

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

[PROPOSED] ORDER IMPLEMENTING NEXT PHASE OF CONSUMER REDRESS

Marc-Philip Ferzan of Ankura Consulting Group, LLC, as successor Receiver in the above-captioned matter (“Receiver”) filed the Receiver’s Request for Status Conference (Doc. 1415) (“Status Conference”), and the Status Conference came on regularly for hearing on April 20, 2023 at 11:00 a.m. pursuant to the Court’s Memorandum Order (Doc. 1418) and Paperless Notice of Scheduling Status Conference (Doc. 1419). Gary Owen Caris of Barnes & Thornburg LLP appeared on behalf of the Receiver, Neil H. Koslowe of the Potomac Law Group, PLLC and John B. Williams of Williams Lopatto PLLC appeared on behalf of Andris Pukke, Peter Baker, John Usher, Global Property Alliance, Inc., Sittee River Wildlife Reserve, Buy Belize, LLC, Buy International, Inc., Foundation Development Management Inc., Eco Futures Development, Eco-Futures Belize Limited, Power Haus Marketing, Sanctuary Belize Property Owners’ Association, and the Estate of John Pukke (the “Represented Defendants”), and Benjamin J. Theisman appeared on behalf of Plaintiff, Federal Trade Commission (“FTC”). Marc-Philip Ferzan also appeared and made a presentation on behalf of the Receiver.

The FTC, having previously filed a motion (Doc. 1117) for the implementation of a redress plan (Doc. 1117-1) (“Redress Plan”), the Court having previously read and considered briefing, comment and opposition to the Redress Plan, the Court having entered the Order

Regarding Implementation of the Redress Plan (Doc. 1373) (“Redress Plan Order”) pursuant to which the Court directed and authorized the implementation of the first 150 days of the Redress Plan as set forth therein at Sections II through III.A, the Receiver having filed and served the Successor Receiver Redress Plan Progress Report and Status Update for the Period October 1, 2022 to January 31, 2023 (Doc. 1412) (“Progress Report”) pursuant to the Redress Plan Order, in which among other things, the Receiver detailed the steps taken in compliance with the Redress Plan Order and proposed various recommendations as to the next steps for implementation of consumer redress for the purpose of making the consumer redress process more efficient, achieving cost savings and better informing consumer choices, the Status Conference having been requested to facilitate the Court’s evaluation of the Receiver’s recommendations and underlying considerations, the Court having read and considered the Progress Report, having heard and considered the Receiver’s recommendations made to implement the next phase of consumer redress, and having heard and considered the arguments and contentions of counsel for the Receiver, the Represented Defendants, and the FTC made at the Status Conference with respect thereto, and the Court finding that there is no impediment to entering this Order based on any other issues or pending matters in this proceeding and further finding that it is fair and reasonable and in the best interest of the receivership estate to approve the Receiver’s recommendations now without further delay, it is

ORDERED as follows:

1. The “Effective Date of this Order” is defined to mean the date this Order is entered.
2. On or before the 90th day following the Effective Date of this Order, or as soon as practicable thereafter to facilitate participation, the Receiver shall make an initial \$10 million

distribution on a pro rata basis to Consumers¹ of Sanctuary Belize lots with Claim Applications deemed eligible in accordance with the notifications provided by the Receiver on or about February 9, 2023 (“Eligible Claim Notifications”). The calculation for pro rata distribution payments shall be based on the Amount Paid set forth in the Eligible Claim Notification for each Sanctuary Belize lot divided by the aggregate Amounts Paid set forth in all Eligible Claim Notifications associated with Sanctuary Belize lots. This \$10 million distribution shall come from the segregated funds held by the Receiver originating from the \$23 million settlement proceeds paid by Defendant Atlantic International Bank Limited (“AIBL”) pursuant to the Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendant Atlantic International Bank Limited (Doc. 607) (“AIBL Judgment”). Pursuant to Section IV.A of the AIBL Judgment, any additional expenditures from the proceeds of the settlement paid by AIBL require further Court order.

3. As soon as practicable after the Effective Date of this Order, the Receiver shall commence efforts to market and sell the Assets of Sanctuary Belize and the Assets of Kanantik (collectively herein, the “Belize Assets”) as provided herein. The Receiver shall engage a reputable international real estate brokerage firm, at commercially reasonable rates and terms, and working with such brokerage firm, prepare marketing materials, address land validation issues as necessary, and initiate a Request for Information (“RFI”) process directed to a representative group of potential purchasers, investors and developers. The RFI process shall be administered over approximately a two-month period. The RFI process shall be used for the purpose of assessing interest in the Belize Assets, better understanding current market

¹ Capitalized terms in this Order shall have the meaning ascribed to them in the Redress Plan unless otherwise expressly defined herein.

conditions, determining investment priorities and needs of potential purchasers, investors and developers, and assisting in the development of a formal bidding process. During the RFI process, the Receiver shall also endeavor to obtain information from potential purchasers, investors and developers concerning anticipated Redress Plan requirements, including, by way of example only, Minimum Development Tasks, Post Termination Maintenance work, and the potential for lot acquisitions by Consumers at the discounted prices set forth in the Redress Plan.

4. Using the information obtained through the RFI process, the Receiver, together with the brokerage firm, shall develop and initiate a formal process to solicit bids from potential purchasers, investors and developers pursuant to a Request for Proposals (“RFP”) process. The RFP process to solicit bids shall take up to nine months from its inception, or longer upon notice to the Court that such extension may be necessary and appropriate to facilitate bidding.

5. At the conclusion of the RFP process, if one or more offers for the purchase of any or all of the Belize Assets is obtained that in the Receiver’s opinion and judgment should be accepted, the Receiver shall seek Court approval for the sale of such Belize Assets on notice and motion and in accordance with the terms and conditions set forth therein, pursuant to: (a) Section VII.C of the Final Order for Permanent Injunction and Monetary Judgment Against Defaulting Defendants etc. (“Doc. 1112”) (“Default Judgment”); (b) Section VII.C of the Amended Final Order for Permanent Injunction and Monetary Judgment Against Andris Pukke, Peter Baker, and Luke Chadwick (Doc. 1194) (“Pukke Judgment”) to the extent necessary or appropriate; and (c) applicable receivership law.

6. As soon as practicable after the Effective Date of this Order, the Receiver shall prepare and distribute an online survey (“Survey”) made available via electronic transmission to all Consumers with Claim Applications deemed eligible in accordance with the notifications

provided by the Receiver on or about February 9, 2023. The Survey shall contain risk disclosures, including without limitation those set out in the Redress Plan as Disclosure No. 1, Disclosure No. 2 and/or Disclosure No. 4 as appropriate, and require the execution of an acknowledgment that the risk disclosures have been received and considered. The Survey shall provide each such Consumer with the opportunity to select one of three choices (“Options”), as set forth below, which election shall be binding on such Consumers. Such Consumers shall be given a period of 90 days within which to complete and submit the Survey to the Receiver.

7. The Options to be provided for election in the Survey are as follows:
 - (a) Promptly acquire a lot prior to completion of the RFP process (“Option No. 1”);
 - (b) Defer the decision of whether to acquire a lot until after completion of the RFP process and Court approval of the potential sale of some or all of the Belize Assets (“Option No. 2”); or
 - (c) Decline to acquire a lot and waive all rights to acquire a lot at any time in the future as part of any Court-approved redress (“Option No. 3”).

8. Those Consumers electing Option No. 1 shall be entitled to only buy the Eligible Lots reflected in their Claim Applications. The purchase price for the Consumers electing Option No. 1 shall be equal to the Seller Deceptive Price, multiplied by a price multiplier of .65, divided by the Tax Adjustment Factor in effect as of the Effective Date of this Order. The amount to be paid by the Consumers electing Option No. 1 shall be equal to the lot purchase price calculated as set forth herein, less the Amount Paid for such lot. If the purchase price is less than the Amount Paid, the purchase price shall be zero but the Consumer shall not be entitled to any refund on account of such difference. The Survey shall provide that Option No. 1 is available

only to Consumers with ownership interests in lots located in Belize government-approved subdivisions and for which any competing claims have been resolved in their favor. The Survey shall further provide that the availability of Option No. 1 will also be subject to the permissibility of such transactions pursuant to Belize legal and regulatory requirements, encumbrances, competing claims, and other relevant considerations that may preclude transferability. Those electing Option No. 1 shall be required to enter into a reformed contract and pay all closing-related costs, administrative and tax expenses, legal fees and costs, and any other professional services fees and costs in connection with such purchase, and they shall be required to pay any remaining balance of the purchase price promptly in cash at closing using their own funds or financing obtained from third parties.

9. Those Consumers electing Option No. 2 shall defer the decision as to whether to acquire a lot until completion of the RFP process and Court approval of the sale of some or all of the Belize Assets. To the extent the Court approves a sale of the Belize Assets to one or more purchasers (collectively, the “Belize Assets Purchaser”), those Consumers electing Option No. 2 shall be entitled to acquire lots in the Belize Assets only to the extent that such lots will be offered for sale by the Belize Assets Purchaser and only pursuant to terms and conditions offered by the Belize Assets Purchaser and agreed to by such Consumers.

10. Those Consumers electing Option No. 3 shall decline to acquire a lot and waive all rights to acquire a lot at any time in the future as part of any Court-approved redress.

11. To the extent that there are competing claims for a lot by Consumers participating in the Survey, the Receiver shall resolve those competing claims for that lot considering the Amounts Paid and other relevant circumstances.

12. If the Survey is not returned by a Consumer within the 90-day period, the Consumer shall be deemed to have elected Option No. 2.

13. Notwithstanding the Survey elections, all eligible Consumers will be entitled to receive future distributions based on available funds and as the Court may subsequently order.

14. Section IX.A of the Redress Plan shall be and hereby is made an express part of this Order to facilitate the distribution and sale of Assets contemplated herein.

15. As of the Effective Date of this Order, Consumer Committee meetings shall generally occur on a quarterly basis, unless the Receiver determines that convening a meeting in the interim would be beneficial based on developments in administering this Order. The next Consumer Committee meeting shall be convened within 90 days of the Effective Date of this Order.

Dated:

HONORABLE PETER J. MESSITTE
UNITED STATES DISTRICT JUDGE

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Certificate of Service

The undersigned hereby certifies that on April 28, 2023, a copy of the foregoing was served via the Court's ECF notification service upon all parties entitled to receive such notification.

Dated: April 28, 2023

/s/ James E. Van Horn
James E. Van Horn