

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

*In re* SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**[PROPOSED] ORDER GRANTING MOTION FOR ORDER APPROVING: (1) SETTLEMENT AGREEMENT AND RELEASE BETWEEN RECEIVER AND GORDON BARIENBROCK; AND (2) SETTLEMENT AGREEMENT AND RELEASE BETWEEN RECEIVER AND VIOLETTE ELEANOR MATHIS**

The Receiver, Robb Evans & Associates LLC (“Receiver”), filed the Motion for Order Approving: (1) Settlement Agreement and Release Between Receiver and Gordon Barienbrock; and (2) Settlement Agreement and Release Between Receiver and Violette Eleanor Mathis (“Motion”), DE 895. The FTC filed a motion in support of these agreements and to confirm the Receiver’s control over Kanantik. DE 897. Luke Chadwick filed an opposition to these motions. DE 992. Non-party, Mango Springs Development Ltd. – Belize also filed an opposition, DE 935, which it later withdrew, DE 1026. The Receiver and FTC filed replies in support of the settlements, DE 950 and DE 954. Chadwick later filed a sur-reply regarding the settlements and the proposed orders, DE 1057, and the FTC filed a sur-surreply, DE 1058.

The Court, having read and considered the Motion together with the Declaration of Brick Kane (“Kane Declaration”), DE 895-2, the Supplemental Declaration of Brick Kane (“Supplemental Kane Declaration”), DE 950-1, and other documentary evidence filed in support of the Motion and papers filed in opposition to the Motion, due and proper notice of the Motion having been given to the parties and other parties in interest, and good cause appearing therefore, hereby finds:

1. Gordon Barienbrock, individually and in his capacity as sole Trustee of the Gordon Barienbrock Family Trust dated June 19, 1985 (“Barienbrock Trust”) (collectively, the “Barienbrock Parties”), had a close financial relationship with the Receivership Entities and certain of the individual Defendants.<sup>1</sup>
2. Barienbrock became a creditor of individual defendant Luke Chadwick and his wife Rebecca Dawn Chadwick pursuant to a Secured Promissory Note in his favor dated February 2, 2015 in the original principal amount of \$1,000,000, pursuant to which Barienbrock loaned Chadwick and his wife the principal sum of \$1,000,000. The Secured Promissory Note was modified by an Agreement Pertaining to Modification of Chadwick Loan dated August 1, 2017 (“Chadwick Loan Modification”). (The Secured Promissory Note and Chadwick Loan Modification are collectively referred to as the “Chadwick Note.”) The Chadwick Note is in default for the monthly payment due June 1, 2018 and all subsequent payments. The current outstanding principal balance under the Chadwick Note is \$907,812.89, plus accrued interest from May 1, 2018. The Chadwick Note is secured by a first deed of trust on the real property commonly described as 1828 Jamaica Road, Costa Mesa, California, APN No. 139-122-04.<sup>2</sup>
3. The Barienbrock Trust became a creditor of Receivership Entity Eco-Futures Belize, Limited (“Eco-Futures Belize”) pursuant to a Secured Promissory Note (“Eco-Futures

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<sup>1</sup> Kane Declaration ¶ 3.

<sup>2</sup> Kane Declaration ¶ 4.

Note”) in its favor dated November 10, 2017 in the original principal amount of \$4,635,500, which remains unpaid in whole or in part, pursuant to which, among other things, prior outstanding loans from Eco-Futures Belize to the Barienbrock Trust were consolidated into the Eco-Futures Note and the Eco-Futures Note was secured by a first deed of trust on certain property in Sanctuary Belize described in the Eco-Futures Note. The Chadwick Note and the Eco-Futures Note, together with all other loans and notes made by or beneficially held by any of the Barienbrock Parties or any other entity the majority interest of which is directly or indirectly owned or controlled by either of the Barienbrock Parties and in any way related or pertaining to Sanctuary Belize or another real estate development in Belize located near Sanctuary Belize, involving at least some of the same Defendants involved in Sanctuary Belize, including Chadwick, known as “Kanantik,” are collectively referred to as the “Barienbrock Loans.”<sup>3</sup>

4. Barienbrock, the Barienbrock Trust, and/or one or more entities Barienbrock and/or the Barienbrock Trust directly or indirectly owns, is the owner of a one-half interest in the boat named “Mariah,” Hull ID HQZ00189G080 (the “Boat”). The other one-half interest in the Boat is owned by one or more of the Receivership Entities.<sup>4</sup>
5. In the Settlement Agreement and Release between the Receiver and the Barienbrock Parties, a copy of which is attached to the Kane Declaration as Exhibit 1

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<sup>3</sup> Kane Declaration ¶ 5.

<sup>4</sup> Kane Declaration ¶ 8.

(“Barienbrock Agreement”), the Barienbrock Parties assign two valuable loans to the Receiver: the Chadwick Note with a principal balance in excess of \$900,000, secured by a first priority deed of trust on Chadwick’s home in Costa Mesa, California, and the Eco-Futures Note, a \$4,635,500 promissory note secured by a first trust deed on certain property in Sanctuary Belize.<sup>5</sup>

6. Because of their relationship with the Receivership Entities and the Individual Defendants, the Barienbrock Parties have potential liability to the Receiver. The Barienbrock Agreement resolves all potential claims between the Receiver and the Barienbrock Parties related to the facts and occurrences set forth in the Recitals, the FTC Action, the Barienbrock Loans, the Barienbrock Sanctuary Belize Lots, the Barienbrock Kanantik Lots, Sanctuary Belize, Kanantik, and the receivership estate (individually and collectively the “Receiver Claims”), as these terms are defined herein and in the Barienbrock Agreement.<sup>6</sup> The terms of the releases are included in the Barienbrock Agreement. These releases eliminate any future litigation risk or uncertainty.<sup>7</sup> Nothing in this order broadens, limits, or otherwise modifies the releases detailed in the Barienbrock Agreement.
7. The Chadwick Note will generate significant value for the receivership estate, as the value of Chadwick’s home is believed to be at least as much as the amount of the indebtedness and can be foreclosed on by the Receiver if the Chadwick Note is not

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<sup>5</sup> Kane Declaration ¶ 22.

<sup>6</sup> Exhibit 1 to Kane Declaration at 5-6.

<sup>7</sup> Kane Declaration ¶ 22.

paid. The Eco-Futures Note is also very valuable for the receivership, because it eliminates Barienbrock as a potential significant secured creditor of the receivership estate by eliminating his ability to assert a secured claim on Sanctuary Belize property. The Barienbrock Agreement also generates another \$100,000 for the estate for a one-half interest in the Boat, which is of modest value and which would be difficult if not impossible to sell to any other person.<sup>8</sup>

8. The settlement between the Receiver and Barienbrock is a favorable resolution for the receivership estate.
9. Violette Mathis, individually and in her capacity as sole Trustee of the Mathis Revocable Trust dated November 8, 1998 and all trusts existing thereunder (individually and collectively, the “Mathis Trust”), her deceased husband Cleo Mathis, and CVM Corporation (“CVM”), wholly owned by the Mathis Trust (collectively, Mathis, the Mathis Trust, and CVM, are the “Mathis Parties”), also had a close financial relationship with the Receivership Entities and certain of the individual Defendants.<sup>9</sup>
10. The Mathis Parties became a creditor or owner pursuant to various loans or investments made by them related to Sanctuary Belize and/or related to Kanantik. These loans or investments included, without limitation, the following: (a) Kanantik Joint Venture Agreement dated April 2, 2012, entered into between CVM and

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<sup>8</sup> Kane Declaration ¶ 22.

<sup>9</sup> Kane Declaration ¶ 12.

Palmaya Development, Ltd. ("Palmaya") pursuant to which CVM acquired a 30% interest in G & R Development Company of Belize Ltd. ("G & R Development") along with future rights to 14 unspecified and undivided beachfront lots for \$6.5 million; (b) Secured Promissory Note in favor of CVM dated February 21, 2013, pursuant to which CVM loaned Eco-Futures Belize the original principal amount of \$2,500,000, which loan remains unpaid, in whole or in part; (c) Joint Venture Agreement dated September 12, 2013, pursuant to which CVM acquired a 33 1/3% interest in Mango Springs Development, Limited, a Belize limited liability company ("Mango Springs, Ltd.") from Chadwick and John Usher ("Usher") for \$3,316,505.20; (d) Memorandum dated September 12, 2013, reflecting that Mathis obtained a 33.3% interest in Palmaya in exchange for Mathis providing the funds required to purchase a 3,866 acre parcel of land that Palmaya had contracted to purchase; (e) Agreement dated June 2, 2014, pursuant to which CVM acquired a 49% interest in Southern Belize Realty, LLC ("Southern Belize Realty") from Exotic Investor, LLC ("Exotic Investor") for \$1.5 million; and (f) Promissory Note in favor of CVM dated November 28, 2014 pursuant to which CVM loaned Mango Springs, Ltd. the original principal amount of \$500,000, which loan remains unpaid, in whole or in part. In addition, Chadwick has represented to the Receiver that: (g) CVM owns a 33.33% interest in Mango Springs Development, LLC, a Nevis entity; (h) Mathis owns a 50% interest in Kanantik International Ltd., a Nevis entity; and (i) CVM owns a 49% interest in Southern Belize Holdings, LLC, a Nevis entity. All of

these loans, together with all other loans and investments made by or beneficially owned by any of the Mathis Parties or any other entity the majority interest of which is directly or indirectly owned or controlled by Mathis and in any way related or pertaining to Sanctuary Belize or Kanantik, excluding various Sanctuary Belize lots and Kanantik Lots, are collectively referred to as the “Mathis Loans and Ownership Interests.”<sup>10</sup>

11. Because of their relationship with the Receivership Entities and the Individual Defendants, the Mathis Parties have potential liability to the Receiver. The Mathis Agreement resolves all potential claims between the Receiver and the Mathis Parties related to the facts or occurrences set forth in the Recitals, the FTC Action, the Mathis Loans and Ownership Interests, the Mathis Guaranties, the Mathis Sanctuary Belize Lots, the Mathis Kanantik Lots, the Joint Venture Lots, the Joint Venture Lot Agreements, Sanctuary Belize, Kanantik, and the receivership estate (individually and collectively the “Receiver Claims”), as these terms are defined herein and in the Mathis Agreement.<sup>11</sup> The terms of the releases are included in the Mathis Agreement. These releases eliminate any future litigation risk or uncertainty.<sup>12</sup> Nothing in this order broadens, limits, or otherwise modifies the releases detailed in the Mathis Agreement.

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<sup>10</sup> Kane Declaration ¶ 13.

<sup>11</sup> Recital P of Exhibit 2 to Kane Declaration.

<sup>12</sup> Kane Declaration ¶ 24.



12. In the Settlement Agreement and Release between the Receiver and Violette Eleanor Mathis (“Mathis”), individually and as sole trustee of her family trust, and CVM Corporation (“CVM”) (“collectively, the “Mathis Parties”), which is attached to the Kane Declaration as Exhibit 2 (“Mathis Agreement”), all of the Mathis Loans and Ownership Interests are assigned to the Receiver. The effect of this broad assignment eliminates Mathis as a potential significant creditor of the receivership estate by eliminating her position as a noteholder on at least two promissory notes with original principal balances aggregating \$3,000,000. Furthermore, because many of the investments (ownership interests) being assigned relate to the Kanantik development, the Receiver is assured a majority, controlling interest in the Kanantik development.<sup>13</sup>

13. The settlement between the Receiver and Mathis is a favorable resolution for the receivership estate.

Therefore, for good cause shown,

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:**

1. The Motion shall be and is hereby granted in its entirety.
2. Without limiting the generality of the foregoing:
  - a. The Barienbrock Agreement is fair and reasonable, and is approved and authorized in its entirety;

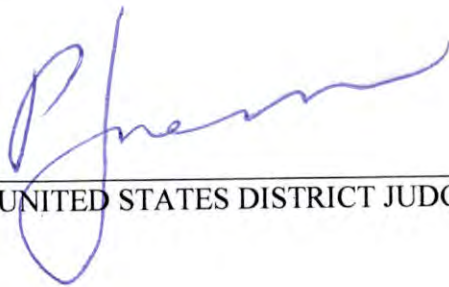
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<sup>13</sup> Kane Declaration ¶ 23.



- b. The Mathis Agreement is fair and reasonable, and is approved and authorized in its entirety; and
- c. The Receiver is authorized to execute all other documents and instruments necessary or appropriate to complete, implement, effectuate and consummate the Barienbrock Agreement and Mathis Agreement.

SO ORDERED, this 5 day of Nov, 2020.

  
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UNITED STATES DISTRICT JUDGE