiver closed its second large California real estate transaction in this receivership, resulting in the recovery of an additional \$512,215.37. Since the inception of the receivership through November 25, 2019 the Receiver has successfully collected cash and monetized assets of the receivership estate in excess of \$7.4 million, not including funds received from Relief Defendants and from stipulating defendant AIBL.

5. The Receiver continued dealing with complex, challenging and time consuming issues related to a host of financial and operational issues facing the Reserve, including issues pertaining to security, taxes, payroll, payables, the Marina, the Beach Club, the defectively constructed seawall, and equipment repair. The Receiver regularly communicated with on-site management at the Reserve and the Receiver's Belize counsel. The Receiver continued to communicate extensively with numerous lot purchasers regarding a myriad of issues, including title transfer and ownership issues, interim plans for the Reserve, repair, maintenance, development, and security. Its information technology specialist spent significant time addressing internet issues affecting the Reserve.

6. The Receiver also addressed competing interim management plans for the Reserve prepared by various lot purchasers, Pukke, Baker, and the FTC. The Receiver supported the FTC proposal, because among other things it made additional funds of \$4.112 million available to the Receiver, if necessary, from the funds the FTC recovered from John Vipulis. It assisted Barnes & Thornburg in preparing a written response which addressed the other proposals, and prepared for and attended the hearing held July 9, 2019 at which time the FTC's interim management plan was adopted with modifications.

7. Once the Court issued the Interim Reserve Management Order, the Receiver undertook steps to research potential candidates for the Consumer Committee to be formed pursuant to that Order, communicate in writing and orally with many candidates, discuss potential candidates with the FTC, and ultimate select all Committee members. After forming the Committee, the Receiver organized, prepared for and held the inaugural meeting of the Consumer Committee on September 27, 2019, at the end of the Third Expense Period.

8. Even though the Receiver was designated as a temporary receiver as to most of the Receivership Entities until after the expiration of the Third Expense Period, in order to maximize value for the estate and minimize ongoing expenses, the Receiver continued to aggressively take steps to liquidate receivership assets at market value as appropriate. During the Third Expense Period, the previously approved sale of property at 1833 Port Barmouth Place, Newport Beach, California (“Port Barmouth Property”) closed escrow in July, generating \$862,413.63 for the estate. During the Third Expense Period, the Receiver took steps to ensure a timely sale of the Port Barmouth Property generating a maximum return for the estate. This included getting the lienholder on that property to waive and reverse all late charges.

9. During the Third Expense Period, the Receiver worked with its counsel in seeking Court approval to market the property at 3995 Marcus Avenue, Newport Beach, California (“Marcus Property”). After the Receiver took possession and control of the Marcus Property prior to the Third 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 Relief Defendant Angela Chittenden (“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 during the Third Expense Period. Once the Court granted this motion, the Receiver negotiated a listing agreement, developed marketing and sale strategies with its broker, obtained multiple offers for the Marcus Property, and developed an informal overbidding procedure to maximize value. This led to a full-value offer on the property. On October 23, 2019, shortly after the Third Expense Period ended, the Court

granted the motion to sell the Marcus Property. Escrow recently closed, resulting in \$512,215.37 being generated for the receivership estate.

10. The Receiver has continued to assert control over the property located at 104 Kings Place, Newport Beach, California (“Kings Place Property”), held in the name of the AAC Family HYCET Trust Dated 10/7/15 (“AAC Trust”), but which is specifically identified as an asset of the receivership estate in the TRO and Preliminary Injunction. The AAC Trust is a purported asset protection trust for the benefit of the minor children of Pukke and Chittenden. AAC are Chittenden’s initials. HYCET stands for “have your cake and eat it too.” As discussed in the Receiver’s first two fee motions, the AAC Trust entered into a post-TRO lease/purchase option agreement on the property without the Receiver’s knowledge or permission. Starting in May 2019 and continuing through the end of the Third Expense Period, the lessee has made substantial lease and purchase option payments to the Receiver in the amount of \$460,000.00. The Receiver has negotiated extensively with the lessee about an accelerated acquisition of the property and is optimistic that a deal may be struck soon. During the Third Expense Period, the Receiver, with its counsel, continued to address 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 this period, it also took steps to address a nearby homeless encampment that was affecting the Kings Place Property, as well as addressing other repair issues on the property.

11. The Receiver continues to address and attempt to maximize value for the property at 2729 Bristol Street, Costa Mesa, California (“Bristol Property”). Prior to the Third 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 was reached, but could not be consummated as a result of the former owner's inability to obtain title insurance from the title insurer which insured the prior transaction. The Receiver, through counsel, continued to address this issue during the Third Expense Period and in recent weeks it appears that a settlement is once again imminent between the Receiver and the former owner which, if finalized and approved by the Court, will generate significant additional funds for the receivership estate. During the Third Expense Period, the Receiver also continued to address with the City of Costa Mesa and resolve problems with unauthorized camping outside portions of the Bristol Property by transients.

12. The Receiver also successfully negotiated a stock repurchase agreement with Online Wedding Solutions, Inc. ("Wedding Solutions") whereby the estate obtained \$176,000.00 in exchange for Chittenden's return of all stock held in her name which was substantially acquired with Receivership Entities' funds. The motion was filed during the Third Expense Period and approved by an Order entered October 1, 2019. The repurchase amount had already been paid into the receivership estate in September, pending Court approval.

13. Throughout the Third Expense Period, the Receiver and its counsel have continued to communicate extensively with various parties to the litigation and their counsel, including the FTC and Baker. The Receiver also conducted an interview with Chadwick, with his counsel present. The Receiver or its counsel also had extensive communications with on-site management at the Reserve, Belize counsel for the Receiver, numerous Reserve lot purchasers, lienholders, brokers, prospective asset purchasers, escrow officers, vendors, financial institutions to obtain documents for the Receiver's ongoing forensic accounting analysis, insurers, experts and other third parties, as well as attorneys for many of these persons and entities.

14. The Receiver also prepared the financials provided to the Court in connection with its second fee application and also continued to handle traditional receivership operational issues, including maintaining an accounting of the finances of the receivership estate, utilizing and overseeing vendors to preserve and maintain receivership assets, and processing payables.

15. Despite the wide-ranging and complex nature of this receivership, the Receiver's work has been extremely beneficial and cost-effective to the estate. The Receiver has collected \$1,225,210.69 during the Third Expense Period, not including \$512,215.37 recently obtained from the sale of the Marcus Property.

16. 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.

17. 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 are 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. 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.

18. 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 Third 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.

19. The receivership estate presently has approximately \$7.8 million which is available to pay the fees and costs requested for payment by the Receiver and its counsel.

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



BRICK KANE

15512015v1

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 September 30, 2019

	Previously Reported and Approved	Jun 19	Jul 19	Aug 19	Sep 19	6/1/19~9/30/19	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	1,742.51	0.00	0.00	0.00	0.00	0.00	1,742.51
Total 3905 Marcus LLC	1,742.51	0.00	0.00	0.00	0.00	0.00	1,742.51
Belize Real Estate Affiliates							
Bank of America #8078	94.55	0.00	0.00	0.00	0.00	0.00	94.55
Total Belize Real Estate Affiliates	94.55	0.00	0.00	0.00	0.00	0.00	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	733.57	0.00	0.00	0.00	0.00	0.00	733.57
Bank of America #9504	12,457.92	0.00	0.00	0.00	0.00	0.00	12,457.92
Base Commerce LLC #4750	8,099.44	0.00	0.00	0.00	0.00	0.00	8,099.44
Total Cortez Properties LLC	21,290.93	0.00	0.00	0.00	0.00	0.00	21,290.93
Eco Future Belize Ltd							
Atlantic Bank	21,134.52	0.00	0.00	0.00	0.00	0.00	21,134.52
Total Eco Future Belize Ltd	21,134.52	0.00	0.00	0.00	0.00	0.00	21,134.52
Eco Futures Development							
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
First Data Merchant Services LL	38,342.27	0.00	0.00	0.00	0.00	0.00	38,342.27
Total Eco Futures Development	286,935.30	0.00	0.00	0.00	0.00	0.00	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 September 30, 2019**

	Previously Reported and Approved	Jun 19	Jul 19	Aug 19	Sep 19	6/1/19~ 9/30/19	TOTAL
Eco Futures Management Co. Ltd							
Atlantic Bank	1,576.15	0.00	0.00	0.00	0.00	0.00	1,576.15
Total Eco Futures Management Co. Ltd	1,576.15	0.00	0.00	0.00	0.00	0.00	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.							
Bank of America #5098	10,262.72	0.00	0.00	0.00	0.00	0.00	10,262.72
Base Commerce LLC #1772	242,275.00	0.00	0.00	0.00	0.00	0.00	242,275.00
Total Global Property Alliance Inc.	252,537.72	0.00	0.00	0.00	0.00	0.00	252,537.72
Newport Land Group LLC							
Bank of America #0794	4,773.59	0.00	0.00	0.00	0.00	0.00	4,773.59
Bank of America #8924	3,752,571.50	0.00	0.00	0.00	0.00	0.00	3,752,571.50
Total Newport Land Group LLC	3,757,345.09	0.00	0.00	0.00	0.00	0.00	3,757,345.09
Office & Petty Cash	1,527.38	0.00	0.00	0.00	0.00	0.00	1,527.38
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	0.32	0.00	0.00	0.00	0.00	0.00	0.32
Total Prodigy Management Group	0.32	0.00	0.00	0.00	0.00	0.00	0.32
Sanctuary Belize POA							
Southern Belize Realty LLC	332,970.78	0.00	14,376.78	0.00	0.00	14,376.78	347,347.56
Bank of America #4754	4.50	0.00	0.00	0.00	0.00	0.00	4.50
Total Southern Belize Realty LLC	4.50	0.00	0.00	0.00	0.00	0.00	4.50
Total Funds Turned Over	4,861,745.82	0.00	14,376.78	0.00	0.00	14,376.78	4,876,122.60

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance
From inception (November 8, 2018) to September 30, 2019**

	Previously Reported and Approved	Jun 19	Jul 19	Aug 19	Sep 19	6/1/19~ 9/30/19	TOTAL
Other Funds Collected							
104 Kings Place	302,500.00	0.00	52,500.00	52,500.00	52,500.00	157,500.00	460,000.00
AAC Family HYCET Trust	197,772.23	0.00	0.00	0.00	0.00	0.00	197,772.23
Bilhong Brand, LLC	2,592.00	0.00	0.00	0.00	0.00	0.00	2,592.00
Foundation Partners	8,452.17	0.00	0.00	0.00	0.00	0.00	8,452.17
Total Other Funds Collected	511,316.40	0.00	52,500.00	52,500.00	52,500.00	157,500.00	668,816.40
Total Corporate/Defendant Assets	5,373,062.22	0.00	66,876.78	52,500.00	52,500.00	171,876.78	5,544,939.00
Other Collections							
Interest Income	9,278.20	2,201.57	2,152.00	2,035.06	2,009.06	8,397.69	17,675.89
Irvine Office Auction Proceeds	9,659.69	0.00	0.00	0.00	0.00	0.00	9,659.69
Lessor Refund	16,066.21	0.00	0.00	0.00	0.00	0.00	16,066.21
Misc. Refunds	0.00	0.00	187.71	0.00	0.00	187.71	187.71
Online Wedding Solutions Inc.	0.00	0.00	0.00	0.00	176,000.00	176,000.00	176,000.00
Remote.com Inc.	150,000.00	0.00	0.00	0.00	0.00	0.00	150,000.00
Sale - 1833 Port Barmouth	0.00	0.00	862,413.63	0.00	0.00	862,413.63	862,413.63
The Sanctuary Reserve- Misc Collections							
Vehicle Cleaning Fees	0.00	0.00	0.00	0.00	5.00	5.00	5.00
Beach Club Funds Received	2,172.41	0.00	0.00	0.00	0.00	0.00	2,172.41
Collection for Logs/Materials	6,425.00	0.00	0.00	0.00	300.00	300.00	6,725.00
Collection of Docking Fees	26,439.21	1,087.46	562.97	2,790.96	1,183.44	5,624.83	32,064.04
Horse Back Riding Fees	0.00	0.00	0.00	0.00	315.80	315.80	315.80
Laundry Coin Collected	26.00	25.00	0.00	0.00	64.25	89.25	115.25
Total The Sanctuary Reserve- Misc Collection:	35,062.62	1,112.46	562.97	2,790.96	1,868.49	6,334.88	41,397.50
UNITED Check Card Refunds	451.00	0.00	0.00	0.00	0.00	0.00	451.00
Waimea Villa Rent	3,070.32	0.00	0.00	0.00	0.00	0.00	3,070.32
Total Other Collections	223,588.04	3,314.03	865,316.31	4,826.02	179,877.55	1,053,333.91	1,276,921.95
Total Funds Collected	5,596,650.26	3,314.03	932,193.09	57,326.02	232,377.55	1,225,210.69	6,821,860.95

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance
From inception (November 8, 2018) to September 30, 2019**

	Previously Reported and Approved	Jun 19	Jul 19	Aug 19	Sep 19	6/1/19~ 9/30/19	TOTAL
Expenses							
Buy Belize International Inc.	259.87	0.00	0.00	0.00	0.00	0.00	259.87
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
Corporation Entity Expenses							
Buy Belize LLC							
Corporation Taxes	800.00	0.00	0.00	0.00	0.00	0.00	800.00
PTO/Sick Pay	0.00	0.00	3,403.80	0.00	0.00	3,403.80	3,403.80
Total Buy Belize LLC	800.00	0.00	3,403.80	0.00	0.00	3,403.80	4,203.80
Buy International Inc.							
Corporation Taxes	800.00	0.00	0.00	0.00	0.00	0.00	800.00
Payroll Earnings	0.00	0.00	53,443.38	0.00	0.00	53,443.38	53,443.38
PTO/Sick Pay	0.00	0.00	20,735.46	0.00	0.00	20,735.46	20,735.46
Total Buy International Inc.	800.00	0.00	74,178.84	0.00	0.00	74,178.84	74,978.84
Eco Futures Development							
Corporation Taxes	800.00	0.00	0.00	0.00	0.00	0.00	800.00
Payroll Earnings	0.00	0.00	1,626.00	0.00	0.00	1,626.00	1,626.00
PTO/Sick Pay	0.00	0.00	1,846.08	0.00	0.00	1,846.08	1,846.08
Total Eco Futures Development	800.00	0.00	3,472.08	0.00	0.00	3,472.08	4,272.08
Global Property Alliance Inc.							
Corporation Taxes	800.00	0.00	0.00	0.00	0.00	0.00	800.00
Total Global Property Alliance Inc.	800.00	0.00	0.00	0.00	0.00	0.00	800.00
Power Haus Marketing							
Corporation Taxes	800.00	0.00	0.00	0.00	0.00	0.00	800.00
Total Power Haus Marketing	800.00	0.00	0.00	0.00	0.00	0.00	800.00
Total Corporation Entity Expenses	4,000.00	0.00	81,054.72	0.00	0.00	81,054.72	85,054.72
Court Approved Legal Fees for P. Baker	20,000.00	0.00	0.00	0.00	0.00	0.00	20,000.00

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance
From inception (November 8, 2018) to September 30, 2019**

	Previously Reported and Approved	Jun 19	Jul 19	Aug 19	Sep 19	6/1/19~ 9/30/19	TOTAL
Payroll Processing Fees	0.00	951.31	0.00	0.00	0.00	951.31	951.31
Property Expenses							
104 Kings Place							
Appraisal Fees	3,700.00	0.00	0.00	0.00	0.00	0.00	3,700.00
Litigation Guarantee Costs	1,151.00	0.00	0.00	0.00	0.00	0.00	1,151.00
Mortgage Payments	109,713.48	107,122.89	35,707.63	35,904.51	35,904.51	214,639.54	324,353.02
Property Insurance Premiums	158.37	27.95	28.88	28.64	27.95	113.42	271.79
Repairs & Maintenance	18,566.12	12,020.00	8,746.91	4,947.50	9,599.30	35,313.71	53,879.83
Total 104 Kings Place	133,288.97	119,170.84	44,483.42	40,880.65	45,531.76	250,066.67	383,355.64
1833 Port Barmouth Place							
Appraisal Fees	1,750.00	0.00	0.00	0.00	0.00	0.00	1,750.00
Electricity	723.72	257.30	377.48	0.00	0.00	634.78	1,358.50
Gardening	450.00	100.00	0.00	0.00	0.00	100.00	550.00
Litigation Guarantee Costs	1,151.00	0.00	0.00	0.00	0.00	0.00	1,151.00
Mortgage Payments	48,951.42	48,349.11	0.00	0.00	0.00	48,349.11	97,300.53
Natural Gas	221.17	0.00	0.00	0.00	0.00	0.00	221.17
Pool Maintenance	612.50	110.00	0.00	0.00	0.00	110.00	722.50
Property Insurance Premiums	158.37	27.95	0.00	0.00	0.00	27.95	186.32
Water/Sewer	318.18	0.00	247.18	0.00	0.00	247.18	565.36
Total 1833 Port Barmouth Place	54,336.36	48,844.36	624.66	0.00	0.00	49,469.02	103,805.38
2729 Bristol St. Office							
Appraisal Fees	1,970.00	0.00	0.00	0.00	0.00	0.00	1,970.00
Electricity	6,335.83	787.13	1,219.12	964.86	557.93	3,529.04	9,864.87
Landscaping Services	1,702.14	600.00	0.00	0.00	0.00	600.00	2,302.14
Litigation Guarantee Costs	1,151.00	0.00	0.00	0.00	0.00	0.00	1,151.00
Property Insurance	35,287.67	5,293.15	5,469.59	5,469.59	5,293.15	21,525.48	56,813.15
Repairs & Maintenance	2,656.24	0.00	741.10	0.00	245.00	986.10	3,642.34
Secured Property Taxes	19,714.83	29,657.84	0.00	0.00	0.00	29,657.84	49,372.67
Water	962.61	0.00	386.52	0.00	631.12	1,017.64	1,980.25
Total 2729 Bristol St. Office	69,780.32	36,338.12	7,816.33	6,434.45	6,727.20	57,316.10	127,096.42
3905 Marcus Ave.							
Appraisal Fees	970.00	0.00	650.00	750.00	0.00	1,400.00	2,370.00
Electricity	3.23	11.07	11.11	11.56	11.18	44.92	48.15

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance
From inception (November 8, 2018) to September 30, 2019**

	Previously Reported and Approved	Jun 19	Jul 19	Aug 19	Sep 19	6/1/19~ 9/30/19	TOTAL
Legal Fees	400.00	0.00	0.00	0.00	0.00	0.00	400.00
Litigation Guarantee Costs	1,151.00	0.00	0.00	0.00	0.00	0.00	1,151.00
Moving Expenses	2,740.01	0.00	0.00	0.00	0.00	0.00	2,740.01
Property Insurance Premiums	2,101.70	221.92	229.32	229.32	221.92	902.48	3,004.18
Repairs & Maintenance	145.26	0.00	0.00	0.00	0.00	0.00	145.26
Water	431.98	0.00	0.00	0.00	0.00	0.00	431.98
Total 3905 Marcus Ave.	7,943.18	232.99	890.43	990.88	233.10	2,347.40	10,290.58
The Sanctuary Reserve							
Annual Station Licenses	1,375.00	0.00	0.00	0.00	0.00	0.00	1,375.00
Bank Fees	1,505.07	52.00	71.98	71.98	0.00	195.96	1,701.03
Boarding Fees	725.00	0.00	0.00	0.00	0.00	0.00	725.00
Conservation Mgmt Fees	18,280.00	2,000.00	0.00	7,255.00	5,000.00	14,255.00	32,535.00
Consumer Committee Out of Pocket Expen	0.00	0.00	0.00	0.00	5,761.24	5,761.24	5,761.24
Electricity	73,436.37	22,898.41	5,792.52	13,334.55	8,614.18	50,639.66	124,076.03
Equipment	0.00	0.00	19,612.44	1,288.38	322.28	21,223.10	21,223.10
Equipment Parts & Supplies	0.00	726.87	2,749.96	6,495.48	3,564.02	13,536.33	13,536.33
Equipment Transport & Shipping	0.00	0.00	2,496.60	6,730.30	10.00	9,236.90	9,236.90
Gasoline and Diesel	24,758.51	2,946.24	6,613.04	6,554.22	7,725.39	23,838.89	48,597.40
General Liability Insurance	0.00	0.00	0.00	0.00	52,100.00	52,100.00	52,100.00
General Maintenance & Supplies	14,119.35	12,757.80	3,940.37	842.71	8,395.66	25,936.54	40,055.89
Government of Belize Taxes	141,000.89	6,181.17	13,608.84	12,400.31	8,555.24	40,745.56	181,746.45
Internet & Phones	32,333.61	1,554.06	3,838.07	1,584.49	4,561.16	11,537.78	43,871.39
Legal Fees & Costs	52,250.00	2,250.00	6,164.69	2,250.00	4,500.00	15,164.69	67,414.69
License & Registration	4,650.00	525.00	700.00	400.00	495.00	2,120.00	6,770.00
Meals	256.58	0.00	69.50	317.38	238.75	625.63	882.21
Miscellaneous	600.00	525.00	0.00	150.00	0.00	675.00	1,275.00
Office & Misc Supplies	1,911.83	916.65	455.28	697.39	62.95	2,132.27	4,044.10
Pool Supplies & Maintenance	0.00	0.00	1,899.50	0.00	0.00	1,899.50	1,899.50
Post Office Box rental	60.00	0.00	0.00	0.00	0.00	0.00	60.00
Staff & Mangement Fees	466,415.64	50,971.60	70,864.35	59,317.39	58,694.45	239,847.79	706,263.43
Vehicle/Motorcycle Fleet Insurance	5,150.67	0.00	0.00	0.00	0.00	0.00	5,150.67
Water Quality Testing	2,338.38	0.00	0.00	0.00	0.00	0.00	2,338.38
Total The Sanctuary Reserve	841,166.90	104,304.80	138,877.14	119,689.58	168,600.32	531,471.84	1,372,638.74
Total Property Expenses	1,106,515.73	308,891.11	192,691.98	167,995.56	221,092.38	890,671.03	1,997,186.76

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance
From Inception (November 8, 2018) to September 30, 2019**

	Previously Reported and Approved	Jun 19	Jul 19	Aug 19	Sep 19	6/1/19~ 9/30/19	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	137,928.60	13,953.60	17,271.00	7,763.40	9,712.80	48,700.80	186,629.40
V. Miller	176,985.00	5,643.00	10,636.20	22,557.80	15,390.00	54,207.00	231,192.00
K. Johnson	55,746.00	3,522.60	5,164.20	5,095.80	5,779.80	19,562.40	75,308.40
S. Krishnan	8,755.20	0.00	0.00	0.00	0.00	0.00	8,755.20
A. Jen	105,541.20	9,473.40	10,431.00	7,182.00	7,182.00	34,268.40	139,809.60
M. Lin	108,268.65	1,597.95	0.00	0.00	0.00	1,597.95	109,866.60
T. Chung	195,492.60	28,913.85	15,527.25	13,356.45	7,537.50	65,335.05	260,827.65
F. Jen	54,028.80	6,964.65	4,221.00	753.75	2,020.05	13,959.45	67,988.25
C. Callahan	22,995.00	2,385.00	3,172.50	1,552.50	1,620.00	8,730.00	31,725.00
H. Jen	87,709.50	4,711.50	12,609.00	11,245.50	8,707.50	37,273.50	124,983.00
C. DeCius	36,729.45	4,653.45	5,674.05	4,957.20	6,245.10	21,529.80	58,259.25
J. Dabbin	13,478.40	2,340.90	2,964.60	2,875.50	1,247.40	9,428.40	22,906.80
Support Staff	4,428.00	150.00	261.00	129.00	228.00	768.00	5,196.00
Total Receiver Fees	1,009,157.40	84,309.90	87,931.80	77,448.90	65,670.15	315,360.75	1,324,518.15
Receiver Expenses							
Asset & Investigative Searches							
Bank Fees	1,265.44	651.36	0.00	343.07	0.00	994.43	2,259.87
Document Reproduction	168.27	0.00	0.00	0.00	26.00	26.00	194.27
External Storage Device	119.40	455.25	0.00	151.25	0.00	606.50	725.90
Locksmith Services	998.77	183.96	254.55	0.00	49.95	488.46	1,487.23
Office Moving Expenses	2,872.91	0.00	0.00	0.00	0.00	0.00	2,872.91
Office Supplies	585.00	0.00	0.00	0.00	0.00	0.00	585.00
Office Supplies	749.91	0.00	0.00	0.00	0.00	0.00	749.91
Parking & Tolls	462.55	0.00	0.00	0.00	25.60	25.60	488.15
Postage & Delivery	1,828.40	169.00	426.59	174.79	361.24	1,131.62	2,960.02
Security Guard	1,900.80	0.00	0.00	0.00	0.00	0.00	1,900.80
Storage Unit Rent	2,454.33	370.00	370.00	370.00	370.00	1,480.00	3,934.33
Tax Return Preparation	0.00	0.00	0.00	0.00	18,235.88	18,235.88	18,235.88
Travel Expenses	11,449.07	1,446.12	567.43	1,038.11	1,045.63	4,097.29	15,546.36
Website Support	3,610.90	115.34	186.31	221.80	119.77	643.22	4,254.12
Total Receiver Expenses	28,465.75	3,391.03	1,804.88	2,299.02	20,234.07	27,729.00	56,194.75

**Robb Evans & Associates LLC, Receiver of Ecological Fox LLC et al.
Receiver Administrative Expenses and Fund Balance
From inception (November 8, 2018) to September 30, 2019**

	Previously Reported and Approved	Jun 19	Jul 19	Aug 19	Sep 19	6/1/19~ 9/30/19	TOTAL
Legal Fees & Costs							
Barnes & Thornburg LLP							
Legal Fees	403,670.05	32,608.35	68,653.30	37,350.75	34,392.70	173,005.10	576,675.15
Legal Costs	11,278.90	555.59	976.56	1,544.25	673.28	3,749.68	15,028.58
Total Barnes & Thornburg LLP	<u>414,948.95</u>	<u>33,163.94</u>	<u>69,629.86</u>	<u>38,895.00</u>	<u>35,065.98</u>	<u>176,754.78</u>	<u>591,703.73</u>
Total Legal Fees & Costs	<u>414,948.95</u>	<u>33,163.94</u>	<u>69,629.86</u>	<u>38,895.00</u>	<u>35,065.98</u>	<u>176,754.78</u>	<u>591,703.73</u>
Total Receiver Fees & Expenses	<u>1,452,572.10</u>	<u>120,864.87</u>	<u>159,366.54</u>	<u>118,642.92</u>	<u>120,970.20</u>	<u>519,844.53</u>	<u>1,972,416.63</u>
Total Expenses	<u>2,583,347.70</u>	<u>430,707.29</u>	<u>433,113.24</u>	<u>286,638.48</u>	<u>342,062.58</u>	<u>1,492,521.59</u>	<u>4,075,869.29</u>
Fund Balance	<u><u>3,013,302.56</u></u>						<u><u>2,745,991.66</u></u>
Relief Defendants' Funds Held by the Receiver							
A. Chitenden	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	<u>4,377,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4,377,000.00</u>

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 RECEIVER'S AND
PROFESSIONAL'S FEES AND COSTS FROM JUNE 1, 2019 THROUGH
SEPTEMBER 30, 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 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 June 1, 2019 through September 30, 2019 (“Third Expense Period”).

3. During the Third Expense Period, the Receiver has incurred attorneys' fees to Barnes & Thornburg of \$173,005.10 and costs of \$3,749.68 for a total of \$176,754.78. 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. Barnes & Thornburg worked closely with the Receiver and rendered extensive services in connection with much of the work described in the declaration of Brick Kane filed concurrently. Counsel brought a successful motion to market and sell the property at 3995 Marcus Avenue, Newport Beach, California ("Marcus Property") in July and brought a second successful motion for an order approving and confirming the Marcus Property sale to the highest offeror, generating \$512,215.37 which was received in November.

5. My office prepared two sets of settlement documents in connection with the Online Wedding Solutions, Inc. ("Wedding Solutions") stock repurchase agreement, necessitated when the buyer changed the terms of the deal from a payment over time to a more favorable all-cash transaction. Barnes & Thornburg also prepared the successful motion to approve the Wedding Solutions agreement, which led to the recovery of \$176,000.00.

6. During the Third Expense Period, Barnes & Thornburg prepared a comprehensive settlement agreement with the former owner of the property at 2729 Bristol Street, Costa Mesa,

California (“Bristol Property”). That agreement has not been finalized as a result of the problem the former owner faced in getting its title insurer to insure the new transaction. However, it is believed that this problem has now been resolved and that a settlement is imminent which will generate significant additional funds for the receivership estate.

7. Counsel also reviewed and revised the Receiver’s Second Court Report Dated July 2, 2019 (“Second Report”). It prepared opposition to William Rothbard’s unsuccessful motion for attorneys’ fees, in which substantial funds of the receivership estate were sought. During the Third Expense Period, counsel prepared a response to various comments concerning interim management plans for the Reserve. Barnes & Thornburg also prepared the Receiver’s successful second fee motion.

8. Counsel for the Receiver prepared and revised discovery pleadings and other documents. In anticipation of the Stipulated Order for Permanent Injunction and Monetary Judgment Against Atlantic International Bank Limited (“AIBL Judgment”), the FTC requested that the Receiver’s counsel prepare an assignment pursuant to Section IV.C of the AIBL Judgment which provides that various assets of AIBL would be assigned to the Receiver. Barnes & Thornburg began to draft a comprehensive Assignment Agreement during the Third Expense Period.

9. The Receiver’s counsel also prepared two deposition subpoenas and two document production requests for Jorge Diaz-Cueto, individually and as president of Bella Mar Estates, Ltd., to investigate the facts and circumstances surrounding the Receivership Entities’ acquisition of land in the Bahamas. Diaz-Cueto asserts that this property is no longer property of the receivership estate as a result of non-payment to the vendor under a purchase money sales contract. During the Third Expense Period, counsel for the Receiver also analyzed the

documents produced pursuant to those subpoenas and began to prepare for the depositions that have been rescheduled until early December. Counsel also developed legal theories in an effort to recoup the funds expended by the Receivership Entities on this investment.

10. Barnes & Thornburg also extensively revised a confidentiality stipulation with Pandora Marketing, a company the Receiver previously served with a document subpoena. The stipulation paved the way for Pandora Marketing to produce all of the documents sought by the Receiver from Pandora Marketing in connection with its ongoing forensic accounting analysis.

11. Counsel for the Receiver has taken a lead role in negotiating the Receiver's insurance claims surrounding the water damage affecting the property at 104 Kings Place, Newport Beach, California and in retaining a soils engineer to assess the scope of the damage and the appropriate steps for remediation of the problem.

12. I attended two Court hearings and one all-day meeting during the Third Expense Period. I prepared for and attended the hearing addressing various interim management plans for the Reserve. I also attended via videoconference the all-day hearing on the form and content of the Pukke Preliminary Injunction. This declarant also attended the all-day inaugural meeting of the Consumer Committee in Los Angeles, California.

13. During the Third Expense Period, the Receiver's counsel continues to advise and assist the Receiver with respect to pension and benefit issues, including the prospective termination of a 401(k) plan sponsored by the Receivership Entities.

14. 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.

15. 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.

16. 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 November 26, 2019 at Los Angeles, California.


GARY OWEN CARIS