

UNITED STATES DISTRICT COURT  
DISTRICT OF MARYLAND

*In re* SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**FTC'S MOTION IN SUPPORT OF THE REDRESS PLAN  
AND EXECUTIVE SUMMARY THEREOF**

Following careful analysis and consideration, the FTC proposes a Redress Plan (“Redress Plan”) (Attachment A hereto) designed to maximize consumer recovery from the wrongdoing Andris Pukke, Luke Chadwick, Peter Baker, and their associates perpetrated. Critically, the Redress Plan enjoys the strong support of both the Receiver and the Government of Belize. (Attachment B hereto). The FTC explains the Redress Plan through the five-part Executive Summary below.

First, we outline the Redress Plan’s primary goals, as well as certain key redress limitations that result from the situation Defendants created. Second, the FTC provides general information about the proposed process including the Redress Plan’s several phases (notice and claims submission, election, and implementation). Third, the FTC summarizes additional highlights and considerations. Fourth, the FTC discusses several specific important features the Redress Plan contains that address certain difficult issues. Finally, as discussed below, the Redress Plan properly measures consumer injury based on the total amount a consumer paid rather than the contract price Defendants assigned to a given lot or other arbitrary criteria.

Overall, although there is no perfect solution, the FTC endorses the Redress Plan as a practical and equitable way to redress the consumers Defendants’ malfeasance injured. For the reasons herein, the Court should enter the Redress Plan.<sup>1</sup>

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<sup>1</sup> Notably, the Court’s “authority to award and fashion equitable relief,” such as the Redress Plan, is “necessarily broad.” *Porter v. Clarke*, 923 F.3d 348, 364 (4th Cir. 2019)

**I. The Redress Plan Furthers Several Primary Goals Despite Limitations Defendants Created.**

**A. The Redress Plan Furthers Several Primary Goals.**

Defendants' scheme left the FTC and Receiver with an extraordinarily complicated and messy situation involving more than \$100 million in losses, substantial undeveloped real estate in Belize, incomplete records, and hundreds of understandably desperate lot purchasers<sup>2</sup>—many of whom have uncertain (and sometimes conflicting) claims and rights. Nevertheless, the Redress Plan achieves important practical and policy objectives:

▪ **Notice and Opportunity.** The Redress Plan contains extensive notice provisions that will ensure all lot purchasers have an opportunity to participate. The Redress Plan far exceeds the weak notice provisions courts sometimes approve in analogous claims-made resolutions. It includes multiple “gold standard” features including, by way of example only, requirements that the Receiver: (i) communicate with prospective participants multiple times to solicit claims, *see, e.g.*, PXA at 21, § II(C); and (ii) where necessary, make additional communications tailored to individual claimants to enable them to cure submissions that may be incomplete, *id.* at 22, § II(G)(1). It also requires multiple clear and conspicuous disclosures regarding deadlines, *see, e.g., id.*, and follow up from the Receiver should it appear likely the claimant may miss certain key deadlines.<sup>3</sup>

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(quoting *United States v. W. T. Grant Co.*, 345 U.S. 629, 633 (1953)). In fact, the FTC Act “gives the federal courts broad authority to fashion appropriate remedies for violations of the Act. *FTC v. Pantron I Corp.*, 33 F.3d 1088, 1102 (9th Cir.1994) (citations omitted) (internal quotation marks omitted). *See also FTC v. Health Formulas, LLC*, No. 14-cv-01649, 2015 WL 2130504, \*5 (D. Nev. May 6, 2015) (“The court’s power to supervise the receivership and determine appropriate remedies is extremely broad.”) (quotation omitted).

<sup>2</sup> In this memorandum, we use phrases such as “lot purchaser” informally without intending to incorporate precisely the definitions that the Redress Plan contains. The memorandum intends to summarize the Redress Plan and, as such, it is necessarily general. Put differently, this memorandum serves to introduce the Redress Plan, it is not the Redress Plan itself. Consumers or other interested parties **should not rely on this summary and should instead review the Redress Plan**, which contains important caveats and details impractical to discuss here. Although nothing herein is meant to conflict with the Redress Plan, to the extent anything does, or arguably does, the Redress Plan governs. The FTC proposes that the Court enter the Redress Plan (Attachment A hereto), and commentary or description regarding Attachment A does not form part of the order that the FTC proposes the Court enter.

<sup>3</sup> *See* PXA at 21-22, § II(F), 28, § III(E); 29, § III(F)(6); 32-33, § III(K); 34, § III(L)(6).

- **Consumer Choice.** Wherever possible, the Redress Plan furthers consumer choice. Among other features, consumers electing to remain within reorganized Sanctuary Belize (“New Sanctuary”) or Kanantik will receive the same potential cash redress payment as consumers who choose to leave. *See* PXA at 27, § III(C)(1); *id.* at 31, § III(I)(1).
- **Clear Disclosures.** Consumers must necessarily make consequential financial decisions, including whether to elect to remain a lot owner. Over time, that choice could mean a difference of tens of thousands of dollars (or even hundreds of thousands) for individual consumers, with a primary variable being the market for New Sanctuary lots many years in the future—which is promising in some respects yet highly uncertain in others. Before deciding, the Redress Plan requires that consumers acknowledge clear and detailed disclosures about the risks associated with their decision regardless of what they decide. *See* PXA at 28, § III(F)(1)-(2); *id.* at 33, § III(L)(1)-(2).
- **Equitable But Not Perfectly Equal Treatment.** The Redress Plan does emphasize that consumers’ opportunities for recovery correlates with their injury (*i.e.*, larger losses mean larger recoveries), and ensuring that similarly-situated consumers have the opportunity to achieve similar outcomes. However, the Redress Plan does not strive for perfect equality where, in this context, that result is impossible, legally improper, practically unworkable, or would substantially reduce consumer welfare overall.
- **Coordination with Belizean Authorities.** The FTC maintains a cooperative relationship with the Government of Belize, which supports the Redress Plan. PXB. The Redress Plan creates a strong foundation from which all parties involved can continue to coordinate with Belizean officials.

**B. Defendants’ Malfeasance Limits Redress Possibilities.**

Despite the likelihood that the Redress Plan will achieve these goals, there are significant risks and limitations arising from the circumstance Defendants created. As discussed below, there is no plan that will come anywhere close to compensating lot purchasers fully, nor is there any solution that will leave everyone happy. Specifically, Defendants’ massive real estate deception means unmet obligations to lot purchasers that vastly exceed any amount that the FTC and Receiver have recovered, or plausibly might recover. This “limited fund” exacerbates the problem facing the Court and FTC in many ways; for instance, it means that increasing the recovery of any particular lot purchaser or class of lot purchasers necessarily decreases the recovery another lot purchaser or class of lot purchasers will enjoy. Notably, however, the complexity and competition for resources this “limited fund” scenario involves should not obscure that Defendants—Andris Pukke, Luke Chadwick, Peter Baker, John Usher, and their co-conspirators—are responsible for the massive shortfalls to consumers, not the Redress Plan or the difficult decisions it reflects.

**II. The Redress Plan Involves Informational, Election, and Implementation Phases.**

**A. The Redress Plan Begins With a Notice and Claims Phase To Ensure Comprehensive and Informed Lot Purchaser Participation.**

Should the Court enter the proposed Redress Plan, the Receiver will promptly communicate with lot purchasers from both Sanctuary Belize and Kanantik regarding what they should expect regarding the redress process. PXA at 20, § II(A). The Receiver will publicize and hold two or more information sessions for consumers about the Redress Plan. *Id.* at § II(B). The Receiver will then attempt to contact every lot purchaser, provide a claim application, and solicit its return.<sup>4</sup> *Id.* § II(C). Importantly, the Receiver must make the claim applications

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<sup>4</sup> Unlike many claims-made resolution proposals, including those typical in some class action contexts, the Receiver likely has, or can readily obtain, the name of every potentially eligible consumer and associated contact information. The Receiver must attempt to contact each consumer multiple ways (by email, mail, and phone if necessary). PXA at 20, at § II(C)(1).

deadlines clear, *see id.* at 22, § II(D), and before the deadline, contact every consumer that received but has not returned a claim application, *id.* at II(F).

Through the claim application, consumers will provide the Receiver with information to determine their eligibility, their interest in a particular lot, and the amounts they paid. *See id.* at 2, § I(4). Stated very generally, consumers who purchased lots through the Sanctuary Belize or Kanantik retail sales process are eligible. *See id.* at 3, § I(5). Importantly, if a claim application is incomplete, the Receiver must allow the consumer time to supplement it, and clear instructions regarding how to do so. *See id.* at 22, § II(G)(1). The Receiver will then notify all applicants regarding its eligibility determinations and provide approved applicants with appropriate election form materials. *See id.* at 25 § III(B), 30 § III(H). As with other decisions the Receiver makes pursuant to the Redress Plan, consumers may challenge adverse eligibility determinations before the Court. *See id.* at 42, § VI(B).

**B. During the Election Phase, Lot Purchasers Will Have a Clear Choice Between Remedies.**

Once the Receiver confirms consumers' eligibility, Sanctuary Belize lot purchasers will receive a pro rata share of Sanctuary Belize assets the Receiver or FTC collect, and Kanantik lot purchasers will receive a pro rata share of Kanantik assets the Receiver or FTC collect.<sup>5</sup> *See id.* at 25 § III(B), 30 § III(H). In addition to their pro rata share, most Sanctuary Belize consumers will choose between two options: (1) returning their lot to the Receiver (and, thus, to New Sanctuary Inventory), with no obligation to make payments under their contract (regardless of the balance), or other obligations to the Defendants, Receiver, or future developer; or (2) keeping their lot, accepting a reformed contract that will reduce the price from 25%-35%,<sup>6</sup> and satisfying

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<sup>5</sup> Pro rata distribution means eligible consumers will recover cash proportional to their lot payments relative to other eligible consumers. If, hypothetically, there are three eligible consumers, one (Arthur) who paid \$3.00 to Sanctuary Belize, one (Bertha) who paid \$2.00, and one (Cristobal) who paid \$1.00, then Arthur will receive 50% of any recovery (3/6), Bertha 33% (1/3), and Cristobal 17% (1/6). Thus, given that Arthur paid 50% more than Bertha, his cash recovery will always be 50% greater.

<sup>6</sup> As discussed below, consumers will receive relatively larger discounts if they agree not to remarket their lot for up to five years, a feature intended to prevent or reduce a potential glut of remarketed lots. Very importantly, the 25%-35% discount is not an estimate of the lots'

any remaining balance with a ten-year, interest-free loan payable to the Receiver or its assignee (a new developer) in equal monthly installments. *See id.* at 25 § III(B). Consumers will then communicate their election to the Receiver and execute the relevant materials including clear and conspicuous disclosures that the FTC must approve. *See id.* at 25 § III(B).

Next, most Kanantik lot purchasers will choose between three options: (1) keeping their Kanantik lot under a reformed contract; (2) returning their lot to the Receiver with no obligation to make payments under their contract (regardless of the balance), or other obligations to the Defendants, Receiver, or future developer; or (3) exchanging their Kanantik lot for one in New Sanctuary, accepting a reformed contract that will reduce the price of the new lot from 35%-45%, and satisfying any balance with a ten-year, interest-free loan payable to the Receiver or its assignee (a new developer) in equal monthly installments.<sup>7</sup> *See id.* at 25 § III(B). As with Sanctuary Belize lot purchasers, Kanantik lot purchasers will then communicate their election to the Receiver and execute the relevant materials including clear and conspicuous disclosures that the FTC must approve. *See id.* at 25 § III(B).

**C. After Lot Purchasers Make Elections, the Receiver Will Transition New Sanctuary to New Ownership.**

After eligible consumers make elections, the Receiver will make pro rata distributions (and subsequent distributions if subsequent collections occur). *See id.* at 25 § III(B). The Receiver also will transition the existing Consumer Committee into a New Sanctuary homeowners' association, with New Sanctuary owners voting for new association board members. *See id.* Finally, as soon as practical, the Receiver will sell its interest in Kanantik

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value. Rather, the discount reflects the FTC's desire to afford the largest possible discount without impairing New Sanctuary's receivables to the point where the development is no longer attractive to a qualified developer that might acquire the development (the Receiver will distribute proceeds from such an acquisition pro rata to eligible Sanctuary Belize lot purchasers whether or not they elect to maintain lots in New Sanctuary).

<sup>7</sup> Kanantik has many fewer lot purchasers, no residents, and even less progress than Sanctuary Belize. Development there will also face competitive pressure from New Sanctuary. Some consumers may choose to keep their Kanantik lots; however, the prospects that Kanantik lot purchasers will have a buildable, saleable lot at some point, even in years, are dim.

(with proceeds to eligible lot purchasers), and its interest in New Sanctuary. *See id.* The Receiver must sell its interest in New Sanctuary to a qualified developer that agrees to provide security and complete various infrastructure and maintenance projects including, among other things, sufficient roads and utilities to ensure that every lot purchaser that becomes a New Sanctuary owner has a buildable lot. *See id.*

**III. The Redress Plan Provides Lot Purchasers With Clear Choices and the Best Chance To Maximize Recovery Overall.**

The Redress Plan is complex, and several additional considerations warrant separate mention because they further illustrate that the Redress Plan represents an appropriate use of the Court's broad equitable authority:

- **Support From the Government of Belize.** As discussed above, the Government of Belize supports the Redress Plan. *See* PXB. The support of the Government of Belize will work to victims' considerable benefit in many respects. Most important, a favorable environment for building, development, and other economic activity associated with the development will make New Sanctuary more attractive to qualified, properly financed developers that might purchase property and development rights. The Receiver will distribute any sale proceeds to Sanctuary Belize lot purchasers regardless of whether they elect to remain in New Sanctuary.<sup>8</sup> *See* PXA at 27, § III(C)(1).

- **Prohibition on Defendants' Involvement.** As the Court is aware, the Defendants previously refused to relinquish their control over Sanctuary Belize. Most likely, they will attempt to re-assert control over New Sanctuary. Accordingly, the Redress Plan limits Defendants' access to New Sanctuary and prohibits them from any sort of direct or indirect involvement with the development, its HOA, or any new developer. Notably, under the Redress Plan, assignees of the Receiver's rights (including the new HOA, new developer, or their contractors) will face liability if they knowingly or negligently involve the Defendants.

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<sup>8</sup> Similarly, support from the Government of Belize is likely to facilitate the effective disposition of Kanantik to a buyer or buyers. Kanantik lot purchasers will receive the benefit of such a sale or sales. PXA at 46-47, § VIII(F), 48 § VIII(I).

▪ **Everyone Will Have the Choice To Obtain or Retain a New Sanctuary Lot.**

Many eligible consumers will not have straightforward claims to Sanctuary Belize lots for many reasons—as examples, they purchased in Kanantik, Defendants purportedly “foreclosed” on their lot or otherwise claimed to have taken it back, they sold their lot at a loss, or another consumer has a superior claim to their lot.<sup>9</sup> In such cases, the Receiver will offer the eligible consumer an option to acquire or receive a lot from the Receiver’s New Sanctuary inventory. This is important because it will ensure that all eligible consumers have the opportunity to make an election and become or remain lot owners if they choose.

▪ **Best Chance of Long-Term Recovery.** Many consumers will face an extremely difficult choice regarding whether to remain lot owners, particularly given that the likelihood that any lot purchaser receives a near-term return on his or her investment is remote. In this difficult situation, the FTC is cognizant that the best-case scenario for many consumers could be to remain owners and resell their lot at some point years in the future. However, retaining ownership is risky and could increase losses—perhaps even substantially (many consumers will have to pay additional amounts to retain ownership, and over time, even consumers without balances will pay thousands in HOA fees, property taxes, and other expenses associated with ownership). The FTC developed the Redress Plan with attention to the importance that the development’s long-term success will have for consumers who elect to remain owners.

▪ **No Downside To Participation.** At least in this context, no redress plan should require that consumers participate, and the Redress Plan includes provisions to address the relationship between the receivership, its interests, and non-participating consumers. Importantly, however, the FTC strongly recommends that lot purchasers participate, and the robust notice requirements described above should assure every consumer has that opportunity. Once consumers submit claims (and, therefore, participate), some will fare relatively better given

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<sup>9</sup> Additionally, a very few consumers may have eligible claims without Sanctuary Belize lots because they purchased lots from Defendants elsewhere in Belize, or in Costa Rica, the Dominican Republic, or possibly another country. In general, these few consumers will be treated as Kanantik lot purchasers. *See* PXA at 37, § IV(G).

their particular circumstances, the election they make, or both. Importantly, however, the Redress Plan's design means that participating should not make any lot purchaser worse off. Put differently, the Redress Plan will benefit every eligible lot purchaser who submits a claim.

**IV. The Redress Plan Contains Additional Features That Address Certain Difficult Issues.**

As discussed above, Defendants are responsible for the difficult situation the consumers face. That situation involves many difficult issues, including several that the Court should note:

- **Competing Claims.** One of the most difficult issues is how the receivership will address situations in which multiple consumers have interests in the same lot. The most common such circumstance occurred because Defendants frequently sold a lot to a buyer, purported to repossess the lot, and then re-sold the lot to a second buyer without properly extinguishing the first buyer's rights to the lot. The Redress Plan awards the lot to the eligible consumer who would suffer the greatest loss if he or she does not receive the lot considering the totality of the circumstances, including whether anyone has built on the lot. *See* PXA at 23-24, § II(K).

- **Who Qualifies as an Eligible Consumer.** Defining who qualifies as an "eligible consumer" is complicated due to the scam's length and complexity as well as Defendants' haphazard and unlawful business practices. The Redress Plan intends to compensate people who one would commonly view as "consumers." Accordingly, and subject to various exceptions, *see* PXA at 3-4, § I(5), the Redress Plan covers parties whose rights derive from purchasing a lot through Defendants' retail sales process, and excludes parties that are provably liable for malfeasance at issue in this matter, *see id.*

- **Constructive Trust.** The Court may recall that, in the original *AmeriDebt* proceedings, the Court recognized "the doctrine of constructive trust which requires that any proceeds of wrongdoing may be properly ordered held in trust for the victims of the wrongdoing." *FTC v. AmeriDebt, Inc.*, 373 F. Supp. 2d 558, 565 (D. Md. 2005). The Court found that a constructive trust protected frozen assets from possible creditors (specifically, the IRS), because the claims would not apply to "property that was wrongfully obtained from

consumers.” *Id.* (“Under the same doctrine of constructive trust previously referred to, even if the IRS has placed liens on Defendants’ assets, those liens would not attach to property that was wrongfully obtained from consumers, precisely what the FTC alleges in this case.”). The same rationale applies here (and, in fact, the Final Order against Pukke, Baker and Chadwick already places most of their assets in constructive trust for victims, *see* ECF No. 1111 (Jan. 11, 2021) at 9).<sup>10</sup> Although theoretically anyone, including Defendants themselves, their salespeople, taxing authorities, or miscellaneous trade creditors could have claims to receivership proceeds, the Redress Plan’s constructive trust will ensure that such claims are deferred until lot purchasers are made whole. *See* PXA at 47, § IX(A).

▪ **Receiver Expenses and Holdback Amount.** The FTC strives to ensure distributions as quickly as possible; however, in this complex matter, it is also necessary to minimize the risk that the Receiver will not be compensated for important work over a potentially significant period. Consequently, the Redress Plan permits the Receiver to defer distributing 10% of receivership collections until the receivership closes. *See* PXA at 10, §I(29); at 18, §(70); at 49, § IX(N).

**V. The Redress Plan Properly Prioritizes Actual Loss Over Percentage Paid.**

Some consumers that have fully paid for their lots (based on the prices Defendants originally set) have informed the FTC that they object to the Redress Plan. According to these consumers, fully-paid owners are allegedly disadvantaged because discounts on amounts owed will not benefit them, and they will not receive any additional compensation solely because they paid 100% of their original contract price. As discussed below, this viewpoint is understandable, but misguided for multiple reasons.

First, in the context of this case, consumer injury is generally unrelated to the percentage of a contract price the lot purchaser paid. For instance, a consumer who paid \$300,000 of a \$600,000 lot (50% paid) suffered an injury three times what a consumer who paid \$100,000 for a

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<sup>10</sup> The Redress Plan is broader because it includes significant additional assets the FTC and Receiver have recovered from other Defendants and Relief Defendants.

\$100,000 lot (100% paid). To further illustrate the point, consider whether the 100% paid consumer is likely to pay an additional \$200,000 to switch positions with his 50% paid neighbor—this is extremely unlikely, and if the fully-paid consumer thought such a swap made economic sense, the Redress Plan permits consumers to make this switch (if both parties consent).

Second, and relatedly, focusing on the benefits discounts provide partially-paid consumers ignores the corresponding and extremely significant risk such consumers may have to assume—many such consumers will have to invest additional money without any guarantee.<sup>11</sup>

Third, any proposal that links compensation to percentage-paid creates arbitrary results because the fraud tainting Defendants’ original contract prices rendered them prices untethered to anything beyond amounts Defendants thought they could collect. Using arbitrarily-derived criteria to determine an investment’s worth is inappropriate. *See, e.g., In re Bernard L. Madoff Inv. Sec. LLC*, 654 F.3d 229, 235 (2d Cir. 2011) (holding, in Ponzi scheme involving fabricated statements showing investment returns, that investors’ claims should be determined based on amounts invested minus amounts withdrawn rather than statement balances because using the latter would mean “treating fictitious and arbitrarily assigned paper profits as real and would give legal effect to Madoff’s machinations”).

Fourth, although there are theoretical, unlikely scenarios in which a fully-paid consumer will fare worse than a partially-paid neighbor with an identical lot, there are also theoretical scenarios in which the same fully-paid consumer will fare better than a neighbor who owes a balance on an identical lot. It simply depends on how much Defendants charged for the (theoretical) identical lot, which is arbitrary:

- Arthur: Purchased a lot with a \$100,000 original price, paid in full (\$100,000 paid).
- Bertha: Purchased an identical lot<sup>12</sup> with a \$100,000 original price, and paid half (\$50,000 paid).

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<sup>11</sup> The costliness of risk is demonstrated by the fact that riskier investments, compared to less risky investments, typically sell for a lower price or offer a higher average rate of return.

<sup>12</sup> In reality, what qualifies as an “identical” lot is subjective.

- Cristobal: Purchased an identical lot with a \$200,000 original price, and paid one-quarter (\$50,000 paid).

Assuming that pro rata distribution leads to a 15% recovery, further assuming that all three consumers elect to remain in New Sanctuary, and there are no other factors, they will have paid the following for their lot:

- Arthur will have paid a net of \$85,000 for the lot (\$100,000 original price minus a \$15,000 pro rata distribution).
- Bertha will have paid a net of \$67,500 for the identical lot (\$50,000 plus an additional \$25,000 to acquire the lot at a 25% discount of the original price, minus a \$7,500 pro rata distribution).
- Cristobal will have paid a net of \$142,500 for the identical lot (\$50,000 plus an additional \$100,000 to acquire the lot at a 25% discount of the original price, minus a \$7,500 pro rata distribution).

Arthur might understandably feel aggrieved in this (fairly implausible) hypothetical because Bertha paid less for the same lot. However, Cristobal might have the same sort of grievance with the hypothetical fully-paid consumer (Arthur) because Arthur paid less for the same lot. This helps underscore that the Redress Plan has no systematic bias against fully-paid consumers.<sup>13</sup>

Additionally, the Court could also consider the percentage each hypothetical consumer will recover. Assuming the lots are worthless—which is possible—Arthur will recover 15%. However, because Bertha and Cristobal will have invested additional capital, they will have a smaller percentage recovery than the fully-paid owner (10% for Bertha and 5% for Cristobal). In this regard, the “fully-paid critique” reflects an assumption—namely, that the lots will eventually be worth something significant—that not all consumers may share, and that may not be true.

Finally, even assuming some circumstances exist in which a partly-paid consumer will fare better than a fully-paid neighbor, the fact that someone else might be injured somewhat less is not a valid objection to a necessarily imperfect arrangement. As discussed above, truly perfect equity is not achievable realistically. The Redress Plan properly correlates compensation options

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<sup>13</sup> Importantly, various conceptual ways to reduce this particular theoretical imbalance will necessarily make remaining in New Sanctuary a less attractive option for non-fully paid lot purchasers—which is a result that strongly cuts against lot purchasers’ collective welfare.

with what consumers actually lost rather than their percentage paid (or any other arbitrary metric) and, as such, represents a fair exercise of the Court's equitable authority.

**Conclusion**

For all the aforementioned reasons, the Court should adopt the Redress Plan, which reflects the FTC's careful consideration and enjoys the strong support of both the Receiver and the Government of Belize.

Dated: January 21, 2021

Respectfully Submitted,

/s/

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**PXA**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND  
SOUTHERN DIVISION**

<i>In re</i> SANCTUARY BELIZE LITIGATION	No: 18-cv-3309-PJM
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**[PROPOSED] ORDER GOVERNING REDRESS**

The Federal Trade Commission (“FTC” or “Commission”) moved the Court to enter the following Redress Administration Plan (“Plan”) governing the Receivership in this matter until further order of this Court. For good cause shown,

**IT IS HEREBY ORDERED:**

- A. The FTC’s motion is **GRANTED**.
- B. The Plan begins on the Effective Date, which is January 31, 2021 or when the Court enters this Order, whichever is later.
- C. The Plan terminates on the Termination Date, which is January 31, 2023 unless the FTC consents to extend the Plan or the Court approves an extension.
- D. This Court retains jurisdiction over the implementation of this Plan and any disputes arising out of or related to this Plan, both before and after the Termination Date. Any determination the Receiver makes pursuant to this Plan is subject to this Court’s review and approval in accordance with the review procedures this Plan provides.
- E. Nothing herein alters any existing obligations under any other order issued in this matter, except as specified below.
- F. All capitalized terms have the meanings contained in the “Definitions” Section at the beginning of this Plan.

**I. DEFINITIONS**

- 1. **“Amount Paid”** means: (1) the amount the Lot Purchaser actually paid to Subject

Sellers for an Eligible Lot including principal, interest, taxes, HOA fees, and other costs or consideration that the Receiver reasonably determines constitute Assets the Lot Purchaser actually paid or otherwise Transferred to Subject Sellers for the Eligible Lot; (2) the amount the Lot Purchaser actually paid to a Prior Lot Purchaser for the Eligible Lot in the Receiver's reasonable judgment considering any information the Lot Purchaser or Putative Lot Purchaser provides and excluding any transaction costs, other portions of the payment for the Eligible Lot reasonably attributable to improvements on the lot or consideration other than the physical land itself, or amounts due or arguably due from the Lot Purchaser to the Prior Lot Purchaser related to the Lot, but unpaid; or (3) for Eligible Prior Lot Purchasers, the Loss the Eligible Prior Lot Purchaser incurred.

2. **“Asset”** means any legal or equitable interest in, right to, or claim to, any property, wherever located and by whomever held, whether tangible, intangible, digital, or otherwise, including, but not limited to, rights, digital currencies, virtual currencies, digital tokens, and cryptocurrencies.

3. **“Assignable Investment Claim”** means any private claim arising under the law of any state or country against any Subject Seller that: (1) relates to the Subject Matter of this action; (2) involves the claim that the assignor or potential assignor received consideration or was promised consideration (the value of which depends or would depend on something other than the value of a specific, identified Eligible Lot or Lots [including, without limitation, equity or rights]); and (3) does not involve attempting to enforce a claim to any specific, identified Eligible Lot or Eligible Lots.

4. **“Claim Application”** means a package of information including: (i) information that the Receiver reasonably requires and that the Receiver may require the Putative Consumer and/or Consumer to submit on a form or forms it designs; (ii) purchase and sale contracts or equivalent evidence demonstrating the Consumer's interest in an Eligible Lot; (iii) records establishing all payments made toward the purchase of the Eligible Lot such that an Amount

Paid can be established; (iv) records concerning any “foreclosure,” “default,” another alleged loss of the Eligible Lot, or legal dispute with Subject Sellers; (v) records reflecting any payment or Transfer from Subject Seller to the Consumer (other than the Transfer of the Eligible Lot to the Lot Purchaser); (vi) a sworn declaration from the Consumer stating that the Consumer qualifies as a Lot Purchaser with respect to the Eligible Lot; and (vii) any other documents or information the Receiver reasonably requires to implement this Plan.

5. **“Consumer”** means any person or entity who: (i) purchased an Eligible Lot as part of the Sanctuary Belize or Kanantik retail sales process; (ii) purchased an Eligible Lot that was originally purchased from Subject Sellers as part of the retail sales process; or (iii) reached a Court-approved settlement with the FTC or Receiver entitling the person or entity to be treated similarly to a consumer with respect to Court-approved redress. Notwithstanding the foregoing, a person or entity is not a “Consumer” if the person or entity: (i) received a full refund; (ii) (a) received compensation from Subject Sellers for help selling lots, (b) made a representation the Court found to be unlawful (or controlled others who did), and knew or reasonably should have known that the misrepresentation was false or misleading, and (c) has not reached a Court-approved settlement with the FTC or Receiver entitling the person or entity to be treated similarly to a consumer with respect to Court-approved redress; (iii) (a) performed work of any sort, at any time, at any location anywhere owned or controlled by Subject Sellers (including, without limitation, the California locations at Michelson Drive, Dove Street, and Edinger Avenue) regardless of whether the person or entity contends the work was unpaid, purportedly unrelated to lot sales, purportedly independent, or immaterial for some other reason; (b) made a representation the Court found to be unlawful (or controlled others who did), and knew or reasonably should have known that the misrepresentation was false or misleading, and (c) has not reached a Court-approved settlement with the FTC or Receiver entitling the person or entity to be treated similarly to a consumer with respect to Court-approved redress; or (iv) (a) is a

person or entity that received from Subject Sellers, as part of the consideration for a lot or otherwise, any Asset (including, without limitation, equity or rights) the value of which depended on anything other than the value of a specific Eligible Lot, and (b) has not reached a Court-approved settlement with the FTC or Receiver entitling the person or entity to be treated similarly to a consumer with respect to Court-approved redress, *provided*, however, if the Receiver can reasonably distinguish the Putative Consumer's investment transaction from the Putative Consumer's retail lot purchase, Putative Consumer may still qualify as a Consumer with respect to the retail lot purchase only.

6. **“Consumer Committee”** means the committee formed pursuant to the Interim Receivership Management Order, ECF No. 559 (Aug. 23, 2019), as modified herein.

7. **“Contingent Lot”** means a lot which, if it existed, a Lot Purchaser would have a right to acquire from Subject Sellers. A Lot Purchaser purchased a Contingent Lot if the Lot Purchaser: (1) bought the right to a lot from Subject Sellers pursuant to a contract requiring them to either give the Lot Purchaser a specific, identified lot (with or without any additional payment) from lots the Subject Sellers would make available to the Lot Purchaser, or refund the Lot Purchaser fully; (2) did not receive a lot or a full refund; and (3) did not receive equity or ownership interest as part of the transaction.

8. **“Covered Third Party”** includes any person or entity (other than the Receiver, FTC or a Subject Seller) that engages in any transaction (including, without limitation, the Transfer of any Asset) related to the Subject Matter of the litigation with the Receiver, the FTC, or another Covered Third Party. Thus, a person or entity (other than the Receiver, FTC or a Subject Seller) that is not already a Covered Third Party becomes a Covered Third Party if it engages in any transaction (including, without limitation, the Transfer of any Asset) related to the Subject Matter of the case with the Receiver, the FTC, or a Covered Third Party.

Additionally, and notwithstanding anything else herein, the New Sanctuary HOA, any Qualified Developer, and any Receiver Assignee are Covered Third Parties.

9. **“Disclosure No. 1”** means a disclosure that states, at minimum, all reasonably known risks with the election to receive a New Sanctuary Lot including, among other things: (1) investing in New Sanctuary is inherently risky; (2) Lot Purchasers may lose their entire monetary investment; (3) there is no guarantee that New Sanctuary will have any amenities, infrastructure, or other important attributes; (4) there is no guarantee that titles will be provided for New Sanctuary Lots; (5) Lot Purchasers may owe taxes to Belizean, domestic, or other authorities, including both future liabilities and arrearages (regardless of what taxes the Lot Purchaser may have understood Subject Sellers paid); (6) there is a substantial risk that New Sanctuary Lots will not appreciate, and no resale market for such lots will exist; (7) it is possible that Lot Purchasers who decline to receive a New Sanctuary Lot will be better off than Lot Purchasers who elect to receive a New Sanctuary Lot; and (8) a Lot Purchaser’s election to receive a New Sanctuary Lot cannot be undone.

10. **“Disclosure No. 2”** means a disclosure that states, at minimum, all reasonably known risks with the election to decline to receive a New Sanctuary Lot including, among other things: (1) investing in New Sanctuary may be profitable or reduce losses relative to other alternatives; (2) Lot Purchasers could lose an opportunity to recover their investment; (3) amenities, infrastructure, or other important attributes that enhance New Sanctuary Lot values may be completed; (4) the Government of Belize could facilitate the provision of titles for New Sanctuary Lots; (5) New Sanctuary Lots may appreciate in the future, and there may be a resale market for such lots; (6) future taxes associated with New Sanctuary Lots, or existing tax obligations, may be relatively insubstantial, reduced by participation in the Plan, or both; (7) it is possible that Lot Purchasers who elect to receive a New Sanctuary Lot in New Sanctuary will be

better off than Lot Purchasers who elect to decline to receive a New Sanctuary Lot; and (8) a Lot Purchaser's election to decline to receive a New Sanctuary Lot cannot be undone.

11. **“Disclosure No. 3”** means a disclosure that states, at minimum, all reasonably known risks associated with declining to make an election, including, among other things, in substance: (1) Non-Participating Owners will lose any right to proceeds the Receiver or FTC recover (this could be thousands of dollars per Lot Purchaser, or more); (2) Non-Participating Owners will likely have fewer or inferior rights under their Ratified Contracts than Consumers who participate; (3) Non-Participating Owners will not receive redress payments; (4) Non-Participating Owners that own a lot within New Sanctuary will be obligated to pay fees, dues or assessments the Receiver or New Sanctuary HOA imposes; (5) Non-Participating Owners potentially will not receive title to their lot; (6) Non-Participating Owners' obligations (if any) associated with their lot will continue and may increase; (7) Non-Participating Owners' lots may not appreciate, and it may be impossible to resell them; (8) if Lot Purchasers do not elect to receive a New Sanctuary Lot, they will lose any potential returns associated with a New Sanctuary Lot; (9) Lot Purchasers may still be obligated to make payments pursuant to a Ratified Contract; (10) Lot Purchasers may still be required to make tax payments associated with their lot, and those tax payments may exceed the taxes they would pay if they elect to participate; (11) a Lot Purchaser's decision not to participate in the Plan and make an election cannot be undone; and (12) although no one is required to participate in the Plan and make an election, the Receiver and FTC strongly recommend that all Lot Purchasers do so.

12. **“Disclosure No. 4”** means a disclosure that states, at minimum, all reasonably known risks associated with electing to receive a Kanantik Lot, including, among other things, in substance: (1) there is no guarantee that the Receiver will attempt to sell Kanantik to a developer that will develop Kanantik; (2) Lot Purchasers may lose their entire monetary investment; (3) there is no plan to develop Kanantik, and development at Kanantik is unlikely to

occur; (4) it is possible that titles to Kanantik Lots will be unavailable; (5) lots at Kanantik are unlikely to appreciate; (6) it may be impossible to resell a lot at Kanantik; (7) Lot Purchasers may owe taxes to Belizean, domestic, or other authorities, including both future liabilities and arrearages (regardless of what taxes the Lot Purchaser may have understood Subject Sellers paid); (8) a Kanantik Lot Purchaser that elects to receive a Kanantik Lot will lose potential returns associated with a New Sanctuary Lot; (9) although there is no way to know for certain, New Sanctuary Lots may be less risky than Kanantik lots, with greater possibility of appreciation and resale; and (10) a Kanantik Lot Purchaser's decision to receive a Kanantik Lot cannot be undone.

13. **“Dispute Notice”** is a notice to the Receiver that contains or attaches all elements explained herein that a Dispute Notice must contain or attach.

14. **“Effective Date”** means December 31, 2020 or when the Court enters this Order, whichever is later.

15. **“Election Form”** means a form or package of forms and materials (subject to FTC approval) that the Receiver will design in accordance with this Plan to receive and record a Lot Purchaser's election pursuant to this Plan, and that is otherwise consistent with this Plan's terms.

16. **“Eligible Lot”** means: (i) a specific, identified lot in Sanctuary Belize (as defined herein), or is identified as being in Sanctuary Belize (as defined herein); (ii) a specific, identified lot in Kanantik (as defined herein), or identified as being in Kanantik (as defined herein); (iii) a specific, identified lot purchased from Subject Sellers through a transaction in which the buyer reasonably believed it acquired a specific, identified lot from Subject Sellers for consideration (regardless of whether the specific, identified lot actually exists); or (iv) a Contingent Lot. For purposes of this definition, a “lot” includes both real property as well as a specific, identified interest in a residence, such a condominium, apartment or townhome, regardless of whether the residence actually exists or existed. Notwithstanding the foregoing, “Eligible Lots” do not include New Sanctuary Inventory.

17. **“Eligible Kanantik Collections”** means all Assets, net of incurred Kanantik Receivership Expenses, that the Receiver controls pursuant to Final Orders (1) to which no appellate rights exist, (2) that are derived primarily from Kanantik, and (3) held by legal entities over which the Receiver did not have Court-confirmed preliminary control over, or a majority interest in, on July 31, 2020. For clarity, Assets must meet all three criteria to qualify as Eligible Kanantik Collections. Furthermore, Assets that are derived in substantial part from Sanctuary Belize, New Sanctuary, or any other source besides Kanantik are not Eligible Kanantik Collections.

18. **“Eligible Prior Lot Purchaser”** means a Prior Lot Purchaser who is a Consumer, and who Transferred an Eligible Lot to a Lot Purchaser at a Loss.

19. **“Eligible Sanctuary Collections”** means all Assets, net of incurred New Sanctuary Receivership Expenses, that the Receiver controls pursuant to Final Orders (1) to which no appellate rights exist and (2) that are not Eligible Kanantik Collections.

20. **“Final Election Date”** means the date by which the deadline in this Plan for all Lot Purchasers to have made elections has passed (notwithstanding any Dispute Notices that any Consumers, Putative Consumers or Non-Participating Owners served or are pursuing, or any extensions the Receiver approves pursuant to this Plan).

21. **“Final Orders”** mean all orders of this Court in *In re Sanctuary Belize Litigation*, No. 18-3309 (D. Md.) that enter judgment against any Defendant or Relief Defendant, or require the turnover of any Asset to the Receiver or the FTC.

22. **“First Kanantik Distribution”** is the amount the Receiver can distribute to Kanantik Lot Purchasers consistent with the terms of this Plan as of the Final Election Date.

23. **“First Sanctuary Distribution”** is the amount the Receiver can distribute to Sanctuary Belize Lot Purchasers consistent with the terms of this Plan as of the Final Election Date.

24. **“Ineligible Prior Lot Purchaser”** is a Prior Lot Purchaser who is ineligible for redress or rights under this Plan for any reason including, without limitation, because the Prior Lot Purchaser did not Transfer an Eligible Lot to a Lot Purchaser at a loss (excluding losses or costs due to transaction costs, improvements to the lot, or other expenses that do not reasonably constitute payment for the Eligible Lot’s physical land itself, or amounts due or arguably due from the Lot Purchaser to the Prior Lot Purchaser related to the Lot, but unpaid), or because the Prior Lot Purchaser is not a Consumer.

25. **“Interim New Sanctuary HOA Fee”** is a reasonable fee not to exceed \$200 per month per lot within New Sanctuary.

26. **“Kanantik”** means: (1) the physical area in Belize known as “Kanantik,” “Palmaya,” the “Kanantik Resort,” or any other area anywhere in the world (other than Sanctuary Belize) that any Subject Seller marketed, helped market, owns, owned, controls, or controlled, and that the Receiver has the legal right to control; (2) any island (regardless of the island’s name) that the Receiver controls, or has the right to control, which Subject Sellers used primarily for any sales-related purpose related to Eligible Lots not in Sanctuary Belize at any time; (3) any physical area or Assets owned or controlled by Mango Springs Development Ltd., G&R Development Company of Belize, Ltd., Kanantik International Limited, Palmaya Development, Ltd., and/or Mango Springs Development, LLC; (4) any area (other than an Eligible Lot) Transferred from any of the foregoing areas to any Subject Seller; (5) all development rights or other rights associated with any of the foregoing areas; and (6) all roads, structures, or other fixtures within or on any physical land that constitutes any of the foregoing areas. For clarity, any real property that arguably qualifies as both “Sanctuary Belize” and “Kanantik” is deemed to be exclusively Sanctuary Belize. Assets that arguably qualify as both “Sanctuary Belize” and “Kanantik” are deemed to be exclusively Sanctuary Belize.

27. **“Kanantik Consumer Redress”** means rights to the First Kanantik Distribution (if any), the Second Kanantik Distribution (if any), and any subsequent distributions to Kanantik Lot Purchasers.

28. **“Kanantik Distribution Formula”** is the formula pursuant to which the amount of cash redress each Kanantik Lot Purchaser will receive is determined: (1) the Receiver will determine the amount of liquid Eligible Kanantik Collections minus both the Kanantik Holdback Amount (unless the Receiver or Court has determined that this amount is available for redress), Kanantik Receivership Expenses that the Receiver has incurred but not yet paid, and a reasonable estimate of the Kanantik Receivership Expenses the Receivership will incur over the next year; (2) the Receiver will distribute to each Kanantik Lot Purchaser a pro rata share of the remaining amount based on the number of Kanantik Lot Purchasers and each Kanantik Lot Purchaser’s Amount Paid. For purposes of this formula, “Amount Paid” includes Amounts Paid with respect to multiple Kanantik Lots if the Kanantik Lot Purchaser made payments to Subject Sellers concerning more than one Kanantik Lot.

29. **“Kanantik Holdback Amount”** means 10% of Eligible Kanantik Collections.

30. **“Kanantik Lot”** means an Eligible Lot that is either not in Sanctuary Belize, or that was moved to Sanctuary Belize prior to the Effective Date (with or without the Lot Purchaser’s consent).

31. **“Kanantik Lot Purchaser”** means a Lot Purchaser who purchased a Kanantik Lot from Subject Sellers.

32. **“Kanantik Receivership Expenses”** mean the costs and expenses the Receiver incurs solely managing Kanantik, including the Receiver’s own fees and expenses, those of third parties performing functions related to Kanantik that the Receiver engages consistent with this Plan, and other Receivership costs related to Kanantik. However, costs and expenses the Receiver incurs managing Kanantik, or otherwise related to Kanantik, are not Kanantik

Receivership Expenses if those costs or expenses are also incurred in part to manage or perform other functions related to New Sanctuary or anything else other than Kanantik.

33. **“Kanantik Reformed Contract”** means a lot sale contract for a Kanantik Lot that is required by, and complies with, this Order. The Kanantik Reformed Contract format may vary for differently-situated Lot Purchasers, including those who have no further payment obligation.

34. **“Kanantik Template Contract”** means a sample contract identical to the Kanantik Reformed Contract, except without particular terms that are unknown to the Receiver because they will reflect decisions that a Kanantik Lot Purchaser has not yet made. The Kanantik Template Contract format may vary for differently-situated Lot Purchasers, including those who have no further payment obligation.

35. **“Lot Purchaser”** means any Consumer who purchased at least one Eligible Lot.

36. **“Loss”** is a financial injury suffered by an Eligible Prior Lot Purchaser equal to the difference between: (a) the amount the Eligible Prior Lot Purchaser actually paid for an Eligible Lot including principal, interest, taxes, HOA fees, and other costs or consideration that the Receiver reasonably determines constitute Assets the Eligible Prior Lot Purchaser actually paid or otherwise Transferred to Subject Sellers for the Eligible Lot; and (b) the amount the Eligible Prior Lot Purchaser actually received for an Eligible Lot including principal, interest, taxes, HOA fees, and other costs or consideration that the Receiver reasonably determines constitute Assets the Eligible Prior Lot Purchaser actually received for the Eligible Lot. Provided, however, that (a) and (b) exclude losses, costs, gains or payments or other amounts paid or received for or due to transaction costs, improvements to the lot, other expenses or things of value that do not reasonably constitute payment for the Eligible Lot’s physical land itself, and amounts due or arguably due from the Lot Purchaser to the Prior Lot Purchaser related to the Lot, but unpaid.

37. **“Mail”** means any type of physical delivery, including postal mail, Federal Express, UPS, DHL, courier, or otherwise.

38. **“Minimum Development Period”** is the three years after whenever the Qualified Developer’s obligations under this Order commence.

39. **“Minimum Development Tasks”** mean: (1) repairing damage due to hurricane Nana or other natural disasters prior to the Effective Date; (2) providing power and water to every lot in New Sanctuary (other than New Sanctuary Inventory); (3) completing any necessary roadwork so that every lot in New Sanctuary is accessible by an improved road (other than New Sanctuary Inventory); (4) providing 24-hour security, including physical gates and guards at all roadway and waterway access points at all times, and regular patrols around the perimeter and through the development’s roadways; (5) completing a bridge (including associated permitting, entitlements and roadwork) over the Sittee River to connect New Sanctuary to the road to Hopkins, Belize on the other side of the Sittee River (from a location within New Sanctuary that the Receiver will select); and (6) performing maintenance and repairs as needed on work performed as part of the Qualified Developer’s Minimum Development Tasks.

40. **“Mortgage Note”** means a debt instrument that documents a loan between the Lot Purchaser and the Receiver (or Receiver Assignee) secured by a New Sanctuary Lot or Kanantik lot. The Mortgage Note must reflect the Reformed Contract Key Finance Terms. The Mortgage Note may contain other standard terms that the Receiver may determine and should be enforceable in Belize. Subject to the Receiver’s discretion, the Mortgage Note may be a single document or multiple documents that accomplish the Mortgage Note’s objectives consistent with this Plan. The Mortgage Note must contain straightforward, simple language reasonably understandable to Lot Purchasers without counsel. Mortgage Notes are subject to FTC approval.

41. **“New Sanctuary”** is Sanctuary Belize after the Effective Date.

42. **“New Sanctuary Lot”** means lots in New Sanctuary that Lot Purchasers own pursuant to New Sanctuary Reformed Contracts.

43. **“New Sanctuary HOA”** is the homeowners’ association for New Sanctuary.

44. **“New Sanctuary Inventory”** means lots in New Sanctuary that the Receiver controls.

45. **“New Sanctuary Owner”** means parties to a fully-executed New Sanctuary Reformed Contract.

46. **“New Sanctuary Reformed Contract”** is a lot sale contract for a New Sanctuary Lot that is required by, and complies with, this Order. The New Sanctuary Reformed Contract format may vary for differently-situated Lot Purchasers, including those who have no further payment obligation.

47. **“New Sanctuary Template Contract”** means a sample contract identical to the New Sanctuary Reformed Contract, except without particular terms that are unknown to the Receiver because they will reflect decisions that a Sanctuary Belize Lot Purchaser has not yet made. The New Sanctuary Template Contract format may vary for differently-situated Lot Purchasers, including those who have no further payment obligation.

48. **“Non-Participating Owners”** are owners who own, or owned, an Eligible Lot, but who have not participated in this Plan and, as a result, have no rights under this Plan except as expressly specified herein.

49. **“Post-Filing Transferee”** means someone who acquired rights, or claims to have acquired rights, to an Eligible Lot on or after November 7, 2018 from a person or entity other than Subject Sellers. However, notwithstanding the foregoing, a person or entity that reached a Court-approved settlement with the FTC or Receiver entitling the person or entity to be treated similarly to a Consumer with respect to Court-approved redress is not a “Post-Filing Transferee.”

50. **“Post-Filing Transferor”** means someone who Transferred rights, or claims to have Transferred rights, to an Eligible Lot on or after November 7, 2018. However, notwithstanding the foregoing, a person or entity that reached a Court-approved settlement with the FTC or Receiver entitling the person or entity to be treated similarly to a Consumer with respect to Court-approved redress is not a “Post-Filing Transferor.”

51. **“Post-Termination Maintenance”** means, for the Post-Termination Maintenance Period: (1) maintaining work completed as part of the Qualified Developer’s Minimum Development Tasks; (2) maintaining security in a manner consistent with the security provided as part of the Minimum Development Tasks, and (3) negotiating in good faith concerning a new contract to provide New Sanctuary with community services after the Post-Termination Maintenance Period pursuant to terms to which the Qualified Developer agrees.

52. **“Post-Termination Maintenance Period”** is the period beginning when the Minimum Development Period ends and concluding one year later.

53. **“Price Multiplier”** means: (1) for Sanctuary Belize Lot Purchasers, a percentage equal to (a) 75% (.75), or (b) if the Sanctuary Belize Lot Purchaser agrees to a one-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 73% (.73), (c) if the Sanctuary Belize Lot Purchaser agrees to a two-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 71% (.71), (d) if the Sanctuary Belize Lot Purchaser agrees to a three-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 69% (.69), (e) if the Sanctuary Belize Lot Purchaser agrees to a four-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 67% (.67), or (f) if the Sanctuary Belize Lot Purchaser agrees to a five-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 65% (.65); (2) for Kanantik Lot Purchasers who do not elect to receive a Kanantik Lot, (a) 65% (.65), or (b) if the Kanantik Lot Purchaser agrees to a one-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 63% (.63), (c) if the Kanantik Lot Purchaser agrees to a two-year

Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 61% (.61), (d) if the Kanantik Lot Purchaser agrees to a three-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 59% (.59), (e) if the Kanantik Lot Purchaser agrees to a four-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 57% (.57), or (f) if the Kanantik Lot Purchaser agrees to a five-year Transfer Restriction on the New Sanctuary Lot the Lot Purchaser selects, 55% (.55); and (3) for Kanantik Lot Purchasers who elect to receive a Kanantik Lot, 100% (1.00).

54. **“Prior Lot Purchaser”** means a person or entity (other than Subject Sellers) that Transferred an Eligible Lot to a Lot Purchaser on or before the Effective Date.

55. **“Purchase Price”** means the purchase price of an Eligible Lot, or a New Sanctuary Lot, which is equal to the Seller Deceptive Price multiplied by the applicable Price Multiplier, divided by the Tax Adjustment Factor.

56. **“Putative Consumer”** is any party that disputes the Receiver’s decision that the party is not entitled to benefits pursuant to this Plan in whole or in part because the party is not a “Consumer.”

57. **“Qualified Developer”** means a Covered Third Party that: (1) in the Receiver’s judgment, has the expertise and financial resources to perform any necessary development tasks, including the Minimum Development Tasks at Sanctuary Belize during the Minimum Development Period; (2) in the Receiver’s judgment, has the expertise and financial resources to perform the Post-Termination Maintenance at Sanctuary Belize during the Post-Termination Maintenance Period; (3) is contractually obligated to perform the Minimum Development Tasks and Post-Termination Maintenance at Sanctuary Belize; (4) in the Receiver’s judgment, has the expertise and financial resources to perform other discretionary development functions including commercial development and new lot sales; and (5) has received FTC and Court approval.

58. **“Ratified Contract”** is what a Non-Participating Owner who is a Consumer will receive if they do not elect to participate in this Plan.

59. **“Receiver”** means Robb Evans & Associates LLC.

60. **“Receiver Assignee”** means a party that assumes some or all of the Receiver’s rights or obligations under this Order with the Receiver’s consent.

61. **“Receiver Proposed Amount Paid”** means an amount that, based on the Receiver’s analysis of Subject Seller records, is the Receiver’s good faith estimate of the applicable Amount Paid.

62. **“Receivership”** means the receivership estate the Court created in this matter on November 5, 2018 for the benefit of consumers, as continued, expanded and modified by subsequent orders in this matter.

63. **“Receivership Entity”** means any entity within the Receivership pursuant to or as a result of any order of this Court, any entity that the Receiver directly or indirectly controls pursuant to or as a result of an order of this Court, and any entity in which the Receiver controls a majority interest pursuant to or as a result of an order of this Court.

64. **“Redress Communications”** mean any form, notice, contract, proposed contract, or other documents disseminated systematically to multiple people, or any other standardized communication or series of communications from the Receiver (or Receiver Assignee).

65. **“Reformed Contract Key Finance Terms”** will be the same for all Reformed Contracts for which the relevant Amount Paid is less than the Purchase Price: (1) the amount owed under the contract, computed as the Purchase Price less the Amount Paid; (2) a ten-year obligation; (3) payable in equal monthly installments; (4) 0.00% interest; (5) no prepayment penalty; (6) no late fees or other charges that exceed a reasonable estimate of the cost the missed payment or other event actually caused the Receiver (or Receiver Assignee); and (7) any Transfer Restriction the Lot Purchaser has elected.

66. **“Sanctuary Belize”** means: (1) the area in Belize known as “Sanctuary Belize,” “Sanctuary Bay,” and “The Reserve”; (2) any island that the Receiver controls, or has the right to control, which Subject Sellers used for any sales-related purpose at any time (regardless of the island’s name); (3) any real property in Belize owned or controlled by Andris Pukke, Luke Chadwick, Peter Baker, John Usher, or any Receivership Entity; (4) any area owned or controlled by Dolphin Development Company Limited or any other entity that any order in *FTC v. AmeriDebt, Inc.*, No. 03-cv-3317 (D. Md.) required any Subject Seller (or any entity controlled by any Subject Seller) to turn over to the Receiver; (5) any area in Belize controlled by any Subject Seller but not included in the foregoing; (6) any area (other than an Eligible Lot) Transferred from any of the foregoing areas to any Subject Seller; (7) all development rights or other rights associated with any of the foregoing areas; and (8) all roads, structures, or other fixtures within or on any physical land that constitutes any of the foregoing areas. However, no part of Kanantik is Sanctuary Belize.

67. **“Sanctuary Belize Consumer Redress”** means rights to the First Sanctuary Distribution (if any), the Second Sanctuary Distribution (if any), and any subsequent distributions to Sanctuary Belize Lot Purchasers.

68. **“Sanctuary Belize Lot Purchaser”** means a Lot Purchaser who purchased an Eligible Lot in Sanctuary Belize from Subject Sellers.

69. **“Sanctuary Distribution Formula”** is the formula pursuant to which the amount of cash redress each Sanctuary Belize Lot Purchaser will receive is determined: (1) the Receiver will determine the amount of liquid Eligible Sanctuary Collections minus both the Sanctuary Holdback Amount (unless the Receiver or Court has determined that this amount is available for redress), Sanctuary Receivership Expenses that the Receiver has incurred but not yet paid, and a reasonable estimate of the Sanctuary Receivership Expenses the Receivership will incur over the next year; (2) the Receiver will distribute to each Sanctuary Belize Lot Purchaser a

pro rata share of the remaining amount based on the number of Sanctuary Belize Lot Purchasers and each Sanctuary Belize Lot Purchaser's Amount Paid. For purposes of this formula, "Amount Paid" includes Amounts Paid with respect to multiple Sanctuary Belize Lots if the Sanctuary Belize Lot Purchaser made payments to Subject Sellers concerning more than one Sanctuary Belize Lot.

70. **"Sanctuary Holdback Amount"** means 10% of Eligible Sanctuary Collections.

71. **"Sanctuary Receivership Expenses"** mean any costs and expenses the Receiver incurs that are not solely Kanantik Receivership Expenses, including without limitation the Receiver's own fees and expenses, those of third parties the Receiver engages pursuant to this Plan, other Receivership costs related to Sanctuary Belize or New Sanctuary, or related to Assets that are not related solely to Kanantik.

72. **"Second Kanantik Distribution"** means the amount the Receiver can distribute to Kanantik Lot Purchasers consistent with the terms of this Plan as of the Second Kanantik Distribution Date.

73. **"Second Kanantik Distribution Date"** means the date when no appellate rights are available to challengers (if any) of this Plan or any Final Order.

74. **"Second Sanctuary Distribution"** means the amount the Receiver can distribute to Sanctuary Belize Lot Purchasers consistent with the terms of this Plan as of the Second Sanctuary Distribution Date.

75. **"Second Sanctuary Distribution Date"** means the date when no appellate rights are available to challengers (if any) of this Plan or any Final Order.

76. **"Seller Deceptive Price"** means the total amount (including principal, interest, Belize General Sales Tax ("GST"), and any other consideration or charges (but not including HOA fees) that, in the Receiver's reasonable estimation, the Lot Purchaser would have paid to Subject Sellers or Prior Lot Purchaser if the Lot Purchaser timely paid (but not paid in advance)

all amounts due under the operative contract between the Lot Purchaser and Subject Sellers (or Prior Lot Purchaser) concerning an Eligible Lot.

77. **“Subject Matter”** of the case means Sanctuary Belize, Kanantik, and any other Asset that the Receiver or FTC owns, controls or has the right to control pursuant to the Final Orders or this Plan, the FTC’s complaint in this matter, and the trial record in this matter.

78. **“Subject Seller”** means any Defendant or Relief Defendant in this action, any Receivership Entity, any person or entity that was or is a regular employee of, or contractor for, any Defendant, Relief Defendant or Receivership Entity at any time, any person or entity who submitted a Claim Application that was unsuccessful because the Putative Consumer did not qualify as a Consumer, and any agents, attorneys, successors, affiliates, nominees, or family members of any of the foregoing (except that family members includes only family members as of November 7, 2018).

79. **“Tax Adjustment Factor”** means the sum of one (1) plus the Belize General Sales Tax (“GST”) rate as of the Effective Date (by way of example, if the GST is 12.5% as of the Effective Date, the Tax Adjustment Factor is 1.125).

80. **“Termination Date”** means December 31, 2022 unless the FTC consents to extend the Plan or the Court approves an extension.

81. **“Total Receivership Collections”** includes all Assets the Receiver controls pursuant to this Plan or the Final Orders.

82. **“Transfer”** or **“Transferred”** means (i) any change in legal or beneficial ownership, regardless of extent, and regardless of how characterized or achieved, or (ii) any direct or indirect change in control, regardless of extent, and regardless of how characterized or achieved.

83. **“Transfer Restriction”** means a prohibition on the sale of the lot subject to the restriction for the period of the restriction.

## **II. ELIGIBILITY DETERMINATIONS**

A. As soon as practicable after the Effective Date, the Receiver will communicate to all Consumers and/or Putative Consumers with whom it has already communicated by email in the past basic information regarding what Consumers and/or Putative Consumers should expect regarding this Plan including, without limitation, information about timelines and the information Claims Applications are likely to require. Also as soon as practicable after the Effective Date, the Receiver will make a reasonable effort to post, or cause others to post, the same information on its website, and on websites, Facebook groups, or other similar communication forums of which the Receiver is aware on the Effective Date.

B. As soon as practicable after the Effective Date, the Receiver will hold at least two moderated informational sessions (via teleconference or videoconference) to present information about this Plan. The Receiver will notify all Consumers and/or Putative Consumers with whom it has already communicated by email in the past about the forthcoming informational sessions, and make a reasonable effort to post, or cause others to post, invitations to the informational sessions on its website, and on websites, Facebook groups, or other similar communication forums of which the Receiver is aware on the Effective Date.

C. Within 45 days of the Effective Date, the Receiver must make a reasonable effort to contact every Consumer and/or Putative Consumer, provide them with a Claim Application, and encourage its prompt return. Consumers who purchased more than one Eligible Lot must submit one Claim Application for each Eligible Lot. Consumers who purchased and co-signed for an Eligible Lot jointly (for instance, as a married couple) may submit a single joint Claim Application.

1. Reasonable efforts to contact every Consumer and/or Putative Consumer include, at minimum, making attempts by Mail and email (and if those attempts fail, by telephone) based on the best information reasonably available to the Receiver.

2. When the Receiver provides a Claim Application to a Consumer and/or Putative Consumer, the Receiver will provide the Consumer and/or Putative Consumer a Receiver Proposed Amount Paid, but only if it is possible to do so with reasonable ease and certainty. If the Receiver provides a Receiver Proposed Amount Paid, the Receiver also will include sufficient underlying detail (including payment terms, dates, and amounts where applicable) to enable the Claim Application recipient to verify the Receiver Proposed Amount Paid.

D. Claim Applications are due 90 days after the Effective Date. The Receiver must clearly and conspicuously disclose to Consumers and/or Putative Consumers that failure to submit a Claim Application on or before the deadline will render the failing Consumer ineligible to participate in the Plan (and, therefore, a Non-Participating Owner) with respect to the Eligible Lot to which the untimely Claim Application applies.

E. Putative Consumers and/or Consumers who receive a Receiver Proposed Amount Paid must specify in their Claim Application whether they accept the Receiver Proposed Amount Paid. If the Putative Consumer and/or Consumer accept the Receiver Proposed Amount Paid, then the Receiver Proposed Amount Paid becomes the Putative Consumer and/or Consumer's Amount Paid notwithstanding anything else herein. Also notwithstanding anything else herein, if the Putative Consumer and/or Consumer accept the Receiver Proposed Amount Paid, the Putative Consumer and/or Consumer will not be obligated to submit documentation as part of the Claims Application to substantiate amounts paid to Subject Sellers.

F. Within 80 days of the Effective Date, the Receiver must make reasonable efforts to contact every Consumer and/or Putative Consumer that has not yet submitted a Claim Application, unless that Consumer and/or Putative Consumer has previously requested no further contact. Reasonable efforts to contact every Consumer and/or Putative Consumer that has not yet submitted a Claim Application include, at minimum, making attempts by Mail and email

(and, if those attempts fail, by telephone) based on the best information reasonably available to the Receiver until: (1) the Consumer and/or Putative Consumer submit a Claim Application; (2) it becomes reasonably apparent to the Receiver, in the Receiver's judgment, that the Consumer and/or Putative Consumer will not submit a Claim Application or that further contact is inappropriate for some other reason (for instance, if the Consumer and/or Putative Consumer request no further contact); or (3) the Receiver has exhausted reasonable measures to contact the Consumer and/or Putative Consumer. The Receiver will reiterate that failure to submit a Claim Application on or before the deadline will render the Putative Consumer and/or Consumer ineligible to participate in the Plan with respect to the Eligible Lot to which the untimely Claim Application applies. Putative Consumers and/or Consumers with potential claims to an Eligible Lot who do not submit timely Claim Applications with respect to that Eligible Lot become a Non-Participating Owner with respect to that Eligible Lot, unless another Lot Purchaser receives rights to the same Eligible Lot under this Plan (in which case the Eligible Lot will become the Lot Purchaser's New Sanctuary or Kanantik Lot, or is returned to the Receiver's control).

G. The Receiver will promptly review Claim Applications to determine whether they contain all required information.

1. If the Claim Application is materially incomplete such that it renders the Receiver unable to evaluate the Claim Application in accordance with this Plan, the Receiver must promptly provide the Putative Consumer and/or Consumer with clear instructions regarding what additional information the Lot Purchaser must submit, or otherwise how to complete the Claim Application properly.

2. Failure to submit a completed Claim Application on or before 120 days after the Effective Date will render the Lot Purchaser ineligible to participate in the Plan with respect to the Eligible Lot to which the incomplete or untimely Claim Application applies. The Receiver must clearly and conspicuously disclose this deadline to any Lot Purchasers who must

amend or supplement their Claim Application. The only exception is if, in the Receiver's reasonable judgment following a written request from the Lot Purchaser, it would be equitable given the totality of the circumstances to provide the Lot Purchaser with additional time to complete the Claim Application before the Receiver determines that the application is untimely or incomplete.

3. Whenever the Receiver receives an initial Claim Application, or supplemental materials related to or supporting a Claim Application, the Receiver will promptly acknowledge receipt.

H. Within 150 days of the Effective Date, the Receiver will determine: (1) which Consumers and/or Putative Consumers who have submitted a Claim Application qualify as Lot Purchasers; (2) which Lot Purchasers have rights to which Eligible Lots; (3) the Purchase Price of each Eligible Lot; (4) the Lot Purchaser's Amount Paid for each Eligible Lot; and (5) the difference between the Purchase Price and the Amount Paid (if any).

I. If only one Lot Purchaser has rights to a particular Eligible Lot, then the Receiver must assign that Eligible Lot to that Lot Purchaser.

J. If a Consumer and/or Putative Consumer submit a Claim Application and the Receiver determines the Consumer qualifies as a Lot Purchaser and otherwise approves the Claim Application, but Subject Sellers did not consider the Lot Purchaser as holding an interest with respect to a lot as of November 7, 2018 for any reason (including, without limitation, because no such lot exists, or an alleged "foreclosure" or default), the Receiver will assign that Lot Purchaser rights to a reasonably comparable Eligible Lot from New Sanctuary Inventory considering the totality of the circumstances including, without limitation, the Lot Purchaser's Amount Paid and the available New Sanctuary Inventory.

K. If more than one Lot Purchaser has rights to the same Eligible Lot, the Receiver will assign the Eligible Lot to the Lot Purchaser who will suffer the greatest loss if he or she does

not receive the Eligible Lot considering the totality of the circumstances including, among other things, the Lot Purchasers' Amounts Paid and other investment in the Eligible Lot. To make this decision, the Receiver may require that potentially affected Lot Purchasers expeditiously submit additional information. The Receiver will assign to the other Lot Purchasers who do not receive the disputed Eligible Lot reasonably comparable lots from New Sanctuary Inventory considering the totality of the circumstances including, without limitation, the other Lot Purchasers' Amounts Paid and the available New Sanctuary Inventory.

L. If the FTC consents to the engagement, the Receiver may engage third party consultants, claims administrators, or other professionals to assist with the administration and implementation of this settlement without further Court approval. This includes the authority for the Receiver to implement "pay-as-you-go" arrangements with such third parties, and to make such payments to third parties, without further Court approval.

M. Notwithstanding anything else herein, if a Consumer and/or Putative Consumer lack a document this Plan requires, the Receiver has discretion to accept a sworn declaration or other sufficient proof of the document's contents in lieu of the missing document.

N. Notwithstanding anything else herein, if a deadline for any person or entity (including the Receiver) to take a particular act falls on a weekend or federal holiday, the deadline becomes the next calendar day that is not on a weekend or federal holiday.

O. Notwithstanding anything else herein, when this Plan requires the Receiver to provide a Lot Purchaser with the opportunity to purchase a lot from New Sanctuary Inventory, the Receiver will determine the Seller Deceptive Price for the assigned New Sanctuary Inventory lot based on the Seller Deceptive Prices for reasonably comparable lots not drawn from New Sanctuary Inventory, and then use that Seller Deceptive Price to determine the Purchase Price the Lot Purchaser must pay to purchase the lot.

### **III. CONSUMER ELECTIONS**

A. Within 150 days of the Effective Date, the Receiver will notify every person or entity that submitted a Claim Application whether it has approved the Claim Application. If the Receiver has denied the Claim Application, or has approved it with modifications, the Receiver will inform the Lot Purchaser accordingly. The Receiver will maintain a list of Putative Consumers, if any, whose claims it has denied because the Putative Consumer did not qualify as a Consumer, and provide that list, or an updated version of that list, to the FTC within ten days of any denial.

B. Within 150 days of the Effective Date, the Receiver also will notify Sanctuary Belize Lot Purchasers with approved Claim Applications (including those approved with modifications): (1) which New Sanctuary Lots they may elect to receive; (2) what the Purchase Price will be (including potential different Purchase Prices depending on Transfer Restrictions the Lot Purchaser can select); (3) the applicable Amount Paid; (4) the minimum amount of the First Sanctuary Distribution they will receive (unless that amount is below \$1,000 on average per Sanctuary Belize Lot Purchaser, in which case the Receiver will report the minimum as zero); (5) the minimum amount of the Second Sanctuary Belize Distribution they will receive (if there are no successful appeals) (unless that amount is below \$1,000 on average per Sanctuary Belize Lot Purchaser, in which case the Receiver will report the minimum as zero); (6) notice that subsequent distributions will occur if there are no successful appeals and additional collections occur, or if other funds remain in the Receivership following the First and Second Sanctuary Belize Distributions; and (7) the best estimate the Receiver can reasonably ascertain concerning the taxes (if any) the Lot Purchaser could owe to the Government of Belize with respect to the New Sanctuary Lot they may elect to receive (along with an appropriate clear and conspicuous disclaimer that the Receiver cannot guarantee the accuracy of its estimate).

1. To Sanctuary Belize Lot Purchasers who have submitted an approved Claim Application, the Receiver will also provide an Election Form, Disclosure Form Nos. 1 and

2, a New Sanctuary Template Contract, and clear and simple instructions (including a clear and simple explanation of optional Transfer Restrictions).

2. If the Amount Paid is less than the Purchase Price, the New Sanctuary Template Contract will contain an initial summary page that explains all Reformed Contract Key Finance Terms, including precisely how the Reformed Contract Key Finance Terms will vary based on whether the Lot Purchaser chooses a Transfer Restriction, and which one.

3. The materials in this subsection are subject to the FTC's approval.

C. For Sanctuary Belize Lot Purchasers, the Election Form will include, at minimum: (1) the minimum possible amount of the First Sanctuary Distribution for the recipient of the Election Form; (2) the Receiver's best reasonable estimate of the minimum range in which the Second Sanctuary Distribution Amount is likely to be (for the recipient of the Election Form) if no appeal of this Plan or any Final Order succeeds; (3) in general, the source of distributions; (4) the manner in which the Receiver will calculate distributions; (5) approximately when distributions will occur, to the extent this can be reasonably estimated or approximated; (6) the Transfer Restriction choices available to the Lot Purchaser (including the choice not to select a Transfer Restriction), and the Purchase Price (and corresponding monthly payment, if applicable) associated with each Transfer Restriction choice the Lot Purchaser may select (including the choice not to select a Transfer Restriction); (7) a mechanism (in plain language) pursuant to which the Consumer represents to the Receiver whether the Consumer is a Post-Filing Transferee or a Post-Filing Transferor; and (8) clear instructions on how the Lot Purchaser must convey their choices to the Receiver in writing (including via the electronic submission of a completed Election Form). Additionally:

1. The Election Form will provide the Sanctuary Belize Lot Purchaser with a clear choice between (1) receiving Sanctuary Belize Consumer Redress, a New Sanctuary Lot, and a New Sanctuary Reformed Contract, or (2) receiving Sanctuary Belize Consumer Redress,

declining to receive a New Sanctuary Lot, disclaiming the Lot Purchaser's right to a New Sanctuary Lot, and returning the lot in which the Lot Purchaser has an interest to the New Sanctuary Inventory with no further obligation. The amount of Sanctuary Belize Consumer Redress the Lot Purchaser will receive is the same regardless of the Lot Purchaser's election.

2. The Election Form will clearly disclose and explain the Seller Deceptive Price used to calculate the Purchase Price so that Lot Purchasers can understand the discount applied to the Seller Deceptive Price.

3. For Sanctuary Belize Lot Purchasers choosing to receive Sanctuary Belize Consumer Redress, a New Sanctuary Lot, and a New Sanctuary Reformed Contract, and for whom the (a) principal owed to Subject Sellers for the Eligible Lot on November 7, 2018 (all amounts owed to Subject Sellers for the Eligible Lot other than interest, Belize General Sales Tax ("GST"), HOA fees, or other fees) is less than (b) the Purchase Price (calculated with the maximum potentially applicable Price Multiplier for Sanctuary Belize Lot Purchasers) minus the Amount Paid, the Election Form will provide the Lot Purchaser with the additional option of immediately paying such principal in order that the Eligible Lot would be fully paid. Lot Purchasers choosing this alternative must remit their payment to the Receiver with their Election Form via cashier's check, or via wire transfer contemporaneously with the return of their Election Form to an account the Receiver identifies. If that occurs, the Lot Purchaser's Amount Paid will increase as though the Lot Purchaser had made the additional payment on or before November 7, 2018. The Election Form will clearly disclose and explain this option, and provide the Lot Purchaser with the necessary information to choose it, including the amount the Lot Purchaser must remit to exercise the option and what effect the payment would have, including that the Eligible Lot would now be fully paid.

4. The Election Form may collect any other information that the Receiver may reasonably require.

D. Within 180 days of the Effective Date, the Receiver will provide every Sanctuary Belize Lot Purchaser who has not returned an Election Form with Disclosure No. 3 (by both email and Mail). The Receiver will further inform Lot Purchasers who have not returned an Election Form that failure to timely return an Election Form and related materials will irrevocably waive rights potentially worth a substantial amount.

E. Within 190 days of the Effective Date, the Receiver will make reasonable efforts to reach, by phone, every Sanctuary Belize Lot Purchaser who has not returned an Election Form. If the Receiver reaches the Lot Purchaser, the Receiver will inform the Lot Purchaser that failure to timely return an Election Form and related materials will irrevocably waive rights potentially worth a substantial amount.

F. Within 210 days of the Effective Date, Sanctuary Belize Lot Purchasers who elect to participate in the Plan must return their Election Form and all related materials.

1. Sanctuary Belize Lot Purchasers electing to receive a New Sanctuary Lot must return their Election Form and an executed Disclosure No. 1.

2. Sanctuary Belize Lot Purchasers declining to receive a New Sanctuary Lot must return their Election Form and an executed Disclosure No. 2.

3. If a Sanctuary Belize Lot Purchaser returns an incomplete Election Form, or an Election Form without the correct properly executed disclosure, the Receiver will contact the Lot Purchaser as soon as reasonably possible, provide the Lot Purchaser with simple, clear instructions regarding how to correct the mistake, and warn the Lot Purchaser that he or she will lose all rights if he or she fails to timely correct the mistake. The Lot Purchaser will have until 240 days after the Effective Date to correct the mistake. If the Lot Purchaser does not timely correct the mistake, the Lot Purchaser becomes a Non-Participating Owner.

4. No later than twenty days after the Receiver receives a properly completed Election Form, the Receiver will provide the Sanctuary Belize Lot Purchaser with an original

and an identical copy of a New Sanctuary Reformed Contract (executed by the Receiver).

Sanctuary Belize Lot Purchasers who receive a New Sanctuary Reformed Contract executed by the Receiver must countersign the original and return it to the Receiver at the Receivership's expense. When sending the Receiver-executed New Sanctuary Reformed Contract to the Lot Purchaser, the Receiver will include clear instructions (subject to FTC approval) about how to return a fully-executed New Sanctuary Reformed Contract to the Receiver either by Mail or electronically through a widely-used online platform for collecting electronic signatures. The Receiver will also include a prepaid, pre-addressed Mail envelope that provides overnight service (or, if the Lot Purchaser is outside the United States, service within two business days).

5. Sanctuary Belize Lot Purchasers must return a countersigned New Sanctuary Reformed Contract within twenty days of receiving it. If a Sanctuary Belize Lot Purchaser fails to countersign and timely return a Receiver-executed New Sanctuary Reformed Contract, the Lot Purchaser forfeits any rights under this Plan and becomes a Non-Participating Owner with respect to the Eligible Lot at issue.

6. To avoid such a result, when delivering the Receiver-executed New Sanctuary Reformed Contract to the Sanctuary Belize Lot Purchaser, the Receiver will include a clear and conspicuous warning (subject to FTC approval) along with the contract. Additionally, if the Receiver has not received a countersigned New Sanctuary Reformed Contract from a Lot Purchaser three business days before it is due, the Receiver must contact the Sanctuary Belize Lot Purchaser by phone and email to solicit the immediate return of the fully executed Sanctuary Belize Reformed Contract.

G. Within 275 days of the Effective Date, the Receiver will assign each Kanantik Lot Purchaser a reasonably comparable lot from New Sanctuary Inventory considering the totality of the circumstances including, without limitation, the Lot Purchaser's Amount Paid and the available New Sanctuary Inventory.

H. Within 275 days of the Effective Date, the Receiver also will notify Kanantik Lot Purchasers with approved Claim Applications (including those approved with modifications): (1) which New Sanctuary or Kanantik lots they may elect to receive; (2) what the Purchase Prices would be (including potential different Purchase Prices depending on Transfer Restrictions the Lot Purchaser can select); (3) the applicable Amount Paid; (4) the best estimate the Receiver can reasonably ascertain concerning the taxes (if any) the Lot Purchaser could owe to the Government of Belize with respect to the Kanantik Lot they may elect to receive (along with an appropriate clear and conspicuous disclaimer that the Receiver cannot guarantee the accuracy of its estimate); (5) the minimum amount of the First Kanantik Distribution (unless that amount is below \$1,000 on average per Kanantik Lot Purchaser, in which case, the Receiver will report the minimum as zero); and (6) the best estimate the Receiver can reasonably ascertain concerning the taxes (if any) the Lot Purchaser could owe to the Government of Belize with respect to the New Sanctuary Lot they may elect to receive (along with an appropriate clear and conspicuous disclaimer that the Receiver cannot guarantee the accuracy of its estimate).

1. The Receiver will also provide an Election Form to Kanantik Lot Purchasers who have submitted an approved Claim Application for an Eligible Lot, along with Disclosure Form Nos. 1, 2 and 4, a New Sanctuary Template Contract, a Kanantik Template Contract, and clear and simple instructions (including a clear and simple explanation of optional Transfer Restrictions).

2. If the Amount Paid is less than the Purchase Price, the New Sanctuary Template Contract will contain an initial summary page that explains all Reformed Contract Key Finance Terms, including precisely how the Reformed Contract Key Finance Terms will vary based on whether the Lot Purchaser chooses a Transfer Restriction, and which one.

3. The materials in this subsection are subject to the FTC's approval.

I. For Kanantik Lot Purchasers, the Election Form will include, at minimum: (1) the manner in which the Receiver will calculate distributions; (2) in general, the source of distributions; (3) approximately when distributions will occur, to the extent this can be reasonably estimated or approximated; (4) the Transfer Restriction choices available to the Lot Purchaser (including the choice not to select a Transfer Restriction), and the Purchase Price (and corresponding monthly payment, if applicable) associated with each Transfer Restriction choice the Lot Purchaser may select (including the choice not to select a Transfer Restriction); (5) clear instructions on how the Lot Purchaser must convey their choices to the Receiver in writing (including via the electronic submission of a completed Election Form); (6) a mechanism (in plain language) pursuant to which the Consumer represents to the Receiver whether the Consumer is a Post-Filing Transferee or a Post-Filing Transferor; and (7) a clear and conspicuous warning that there may be no distributions, or no substantial distributions, to Kanantik Lot Purchasers due to the absence of material Kanantik Assets. Additionally:

1. The Election Form will provide the Kanantik Lot Purchaser with a clear choice between: (1) receiving Kanantik Consumer Redress, a New Sanctuary Lot, and a New Sanctuary Reformed Contract; (2) receiving Kanantik Consumer Redress, a Kanantik Lot, and a Kanantik Reformed Contract; or (3) declining to receive a lot, disclaiming the Kanantik Lot Purchaser's right to a lot, returning the Kanantik Lot in which the Lot Purchaser has an interest to the Receiver with no further obligation, and receiving Kanantik Consumer Redress. The amount of Kanantik Consumer Redress the Lot Purchaser will receive is the same regardless of the Kanantik Lot Purchaser's election.

2. The Election Form will clearly disclose and explain the Seller Deceptive Price used to calculate the Purchase Price so that Lot Purchasers can understand the discount applied to the Seller Deceptive Price.

3. For Kanantik Lot Purchasers choosing to receive Kanantik Consumer Redress, a New Sanctuary Lot or a Kanantik Lot, and a New Sanctuary Reformed Contract or Kanantik Reformed Contract, and for whom the (a) principal owed to Subject Sellers for the Eligible Lot on November 7, 2018 (all amounts owed to Subject Sellers for the Eligible Lot other than interest, GST, HOA fees, or other fees) is less than (b) the Purchase Price (calculated with the maximum potentially applicable Price Multiplier for Kanantik Lot Purchasers) minus the Amount Paid, the Election Form will provide the Kanantik Lot Purchaser with the additional option of immediately paying such principal in order that the Eligible Lot would be fully paid. Lot Purchasers choosing this alternative must remit their payment to the Receiver with their Election Form via cashier's check, or via wire transfer contemporaneously with the return of their Election Form to an account the Receiver identifies. If that occurs, the Lot Purchaser's Amount Paid will increase as though the Lot Purchaser had made the additional payment on or before November 7, 2018. The Election Form will clearly disclose and explain this option, and provide the Lot Purchaser with the necessary information to choose it, including the amount the Lot Purchaser must remit to exercise the option and what effect the payment would have, including that the Eligible Lot would now be fully paid.

4. The Election Form may collect any other information that the Receiver may reasonably require.

J. Within 305 days of the Effective Date, the Receiver will provide every Kanantik Lot Purchaser who has not returned an Election Form with Disclosure No. 3 (by both email and Mail). The Receiver will further inform Kanantik Lot Purchasers who have not returned an Election Form that failure to timely return an Election Form and related materials will irrevocably waive rights potentially worth a substantial amount.

K. Within 315 days of the Effective Date, the Receiver will make reasonable efforts to reach, by phone, every Kanantik Purchaser that has not returned an Election Form. If the

Receiver reaches the Kanantik Lot Purchaser, the Receiver will inform the Kanantik Lot Purchaser that failure to timely return an Election Form and related materials will irrevocably waive rights potentially worth a substantial amount.

L. Within 335 days of the Effective Date, Kanantik Lot Purchasers who elect to participate in the Plan must return their Election Form and all related materials.

1. Kanantik Lot Purchasers electing to receive a New Sanctuary Lot must return their Election Form and an executed Disclosure No. 1, and Kanantik Lot Purchasers electing to receive a Kanantik Lot must return their Election Form and an executed Disclosure No. 4.

2. Kanantik Lot Purchasers declining to receive a New Sanctuary Lot or a Kanantik Lot must return their Election Form and an executed Disclosure No. 2.

3. If a Kanantik Lot Purchaser returns an incomplete Election Form, or an Election Form without the correct properly executed disclosure, the Receiver will contact the Lot Purchaser as soon as reasonably possible, provide the Lot Purchaser with simple, clear instructions regarding how to correct the mistake, and warn the Lot Purchaser that he or she will lose all rights if he or she fails to timely correct the mistake. The Lot Purchaser will have until 365 days after the Effective Date to correct the mistake. If the Lot Purchaser does not timely correct the mistake, the Lot Purchaser becomes a Non-Participating Owner.

4. No later than twenty days after the Receiver receives a properly completed Election Form, the Receiver will provide the Kanantik Lot Purchaser with an original and an identical copy of a New Sanctuary Reformed Contract (executed by the Receiver) or Kanantik Reformed Contract (executed by the Receiver). Kanantik Lot Purchasers who receive a New Sanctuary Reformed Contract or Kanantik Reformed Contract executed by the Receiver must countersign the original and return it to the Receiver at the Receivership's expense. When sending the Receiver-executed Reformed Contract to the Lot Purchaser, the Receiver will

include clear instructions (subject to FTC approval) about how to return a fully-executed Reformed Contract to the Receiver either by Mail or electronically through a widely-used online platform for collecting electronic signatures. The Receiver will also include a prepaid, pre-addressed Mail envelope that provides overnight service (or, if the Lot Purchaser is outside the United States, service within two business days).

5. Kanantik Lot Purchasers must return a countersigned Reformed Contract within twenty days of receiving it. If a Kanantik Lot Purchaser fails to countersign and timely return a Receiver-executed Reformed Contract, the Lot Purchaser forfeits any rights under this Plan and becomes a Non-Participating Owner with respect to the Eligible Lot at issue.

6. To avoid such a result, when delivering the Receiver-executed New Sanctuary Reformed Contract or Kanantik Reformed Contract to the Kanantik Lot Purchaser, the Receiver will include a clear and conspicuous warning (subject to FTC approval) along with the contract. Additionally, if the Receiver has not received a countersigned New Sanctuary Reformed Contract or Kanantik Reformed Contract from a Lot Purchaser three business days before it is due, the Receiver must contact the Kanantik Lot Purchaser by phone and email to solicit the immediate return of the fully executed Reformed Contract.

M. Once the Receiver receives an Election Form and related materials from a Lot Purchaser, the Receiver will promptly acknowledge receipt.

N. Nothing prohibits a Lot Purchaser from asserting rights to more than one Eligible Lot, and if the Receiver approves multiple Claim Applications submitted by the same Consumer for multiple Eligible Lots, nothing prohibits the Lot Purchaser from making different elections with respect to different Eligible Lots.

O. The only exception to deadlines associated with the claims election process is if, in the Receiver's reasonable judgment following a written request from the Lot Purchaser, it would be equitable given the totality of the circumstances to provide the Lot Purchaser with a

specified amount of additional time (communicated to the Lot Purchaser in writing) before the Receiver determines the Lot Purchaser has forfeited rights.

P. At any point, any Lot Purchaser with an approved Claim Application and rights to a New Sanctuary Lot, or that owns a New Sanctuary Lot, may exchange his or her rights to the New Sanctuary Lot with another Lot Purchaser, or assign them to another Lot Purchaser, pursuant to written terms to which both Lot Purchasers agree. Lot Purchasers who trade, sell, or otherwise Transfer New Sanctuary Lots (or rights to New Sanctuary Lots) among each other must promptly notify the Receiver of such transactions, and the terms of such transactions. Additionally, from 165 days after the Effective Date until the Termination Date, the Receiver will maintain a web page or internet portal (on its website or a New Sanctuary HOA website or web page) designed to facilitate transactions between Lot Purchasers desiring to exchange, trade or Transfer New Sanctuary Lots, or rights to New Sanctuary Lots, with other Lot Purchasers. The Receiver will take reasonable measures to inform Lot Purchasers about the web page or internet portal.

#### **IV. REFORMED CONTRACTS**

A. Lot Purchasers electing to receive a New Sanctuary Lot must execute a New Sanctuary Reformed Contract. Once a Lot Purchaser executes a New Sanctuary Reformed Contract, any prior contract between the Lot Purchaser and the Subject Sellers concerning the lot is void.

B. All New Sanctuary Reformed Contracts executed prior to the Termination Date must be substantially in a form approved by the Receiver and the FTC, and executed by both the Lot Purchaser and the Receiver (or Receiver Assignee).

C. All New Sanctuary Reformed Contracts must contain the following provisions: (1) the Purchase Price; (2) an unambiguous statement the Lot Purchaser owns the New Sanctuary Lot; (3) Lot Purchaser consents to Interim New Sanctuary HOA Fees; (4) Lot Purchaser consents

to New Sanctuary HOA rules, regulations, and assessments; and (5) consent to exclusive jurisdiction and venue (except as provided herein) in the District of Maryland. Additionally, if the Purchase Price is more than the Amount Paid, the New Sanctuary Reformed Contract also will include:

1. A Mortgage Note (attached to the New Sanctuary Reformed Contract) equal to the difference between the Purchase Price and the Amount Paid, reflecting the Reformed Contract Key Finance Terms, and reflecting other standard terms that the Receiver may determine (subject to the FTC's approval);

2. The Mortgage Note will provide that, notwithstanding anything else herein, if the Lot Purchaser is at least ninety days in arrears on any payments owed pursuant to the Mortgage Note, the Receiver (or Receiver Assignee) may initiate foreclosure proceedings in Belize in accordance with the law of Belize, and the Mortgage Note will otherwise be in a form that comports with the law of Belize; and

3. If the Lot Purchaser is current on the Mortgage Note, or less than ninety days in arrears on any payments owed pursuant to the Mortgage Note, the Lot Purchaser may seek any appropriate relief related to the Mortgage Note (or otherwise related to the New Sanctuary Reformed Contract) in the District of Maryland.

D. Lot Purchasers electing to receive a Kanantik Lot must execute a Kanantik Reformed Contract. Once a Lot Purchaser executes a Kanantik Reformed Contract, any prior contract between the Lot Purchaser and the Subject Sellers concerning the lot is void.

E. All Kanantik Reformed Contracts executed prior to the Termination Date must be substantially in a form approved by the Receiver and the FTC, and executed by both the Lot Purchaser and the Receiver (or Receiver Assignee).

F. All Kanantik Contracts must contain the following provisions: (1) the Purchase Price; (2) an unambiguous statement that the Lot Purchaser owns the Kanantik Lot; and (3)

consent to exclusive jurisdiction and venue (except as provided herein) in the District of Maryland. Additionally, if the Purchase Price is more than the Amount Paid, the New Sanctuary Reformed Contract also will include:

1. A Mortgage Note (attached to the Kanantik Reformed Contract) equal to the difference between the Purchase Price and the Amount Paid, reflecting the Reformed Contract Key Finance Terms, and reflecting other standard terms that the Receiver may determine (subject to the FTC's approval);

2. The Mortgage Note will provide that, notwithstanding anything else herein, if the Lot Purchaser is at least ninety days in arrears on any payments owed pursuant to the Mortgage Note, the Receiver (or Receiver Assignee) may initiate foreclosure proceedings in Belize in accordance with the law of Belize, and the Mortgage Note will otherwise be in a form that comports with the law of Belize; and

3. If the Lot Purchaser is current on the Mortgage Note, or less than ninety days in arrears on any payments owed pursuant to the Mortgage Note, the Lot Purchaser may seek any appropriate relief related to the Mortgage Note (or otherwise related to the Kanantik Reformed Contract) in the District of Maryland.

G. Notwithstanding anything else herein, Lot Purchasers who bought Contingent Lots in Sanctuary Belize will be treated as Lot Purchasers of an Eligible Lot in Sanctuary Belize (*i.e.*, as a Sanctuary Belize Lot Purchaser). Also notwithstanding anything else herein, Lot Purchasers who bought Contingent Lots in Kanantik will be treated as Lot Purchasers of an Eligible Lot in Kanantik (*i.e.*, as a Kanantik Lot Purchaser), except that the Receiver will not offer such Lot Purchasers of Contingent Lots the option of buying or retaining a lot in Kanantik.

H. Notwithstanding anything else herein, Eligible Prior Lot Purchasers who bought an Eligible Lot in Sanctuary Belize, but Transferred that Eligible Lot to another Lot Purchaser, will be treated as a Sanctuary Belize Lot Purchaser with an interest in the Eligible Lot at issue for

the purpose of the Receiver's determination of a comparable lot for the Eligible Prior Lot Purchaser. Also notwithstanding anything else herein, Eligible Prior Lot Purchasers who bought an Eligible Lot in Kanantik, but Transferred that Eligible Lot to another Lot Purchaser, will be treated as a Kanantik Lot Purchaser with an interest in the Eligible Lot at issue for the purpose of the Receiver's determination of a comparable lot for the Eligible Prior Lot Purchaser, except that the Receiver will not offer such Lot Purchasers the option of buying or retaining a lot in Kanantik. Prior Lot Purchasers who are not Eligible Prior Lot Purchasers will not receive any compensation, rights or other relief under this Plan.

I. All Non-Participating Owners who are Putative Consumers and/or Consumers with interests in, or alleged interests in, Eligible Lots, are deemed to have ratified their existing contractual obligation with the Subject Sellers, unless the Eligible Lot in which the Non-Participating Owner has an interest in, or claims an interest in, is the subject of an executed New Sanctuary Reformed Contract pursuant to this Plan, in which case the Non-Participating Owner will no longer have an interest in the Eligible Lot.

1. The Receiver will maintain a list of Non-Participating Owners that have Ratified Contracts and, if they can be easily located or procured, copies of those Ratified Contracts. The Receiver (or Receiver Assignee) will have no obligation under such Ratified Contracts except to take reasonable measures to ensure that, if the Non-Participating Owner is a Consumer, the Non-Participating Owner has access to a lot.

2. Lots claimed by Non-Participating Owners that do not qualify as Consumers become New Sanctuary Inventory as of the Final Election Date. If the Receiver determines that a Non-Participating Owner does not qualify as a Consumer, the Receiver will take reasonable measures to notify the Non-Participating Owner promptly including email and Mail (and if the Non-Participating Owner does not respond, phone). The Non-Participating Owner may submit a Dispute Notice to the Receiver in accordance with the terms this Plan

provides for such notices, and appeal any decision the Receiver makes concerning the Dispute Notice to this Court, also in accordance with the terms this Plan provides for such appeals.

J. Any Lot Purchaser that executes a New Sanctuary Reformed Contract or Kanantik Reformed Contract will receive title to the associated lot by operation of law if the Lot Purchaser held title to the same physical plot in Belize on the Effective Date.

K. Any party to a New Sanctuary Reformed Contract, Kanantik Reformed Contract, or Ratified Contract (other than the Receiver or Receiver Assignee) is responsible for taxes associated with the lots subject to those contracts, regardless of what taxing authority imposes them, or when they were (or are) incurred. Any party to a New Sanctuary Reformed Contract, Kanantik Reformed Contract, or Ratified Contract (other than the Receiver or Receiver Assignee) is also responsible for any other cost, expense, fee or other obligation, regardless of their nature, associated with the lots subject to those contracts (except to the extent such obligations are modified or addressed herein).

L. At any time after the Effective Date, if the FTC consents to the exchange, the Receiver has authority to exchange New Sanctuary Inventory lots for any Assignable Investment Claim against any Subject Seller. Whether the Receiver effects any such exchange, or pursues Assignable Investment Claims it receives, if any, is subject to the Receiver's discretion.

M. Immediately upon the Effective Date, and continuing throughout the implementation of this Plan, the Receiver will take reasonable measures to identify Putative Consumers and/or Consumers that may qualify as Post-Filing Transferors or Post-Filing Transferees. If the Receiver identifies potential Post-Filing Transferors or Post-Filing Transferees, or if the FTC notifies the Receiver that a Consumer and/or Putative Consumer may qualify as a Post-Filing Transferee or Post-Filing Transferor, the Receiver will promptly notify all Putative Consumers and/or Consumers involved (in a form and manner the FTC approves)

that they may or may not have rights and/or obligations under this Plan, depending on what the Court subsequently decides. Furthermore:

1. The Receiver will process the claim at issue in accordance with this Plan, except that the Receiver will not make any distribution to the Putative Consumer and/or Consumer, or execute any New Sanctuary Reformed Contract or Kanantik Reformed Contract for the benefit of the Consumer or Putative Consumer, until the Court orders the Receiver to do so. Instead, the Receiver will hold any Assets that may belong to either the Post-Filing Transferee or Post-Filing Transferor, pending a Court ruling.

2. The Receiver will notify the Post-Filing Transferee and Post-Filing Transferor concerning the situation and, as soon as practical, request that the Court establish a procedure to resolve competing claims, if any, between the Post-Filing Transferee and Post-Filing Transferor regarding their respective entitlement, if any, to rights and proceeds under this Plan.

3. Once the Receiver submits such a request to the Court, the Post-Filing Transferor, the Post-Filing Transferee, the FTC, and the Receiver will each have 14 days to submit views regarding whether, in fact, competing claims exist, and if so, what procedures the Court should employ to resolve them.

N. If an Eligible Prior Lot Purchaser has rights to an Eligible Lot under this Plan, regardless of whether the Eligible Prior Lot Purchaser submits an approved claim, any payment obligations another Lot Purchaser has or arguably has to the Eligible Prior Lot Purchaser regarding the Eligible Lot terminate by operation of law if that Lot Purchaser submits an approved claim, so no additional payments from the Lot Purchaser to the Eligible Prior Lot Purchaser will be due. Additionally, if: (1) a Lot Purchaser bought an Eligible Lot from an Ineligible Prior Lot Purchaser; (2) the Lot Purchaser has a balance owed, or arguably owed, to the Ineligible Prior Lot Purchaser; and (3) the Lot Purchaser's claim to the Eligible Lot at issue is

approved under this Plan, then any payment obligations the Lot Purchaser has or arguably has to the Ineligible Prior Lot Purchaser regarding the Eligible Lot terminate by operation of law, so no additional payments from the Lot Purchaser to the Ineligible Prior Lot Purchaser will be due.

## **V. REQUIRED DISCLOSURES**

A. All Redress Communications must clearly and conspicuously disclose deadlines, claims submission requirements, and risks associated with particular elections.

B. Lot Purchasers who elect to receive a New Sanctuary Lot must sign Disclosure No. 1, and separately initial all material portions. Lot Purchasers signing and initialing Disclosure No. 1 must also acknowledge, in a form acceptable to the FTC, that they had an opportunity to ask the Receiver for information and clarification regarding the Plan and their election before they made their election.

C. Lot Purchasers who elect to receive a Kanantik Lot must sign Disclosure No. 4, and separately initial all material portions. Lot Purchasers signing and initialing Disclosure No. 4 must also acknowledge, in a form acceptable to the FTC, that they had an opportunity to ask the Receiver for information and clarification regarding the Plan and their election before they made their election.

D. Lot Purchasers who decline to receive a New Sanctuary Lot or Kanantik Lot must sign Disclosure No. 2, and separately initial all material portions. Lot Purchasers signing and initialing Disclosure No. 2 must also acknowledge, in a form acceptable to the FTC, that they had an opportunity to ask the Receiver for information and clarification regarding the Plan and their election before they made their election.

E. The FTC must approve all Redress Communications.

## **VI. REVIEW PROCEDURES**

A. With respect to any decision that, expressly or by implication, this Plan affords the Receiver discretion to make, the Receiver may make any reasonable decision consistent with the terms of this Plan, the Final Orders, and applicable law.

B. If a Consumer and/or Putative Consumer contend the Receiver has made an

unreasonable decision, or one inconsistent with the terms of this Plan, the Final Orders, or applicable law, the Consumer and/or Putative Consumer (with or without counsel) must provide the Receiver with a written Dispute Notice that: (1) identifies the decision the Consumer and/or Putative Consumer contend is unreasonable; (2) explains with reasonable specificity the reason or reasons that the Consumer and/or Putative Consumer contend the decision at issue adversely affects the Consumer and/or Putative Consumer; (3) includes a sworn declaration attesting that the decision is unreasonable and adversely affects the Consumer and/or Putative Consumer; (4) explains with reasonable specificity the basis for the view that the decision is unreasonable or inconsistent with the terms of this Plan, the Final Orders, or applicable law, and affects the Consumer and/or Putative Consumer; (5) clearly and specifically states what relief the Consumer and/or Putative Consumer seek; and (6) encloses any supporting evidence reasonably necessary to evaluate the dispute. Additionally:

1. The Consumer and/or Putative Consumer submitting the Dispute Notice must copy the FTC on the Dispute Notice itself and any attachments. The Consumer and/or Putative Consumer submitting the Dispute Notice and the Receiver also will copy the FTC on any response or other correspondence related to the Dispute Notice.

2. The Receiver may respond to, but is not required to respond to, any grievance, complaint or other dispute a Consumer and/or Putative Consumer raise, unless the Consumer and/or Putative Consumer have submitted a proper Dispute Notice.

3. If the Receiver receives a proper Dispute Notice, unless the Receiver, Consumer and/or Putative Consumer, and FTC agree in writing to a longer time, the Receiver has ten days to respond by either (a) notifying the Consumer and/or Putative Consumer that it will provide the relief requested, or (b) notifying the Consumer and/or Putative Consumer it will take no action or an action different than that the Consumer requested, and providing the Consumer and/or Putative Consumer with the basis for its decision sufficient to facilitate review.

4. If the Receiver does not timely respond to a Dispute Notice the Consumer and/or Putative Consumer contend is complete and meritorious, or if the Consumer and/or Putative Consumer disagree with the Receiver's response to the Dispute Notice, the Consumer

and/or Putative Consumer have ten days to file the dispute with the Court in accordance with applicable law and local rules. The Court will establish procedures for evaluating the dispute, but will not reverse or change the Receiver's decision unless: (a) the Consumer and/or Putative Consumer submitted a proper Dispute Notice; (b) the Consumer and/or Putative Consumer complied with all applicable deadlines; (c) evidence shows that the Receiver acted unreasonably, or inconsistently with the terms of this Plan, the Final Orders, or applicable law; and (d) the act or decision at issue adversely affects the Consumer and/or Putative Consumer.

5. The provisions in this section governing Dispute Notices also apply to Non-Participating Owners that seek to challenge the Receiver's determination that they do not qualify as Consumers.

C. Neither the submission of a Dispute Notice to the Receiver nor any appeal of the Receiver's decision to this Court tolls or alters any deadlines in this Plan unless the Court orders otherwise.

## **VII. TRANSFER LIMITATIONS**

A. The Receiver may not engage in any Transfer of any Asset with any Subject Seller except to acquire control over the Asset for the benefit of Lot Purchasers.

B. To engage in a Transfer of any Asset related to the Subject Matter of the case with a Covered Third Party, the Receiver must require that the Covered Third Party: (1) acknowledge in writing the Final Orders and this Plan; (2) not engage (directly or indirectly) in a Transfer of any Asset related to the Subject Matter of the case with any Subject Seller at any time; (3) undertake commercially reasonable measures to avoid engaging (directly or indirectly) in a Transfer of any Asset related to the Subject Matter of the case with any Subject Seller at any time, including, without limitation, commercially reasonable measures to determine the real party in interest in any potential Transfer of such Asset; and (4) accept jurisdiction and venue in the District of Maryland for any disputes.

C. For a Covered Third Party to engage in a Transfer of any Asset related to the Subject Matter of the case with a Covered Third Party, the Covered Third Party must require that

all parties to the Transfer: (1) acknowledge the Final Orders and this Order; (2) not engage (directly or indirectly) in a Transfer of any Asset related to the Subject Matter of the case with any Subject Seller at any time; (3) undertake commercially reasonable measures to avoid engaging (directly or indirectly) in a Transfer of any Asset related to the Subject Matter of the case with any Subject Seller at any time, including, without limitation, commercially reasonable measures to determine the real party in interest in any potential Transfer of any such Asset; and (4) accept jurisdiction and venue in the District of Maryland for any disputes.

D. Any Transfer of any sort designed, in whole or in part, to prevent any party from becoming a Covered Third Party is prohibited, void, and ineffective. Any Transfer of any sort designed, in whole or in part, to defeat, limit, or change any obligation under this Plan of any Covered Third Party is prohibited, void, and ineffective. Any Transfer of any sort with the effect, in whole or in part, of defeating, limiting, or changing any obligation under this Plan of any Covered Third Party is prohibited, void, and ineffective.

### **VIII. DEVELOPMENT REQUIREMENTS**

A. The Consumer Committee will continue operating pursuant to the Interim Receivership Management Order, ECF No. 559 (Aug. 23, 2019), for 180 days after the Final Election Date. The same definition of Consumer Committee within the Interim Receivership Management Order, including the methods of appointment and removal of members, shall continue in force with the sole exception that the Consumer Committee will be expanded to include two additional members who are Kanantik Lot Purchasers but not also Sanctuary Belize Lot Purchasers (one who opposed Kanantik's inclusion in the Receivership, and one who did not). These two additional members will be chosen and may be removed by the same methods as the other members of the Consumer Committee, as described in the Interim Receivership Management Order, which provides that "[t]he Receiver will select" all members of the Consumer Committee and "may change Committee membership periodically as the Receiver deems appropriate."

B. The Receiver will devise and implement a reasonable plan to convert the Consumer Committee into the New Sanctuary HOA.

1. Beginning on the date that the Consumer Committee ceases to operate, the New Sanctuary HOA will have rights and obligations substantively equivalent to comparable organizations in the United States, including the authority to collect dues and assessments from Consumers who executed a New Sanctuary Reformed Contract and Non-Participating Owners who own lots in New Sanctuary. However, prior to the date that the Consumer Committee ceases to operate, the New Sanctuary HOA will have no legal authority.

2. No later than 180 days after the Final Election Date, any Receivership Entity that holds rights or authority necessary for the New Sanctuary HOA to exercise rights or satisfy obligations equivalent to comparable organizations in the United States will Transfer those rights and authority to the New Sanctuary HOA by operation of law. Accordingly, any community governance or HOA functions that previously occurred through a Receivership Entity, or were intended to occur through a Receivership Entity, will now occur through the New Sanctuary HOA as of the date the Consumer Committee ceases to operate. The Receiver will make preparations in advance to facilitate the Transfer and consolidation of HOA rights and obligations in the New Sanctuary HOA.

3. The New Sanctuary HOA will also have no liability for any alleged act or omission prior to the date the Consumer Committee ceases to operate including, without limitation, any alleged act or omission of any predecessor HOA.

C. Elections for New Sanctuary HOA Board positions must take place within 180 days of the Final Election Date pursuant to a reasonable voting process pursuant to which only Consumers who (1) executed a New Sanctuary Reformed Contract or (2) are Non-Participating Owners will have voting rights. Consumers will cast one vote per lot.

D. Beginning thirty days after the Final Election Date, and continuing until 180 days after the Final Election Date, the Receiver (or Receiver Assignee) may assess New Sanctuary Owners and Non-Participating Owners an Interim New Sanctuary HOA Fee. Any Interim New

Sanctuary HOA Fees must be segregated and used only for the benefit of Consumers who executed a New Sanctuary Reformed Contract and Non-Participating Owners who own lots in New Sanctuary.

E. All parts of Sanctuary Belize, New Sanctuary, or Kanantik that are not residential lots owned by Consumers who executed a New Sanctuary Reformed Contract, a Kanantik Reformed Contract, or who are a party to a Ratified Contract belong to the Receiver (or Receiver's Assignee) for the benefit of the Receivership.

F. The Receiver will continue its efforts to liquidate all Assets it controls as expeditiously as circumstances permit. However, the Receiver may only sell or otherwise Transfer Sanctuary Belize or New Sanctuary to a Qualified Developer. The Receiver has discretion to sell or otherwise Transfer receivership Assets worth less than \$100,000 prior to the Termination Date without further Court approval as long as the sale or other Transfer complies with this Order and the Final Orders, although the Receiver may seek Court approval for such sales or Transfers. The Receiver must seek Court approval for larger sales or Transfers.

G. Except as this Order otherwise provides, nothing prevents the Receiver (or Receiver Assignee) from performing work (or engaging a Covered Third Party to perform work) beyond what a Qualified Developer must perform, as long as such additional work is funded solely through Interim New Sanctuary HOA Fees, or otherwise does not reduce the value of the Receivership.

H. Except as this Order otherwise provides, nothing prevents the New Sanctuary HOA from negotiating and implementing different or additional arrangements with a Qualified Developer once the New Sanctuary HOA has the legal authority to contract with a Qualified Developer.

## **IX. DISTRIBUTION PROCEDURES AND CONSTRUCTIVE TRUST**

A. The Total Receivership Collections are held in constructive trust by the Receiver for the sole benefit of the Commission and Lot Purchasers, so that the Receiver can disburse Assets to the Lot Purchasers.

B. The Receiver will make the First Sanctuary Distribution within thirty days of the Final Election Date.

C. The Receiver will make the Second Sanctuary Distribution within thirty days of the Second Sanctuary Distribution Date.

D. The Receiver will make additional distributions to Sanctuary Belize Lot Purchasers at reasonable intervals using the Sanctuary Distribution Formula (unless otherwise ordered by the Court) should (1) additional collections occur, (2) when the Sanctuary Holdback Amount becomes available to distribute, or (3) otherwise until the Receiver has distributed all Total Receivership Collections (including the Sanctuary Holdback Amount, when the Sanctuary Holdback Amount becomes available).

E. The Receiver will make all distributions to Sanctuary Belize Lot Purchasers pursuant to the Sanctuary Distribution Formula.

F. Notwithstanding anything else herein, the Receiver will not make the First Sanctuary Distribution or the Second Sanctuary Distribution without the FTC's consent if the average amount distributed will be less than \$1,000 on average per Sanctuary Belize Lot Purchaser.

G. The Receiver will make the First Kanantik Distribution within thirty days of the Final Election Date.

H. The Receiver will make the Second Kanantik Distribution within thirty days of the Second Kanantik Distribution Date.

I. The Receiver will make additional distributions to Kanantik Lot Purchasers at reasonable intervals using the Kanantik Distribution Formula (unless otherwise ordered by the Court) should (1) additional collections occur, or (2) when the Kanantik Holdback Amount becomes available to distribute.

J. The Receiver will make all distributions to Kanantik Lot Purchasers pursuant to the Kanantik Distribution Formula.

K. Notwithstanding anything else herein, the Receiver will not make the First

Kanantik Distribution or the Second Kanantik Distribution if the average amount distributed will be less than \$1,000 on average per Kanantik Lot Purchaser.

L. With each distribution, the Receiver will notify the Lot Purchaser: (1) they remain eligible to receive additional distributions if additional collections are obtained and can be distributed pursuant to this Plan; and (2) because they remain eligible to receive additional distributions, the Receiver should solicit updated contact information from the Lot Purchaser.

M. Notwithstanding anything else herein, if the Total Receivership Collections exceed the amount to which the FTC is entitled under the Final Orders, the Receiver will pause distributions and seek leave of Court before making any further distributions. If appropriate, the Receiver will also seek leave of Court to establish a claims procedure for claims from parties other than Lot Purchasers.

N. The Receiver will distribute the Sanctuary Holdback Amount and Kanantik Holdback Amount within 120 days of the Termination Date.

**X. ADDITIONAL PROVISIONS**

A. The Court retains jurisdiction over this Plan for all purposes.

B. No one may knowingly misrepresent this Plan's terms. Subject Sellers may not misrepresent this Plan's terms, knowingly or otherwise. No one may obstruct the Receivership, including the implementation of this Plan.

C. The Receiver must take reasonable efforts to protect data Putative Consumers and/or Consumers provide pursuant to this Plan. The Receiver will maintain records of Putative Consumers and/or Consumers until the Termination Date, but destroy them within ninety days of the Termination Date. Nothing herein prohibits the FTC from obtaining any information from the Receiver, and the Receiver will respond to any written request for information from the FTC.

**SO ORDERED**, this \_\_\_\_ day of \_\_\_\_\_, 2021.

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UNITED STATES DISTRICT JUDGE

**PXB**



**Office of the Prime Minister  
Belmopan, Belize, Central America**

15<sup>th</sup> December 2020

James A. Kohm, Esq.  
Associate Director, Enforcement Division  
Federal Trade Commission  
600 Pennsylvania Avenue NW, CC-9528  
Washington, D.C. 20580

Dear Mr Kohm:

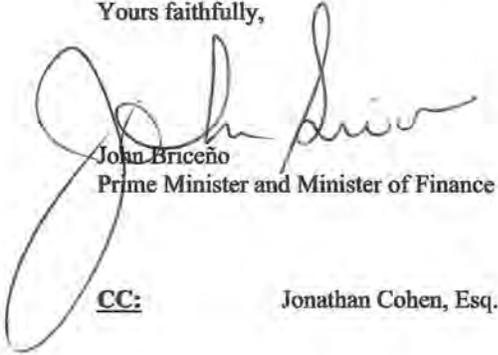
**Re:** *In re Sanctuary Belize Litigation*, No. 18-3309-PJM (D. Md.)  
Proposed Joint Redress Plan

On behalf of the Government of Belize, we write to express our strong support for the Joint Redress Plan ("Joint Plan") that we understand the Federal Trade Commission ("FTC") and court-appointed receiver ("Receiver") will soon propose that the U.S. District Court for the District of Maryland (the "Court") adopt.

We have followed the FTC's enforcement action concerning a real estate development in Belize known variously as Sanctuary Bay, the Reserve, and Sanctuary Belize. The FTC has kept the Government of Belize informed regarding both the progress of this litigation and the Joint Plan that would create a framework for a restructured development ("New Sanctuary"). As we understand, the Joint Plan was designed by the FTC and the Receiver to stabilize the development, restore confidence, help ensure that infrastructure is completed, and maximize the benefit to lot owners. The Government of Belize supports these objectives because sustainable investment and growth will benefit the local community substantially through employment and other economic activity.

Accordingly, the Government of Belize supports completing New Sanctuary. The proposed Joint Plan is an important step. Should the Court approve it, we look forward to continuing to cooperate with the FTC and Receiver to facilitate the Joint Plan's success, so that New Sanctuary can be completed as a premiere resort community development by a qualified developer.

Yours faithfully,



John Briceño  
Prime Minister and Minister of Finance

CC: Jonathan Cohen, Esq.