

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

FEDERAL TRADE COMMISSION

Plaintiff,

vs.

ECOLOGICAL FOX LLC *et al.*

Defendants.

No. 18-cv-03309-PJM

**TEMPORARY RECEIVER'S REPORT OF ACTIVITIES FOR THE PERIOD
FROM NOVEMBER 6, 2018 THROUGH FEBRUARY 21, 2019**

TO: THE HONORABLE PETER J. MESSITTE, UNITED STATES DISTRICT JUDGE:

COMES NOW Robb Evans & Associates LLC, Temporary Receiver, and submits its Report of Receiver's Activities for the period from November 6, 2018 through February 21, 2019, attached hereto as Exhibit A.

Respectfully submitted,

Dated: February 22, 2019

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Exhibit A

**Robb Evans & Associates LLC
Temporary Receiver of
Ecological Fox, LLC. et al.**

**REPORT OF RECEIVER'S ACTIVITIES
NOVEMBER 6, 2018 THROUGH FEBRUARY 21, 2019**

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**Robb Evans & Associates LLC
Temporary Receiver of
Ecological Fox, LLC. et al.**

**REPORT OF RECEIVER'S ACTIVITIES
NOVEMBER 6, 2018 THROUGH FEBRUARY 21, 2019**

This report covers the activities of the Temporary Receiver¹ since the inception of the receivership. This is the first report to the Court on the progress of the receivership. It does not constitute an audit of financial condition and is intended only to provide information for use by the Court in assessing the progress of the receivership.

On November 7, 2018 the Temporary Receiver took control of the Receivership Entities' business premises at 3333 Michelson Drive, Suite 500, Irvine, CA. The Temporary Receiver interviewed a number of employees and also interviewed Defendants Andris Pukke (Pukke) and Brandi Greenfield (Greenfield). Defendants Peter Baker (Baker), Rod Kazazi (Kazazi), Frank Costanzo (Costanzo), Luke Chadwick (Chadwick) and John Usher (Usher) were not at the business premises. The Temporary Receiver was later able to interview Baker, Kazazi and Costanzo. Chadwick's attorney refused to let his client be interviewed by the Temporary Receiver. Usher lives in Belize and the Temporary Receiver has not yet been able to interview him. Pukke was generally circumspect and non-specific in his discussions with the Temporary Receiver. Greenfield was generally evasive and was not candid in her discussions with the Temporary Receiver. Baker, Castanzo, and Kazazi have provided information that has been helpful to the Temporary Receiver. Michael Santos (Santos) was later added as a defendant. The Temporary Receiver has not yet interviewed Santos but has located email that discusses his role (Exhibit 1).

Key Findings of the Temporary Receiver's Initial Investigation

1. Pukke Exercised Total Control Over the Belize Development Project

Pukke told the Temporary Receiver that "I'm just the marketing guy." While the Temporary Receiver has not fully completed its investigation of actions and activities of the Receivership Entities and the intermingled and numerous financial records of the Receivership Entities, the Temporary Receiver has determined Pukke's statement was demonstrably false in that he has hidden his ownership in the Reserve at Sanctuary Bay in Belize (the Reserve) and exercises total control over the Reserve and its cash receipts.

¹ Reference to the Temporary Receiver in this report means the Temporary Receiver, the Temporary Receiver's deputies, and staff.

From the forensic accounting and other analysis of the accounting and business records of the Receivership Entities completed to date, the Temporary Receiver has confirmed these financial records often contain misleading and inaccurate posting entries and descriptions that hide or mislead cash diversions by Pukke. As detailed in the Financial Information section of this report, Pukke ignored any rules regarding corporate governance.

Examples of Pukke's control are set forth in email attached at Exhibit 2. The following summarize the email included in Exhibit 2:

2-a Kazazi wrote to Pukke with a spreadsheet attached. The email states in part "I added a column for you to put in a rating of 1, 2, or 3 based on the following: 1 Strongly try to save the deal 2 Neutral 3 Take the lot back and run"

2-b Pukke wrote to Abe Abeliouny and copied Kazazi. The email states in part "Rod, did anybody try to renegotiate his deal and turn it into a financed deal?"

2-c Pukke wrote to Jesse Jaime about a management report. "Thanks. Please include October's scheduled down payments on the report. As I mentioned, I always want to see the current month as well as the following month."

2-d Pukke wrote to Chadwick about negotiating a down payment for a lot. The email states in part "Shoot for the 10 and see what happens."

2-e Pukke wrote to Clara Navarrete about negotiating a down payment for a lot. The email states in part "Also, if his funds aren't due until Dec, we definitely need at least \$10k as a down payment."

2-f Pukke wrote to Chadwick about a dispute involving a construction loan. The email states in part "I think she's aware of this but frankly, I don't care. If she starts creating a problem, have someone drag her the [...] out of there. I've had it with this [...]!!"

2-g Pukke wrote to numerous people about policy. The email states in part "I want to make sure everyone is on the same page regarding the contract policy, down payments, etc. as there seems to be some confusion."

2-h Pukke wrote to numerous people regarding a lot purchase. The email states in part "That's only if there is absolutely no way they'll agree to the lot purchase / future condo swap."

2-i Pukke wrote to Usher and Kazazi regarding an employee. The email states in part "Please instruct Yvette to work on the BZ fixed expense report as Rod requested. It's not her decision which "assignments to work on" and which to put off until later."

2-j Pukke wrote to Kazazi about a wire transfer. The email states in part “Can you send a wire to JV [John Vipulis] for \$100? I’m not sure if you have any other big payments to make but I need to get him a payment if possible.

2-k Pukke wrote to Baker regarding a request to spend \$3,200 for 550 feet of wire to complete installation of a generator at Baker’s home at the Reserve. The email states “Of course have them get it.”

The Temporary Receiver reviewed many other emails where Pukke was directing operational and financial matters.

2. Ownership of the Reserve

Baker told the Temporary Receiver that he raised \$2 million from Stephen Choi to purchase the Reserve from the Ameridebt Receiver. According to Baker, Mr. Choi is a resident of Costa Rica and is involved in the sports betting business. The Temporary Receiver emailed Mr. Choi about his purported investment but has not received a response. In an email dated February 19, 2015, Choi inquired about his ownership interest and Baker responded to him that Choi’s interest is 10% (Exhibit 3).

Baker told the Temporary Receiver that the current ownership structure of the Reserve is:

John Usher	30%
Peter Baker	29%
Andris Pukke	29%
Stephen Choi	10%
Alphonso Bailey	2%

Baker further explained that he originally was a 60% owner but reached a verbal understanding with Pukke in 2008 or 2009 that they would each own 30%. Baker also told the Temporary Receiver that in 2016 he and Pukke each gave 1% to Mr. Bailey, who was the General Manager of the Reserve. According to Baker, this arrangement was not documented. Baker told the Temporary Receiver that Pukke was the Chief Executive Officer of the Receivership Entities that control substantially all of the cash receipts, sales, and development.

3. Pukke Diverted at Least \$15.9 Million of Consumer Payments

Pukke leverages his ownership interest to exercise complete control over the Reserve’s sales, management, and all cash receipts. Pukke has improperly used this control to divert at least \$15.9 million of consumer payments away from developing the Reserve and the common area property. From January 1, 2009 through November 6, 2018, the Receivership Entities

received at least \$124 million² in the form of lot payments from consumers. Therefore, about 12.8% of the total lot payments were diverted by Pukke.

The forensic accounting and financial analysis the Temporary Receiver has completed to date document and describe the \$15.9 million of payments and investments for Pukke, his family, including Relief Defendant Angela Chittenden (Chittenden), and to friends and controlled entities. The following is a summary of the distribution of the diverted \$15.9 million:

○ Payments for Pukke’s benefit or for his family members:	\$3.7 million
○ Payments for offshore developments not related to the Reserve	\$1.3 million
○ Payments to various entities	\$3.2 million
○ Payments in connection with John Vipulis	\$4.3 million
○ Purchase and renovation expenses for Newport Beach property	\$3.4 million
TOTAL	\$15.9 million

Under Exhibit 4 is a schedule of payments for Pukke’s benefit by the Receivership Entities.

While the Temporary Receiver has preliminarily concluded that Pukke diverted \$15.9 million, the amount diverted could be higher. The Financial Information section of the report documents approximately \$4 million in tour expenses paid by the Receivership Entities for the Kanantik project in Belize³. Kanantik is a project operated by Chadwick. As the Temporary Receiver has not been able to interview Chadwick, it has not been able to determine with certainty that this amount is still owed to the Receivership Entities.

Additionally, while the Temporary Receiver has included diverted funds in connection with the purchase and renovation of certain real property in Newport Beach at approximately \$3.4 million, the Temporary Receiver has been advised that as much as \$4.3 million in funds from “Belize-related entities” may have been used for construction on the property.

² As discussed below, this amount could be as much as \$140 million. To be conservative, this report will use the lower of the two amounts.

³ This project is discussed in the Potentially Related Entities section of this report.

On the eve of filing this report, the Temporary Receiver discovered an additional \$150,000 that was paid to Chittenden from a Receivership Entity. This payment is not included in the \$15.9 million amount.

4. Broken Promises and Commitments to Consumers

The consumer payments of \$15.9 million were diverted from infrastructure buildout and multiple capital improvements promised to consumers. The promises the Receivership Entities made to consumers purchasing a homesite lot included statements that the Reserve project was a “no debt” development, with virtually every dollar collected from lot sales going back into development⁴. These detailed promises and commitments included access to an international airport, a completed and functioning hospital, a hotel, retail shops, and a 250-slip world-class marina.

The Reserve was not free of debt. The Federal Trade Commission (FTC) noted two loans on page 19 in its memorandum in support of the motion for *ex parte* temporary restraining order. The Temporary Receiver has further researched these loans. Mr. Barienbrock formerly owned lots at the Reserve and currently moors a yacht at the Reserve’s marina. Mr. Barienbrock⁵ provided the Temporary Receiver with a note dated November 10, 2017 in the amount of \$4,635,500 (Exhibit 5). The note carries an interest rate of 10% and was executed by Kazazi. This loan has not been repaid. Ms. Mathis and her deceased husband are the owners of CVM Corporation. Ms. Mathis provided the Temporary Receiver a copy of a November 21, 2013 note in the amount of \$2,500,000 between Eco-Futures Belize Ltd. and CVM Corporation (Exhibit 6). The note carries an interest rate of 10% and was executed by Chadwick and Usher. According to Ms. Mathis, the outstanding balance on the note is approximately \$2 million.

Additionally, Baker told the Temporary Receiver that in order to help complete the marina he arranged for Patrick Callahan⁶ to loan over \$1 million to the Reserve. Baker provided the Temporary Receiver text messages and email exchanges that show Mr. Callahan loaned between \$1,240,000 and \$3,500,000 to the Reserve. Attached at Exhibit 7 is an email from Mr. Callahan’s attorney in response to the Temporary Receiver’s inquiry to Mr. Callahan. The email states in part “The loans were made years ago and were supposed to fund a marina being constructed at the Sanctuary Belize development.” Baker believes these transactions were documented with a loan agreement, but he does not have a copy of the agreement.

Based on the above, it is clear that Pukke, Baker, Kazazi, Chadwick, and Usher knew the Reserve was not debt free.

⁴ The claim that virtually every dollar would go back into development is obviously not true. Such a claim would mean there would be virtually no administrative overhead such as office lease payments, advertising, sales staff, accounting staff, security, maintenance, and housecleaning.

⁵ Mr. Barienbrock told the Temporary Receiver that approximately \$250,000 of the note amount was for a joint venture project with Pukke and was not loaned to the Reserve. The amount loaned to the reserve would be \$4,385,500.

⁶ Mr. Callahan is purportedly a current or former business partner of Relief Defendant John Vipulis.

5. The Reserve's Financial Model is Not Viable

The Temporary Receiver believes the current financial model of the Reserve is not viable or sustainable to fully develop the Reserve as promised to consumers.

Experts engaged by the FTC estimated it would cost \$613 million to complete the Reserve as promised to consumers and \$248 million to complete a scaled down version. Over ten years, lot sales have generated about one-half of the amount needed to complete the scaled down version. As noted above, gross sales revenue must be used to cover basic overhead before excess funds are available for development.

None of the individuals interviewed by the Temporary Receiver have been able to provide a precise inventory of additional lots that could be marketed and sold. There have been estimates of around 500 to 700 potentially available lots, but the Temporary Receiver has not been provided any documentation. The estimated potentially available lots are about one half of the lots that have been sold over the life of the project.

The Receivership Entities "financed" most lot sales by accepting down payments and amortizing the remaining balance due over a period of years before a consumer could take title to the lot. The table on page 23 of this report shows that gross receipts from the existing loan portfolio over the next five years will be about \$30 million⁷. Assuming no overhead expenses and no loan defaults these projected gross receipts cover only about 12% of the \$248 million needed to complete a scaled down version of the Reserve.

The Temporary Receiver did not locate any plan to complete construction of the Reserve at the Receivership Entities' corporate offices.

On several occasions Baker told the Temporary Receiver he would provide the Temporary Receiver with a budget to complete construction of the Reserve. To date, no budget has been provided.

In addition, as discussed in the Reserve Section of this report, the amenities at the Reserve operate at a loss.

6. The Amount of Money Invested in Developing the Reserve was a Fraction of the Amount of Money Raised from Lot Sales

As detailed in the Financial Information section of this report, about \$17.4 million was spent on developing the Reserve. Therefore, development costs were about 14% of the \$124 million raised from lot sales. The amount spent for developing the Reserve was just \$1.5 million more than the amount the Temporary Receiver has preliminarily determined Pukke diverted from lot sales.

⁷ This amount could be overstated due to the financial reconciliation problems discussed in this report.

7. Additional Offshore Developments Impacted and Harmed Additional Consumers and Investors

From 2015 and continuing into 2018, Pukke developed, promoted, and ultimately directed and caused additional offshore development projects to be started in Mexico, Costa Rica, the Bahamas, and the Dominican Republic. The financial records and documents show that each of these four additional projects is similar in concept and design to the Reserve. The planned projects include residential lot developments on sites extending from an ocean coastline. Concepts include promised marinas, restaurants, and other amenities. Interviews and documents confirm Pukke visited each potential location and approved the project site and conceptual design.

Pukke proposed and then directed staff, including individual defendants, to solicit and generate consumer interest and development funding by using lot reservation agreements early in the cycle of the project, before completing any land purchase. Pukke further developed and ultimately directed staff, including individual defendants, to identify potential investors and solicit them to provide funds as equity capital for lot development projects.

From 2015 through 2017, 24 consumers completed lot reservation agreements and paid \$2,142,000 as lot reservation deposits for a Baja California development. The unpaid balance of the consumers' lot reservation agreements remains at \$1,261,000. Beginning in 2015 and continuing into 2017, after review and approval by Pukke, approximately \$1,335,000 was invested in or spent on three projects in Baja California, but land purchases were never completed and developments were never started.

In late 2017 or early 2018, other defendants and staff, along with Pukke, begin to investigate lot development prospects in Costa Rica. Reportedly, after locating and evaluating prospective sites, it was decided to negotiate to purchase a coastline property with 48 completed lots. As additional evaluations and purchase negotiations were underway, in May 2018 the development staff completed lot reservation agreements with ten consumers. The consumers paid a total of \$540,572. But the land purchase was never completed and no land is owned in Costa Rica. \$3,240,000 solicited and received from nine potential capital investors remains in a Receivership Entity bank account.

The approximate \$1.3 million that Pukke diverted from consumer payments related to the Reserve went to other offshore development projects in the Bahamas and in the Dominican Republic. Most of the \$1.3 million was for a down payment to purchase 324 coastline acres in the Bahamas for \$4.0 million. The seller-financed mortgage of about \$3,150,000, with monthly payments of \$50,000, is currently delinquent. The Temporary Receiver is developing and considering options regarding the Bahamas property.

8. Misrepresentations and Misleading Statements to Consumers Contained in Scripts at the Irvine Office

Sales scripts located at the Irvine, CA office describe and document misrepresentations and misleading statements made to consumers during their initial calls with the Receivership Entities' telemarketers. Details and examples are described below.

9. The Receivership Entities Resisted Requests by Lot Buyers to Cancel Purchase Contracts

Details and examples are described below that document actions of the Receivership Entities to discourage consumers from canceling purchase contracts and receiving refunds. Many requests ended in litigation. When the Receivership Entities completed negotiated buyback agreements with consumers, they were not always fulfilled by the Receivership Entities as agreed.

10. The Receivership Entities' Accounting Records Contain Large Discrepancies

The primary income source of the Receivership Entities are lot sales and payments from related loans. The Receivership Entities used a software program, Lending Pro, to maintain and manage their consumer loan portfolio, related information and payment history since 2009.

The Receivership Entities utilized the QuickBooks accounting program to record their accounting entries.

On a consolidated basis, the accounting records show approximately \$124 million in proceeds from sales of lots at the Reserve while the loan system shows nearly \$140⁸ million collected from loan principal and interest, a difference of approximately \$15.8 million between lot sale income recorded on the Lending Pro loan system and the amount recorded on QuickBooks⁹.

As detailed in the Financial Information Section of this report, the Temporary Receiver believes it has discovered a reason for about \$7 million of the \$15.8 million difference.

⁸ As discussed in the Financial Information section below, the Receivership Entities' loan system shows the total receipts collected from loan principal and interest from January 1, 2009 to November 6, 2018 are approximately \$139.8 million.

⁹ Kazazi told the Temporary Receiver that there was a \$6 to \$8 million discrepancy in 2015 and 2016. The Receivership Entities hired an outside accounting firm to attempt to reconcile the loan system to the accounting system. According to Kazazi, that project was never completed.

11. Chittenden's Involvement in Pukke's Financial Dealings

Chittenden is the Chief Executive Officer of Power Haus Marketing Inc. (Power Haus). This entity received approximately \$3.2 million from the Receivership Entities. One of Chittenden's attorneys told the Temporary Receiver's attorney that she has nothing to do with Power Haus. Kazazi told the Temporary Receiver that Pukke wanted to use Power Haus and caused the entity to be set up. Attached at Exhibit 8 is a summary of receipts and disbursements based on Power Haus' banking records, which shows Chittenden received \$1,007,830.25 in her personal account from Power Haus.

Additionally, between 2012 and 2015 Chittenden received \$402,500.00 in her personal account from Global Property Alliance, Inc. (GPA) based on the banking records. (Exhibit 9)

One of Chittenden's attorneys told the Temporary Receiver's attorney that Chittenden used approximately \$4.3 million in funds from "Belize-related entities" for construction on the real property at 104 Kings Place, Newport Beach, CA. Attached at Exhibit 10 is a payment summary the Temporary Receiver obtained from the construction company that did the remodeling of the property. Except for the payment of \$24,123 dated August 16, 2013, the Receiver traced payments totaling \$2,351,160.67, without descriptions, to Chittenden's personal account. Chadwick's entity, Exotic Investor LLC, made payments totaling \$1,300,000.00 to the construction company.

Attached at Exhibit 11 is an email from Pukke to Ryan Boyajian¹⁰ and Kazazi regarding the purchase of a single family residence. The email states in part, "I thought we were getting this loan in Rod's name. If that's a problem, let me know and we'll do it in Angie's."

As detailed in the Financial Information section of this report, Chittenden had investments totaling \$1,889,420 in her name in the following entities:

Remote.Com	\$1,249,420
Wedding Solutions, Inc.	\$ 350,000
Chivalry, Inc.	\$ 205,000
Attorney.com	\$ 85,000

Her investments in these entities were funded by the Receivership Entities.

¹⁰ In testimony at the Ameridebt contempt trial for Pukke and Baker, Ryan Boyajian testified that he had been previously terminated by his employer, a financial services company, for committing fraud.

Custody, Control, and Possession

As noted above, on November 7, 2018 the Temporary Receiver took control of the Receivership Entities' business premises at 3333 Michelson Drive, Suite 500, Irvine, CA.

The office suite is approximately 24,000 square feet. Some of the office space was occupied by Relief Defendant Beach Bunny Holdings, LLC and by Pandora Marketing LLC dba Timeshare Compliance.

The Temporary Receiver interviewed the principals of Pandora Marketing LLC who assured the Temporary Receiver their operation had no business relationship with the Receivership Entities. As discussed later in this report, the Temporary Receiver has determined this assertion is not true.

The Temporary Receiver changed the locks to the premises and re-routed the mail. In addition, the Temporary Receiver served the Temporary Restraining Order (TRO) on all known asset holders and service providers.

The Temporary Receiver imaged a number of computers and cloud-based records, including email, and took possession of all paper records.

Review of Documents, Marketing Methods, Scripts, Foreclosures, Buyback Agreements and Litigation Files

The Temporary Receiver reviewed numerous documents located at the corporate offices of the Receivership Entities. These documents included general marketing information, sales forms, telemarketers' notes, prepared scripts, buyback agreements, foreclosure notices, and litigation files.

Marketing Methods Overview

The Receivership Entities advertised their real estate products through the radio, internet, TV infomercials and TV news channels. All advertisements were designed to drive the consumer to the Receivership Entities' website, BuyBelize.com. When a consumer contacted the company, a telemarketer would contact the consumer and pre-qualify the consumer by determining how much money the consumer had available for investment. The telemarketer would complete a form with background information on the consumer. Once qualified, a telemarketer would contact the consumer and take them through a "video tour" of the Reserve. The primary goal, which is repeated on many of the forms used by the sales department, is to book the consumer on a 4-day tour of the property. During these initial contacts by telemarketers, the Receivership Entities are making numerous misrepresentations, including but not limited to the following:

- The developer uses a debt free business model.
- The project is a low risk investment with high returns.
- Construction of the numerous amenities will be completed within 2-5 years.
- Amenities include an International Airport (“currently under construction”) and a 120,000 sq. ft. hospital to be built near the property.
- Return on investments and appreciation of the lot value can range between 250% to 400% within a few years.

Specific examples of these misrepresentations are discussed below. Telemarketers at the Receivership Entities’ corporate offices marketed lots at the Reserve and formerly sold lots at a neighboring project called Kanantik. Many of the sales scripts and forms for these two projects are virtually identical and are interchangeable.

Sales Scripts, Forms and Marketing Materials

Debt Free Business Model - Telemarketers pitched the fact that the project is a debt free project which makes it a much safer investment because the developer would not face bankruptcy or foreclosure. In a document titled, “The Only Information You need to know At This Point – Sanctuary Belize, Residential -Resort-Marina, Eco Futures Development,” (Exhibit 12) the script compares Sanctuary Belize to other projects and states, “Most of the other developments are not debt free. Meaning there is a lot of risk associated with investing your money in them.”

Appreciation of Lot Values - Sales scripts are replete with references to the potential appreciation of the value of each lot. Telemarketers would state that lot values will double or triple in 3-5 years, or “your original investment has now increased almost 300% in 3 years.” In multiple areas of the scripts and forms used by the telemarketers, appreciation levels up to 400% over a short period of time were set forth.

A sales script collected from the desk identified as Lauren Lane was titled, “Lauren’s Version 1.0.” (Exhibit 13). This script contains several representations about the expected appreciation of lot values. For example, the script states, “A little bit about myself, I have been a Sr. Property Consultant for a few years now I’ve also bought property in Sanctuary Belize myself¹¹. In my opinion these lots have the potential to double or triple in the near future.” This script is designed to be used while the telemarketer is taking the consumer through a virtual video tour. Under the heading, “Development Location,” the script states: “From an investment stand point this is the most important slide I’m going to show you. What I’m going to do first, is explain the convenience factor. So right now, very few airlines fly to Belize, and NONE to Southern Belize. So it’s not a global market...yet. This airport and 120,000 square foot hospital is currently under construction, which will be completed in the near future. So this is going to serve a couple of different purposes for you. Sanctuary

¹¹ The Temporary Receiver has not been able to locate any documents that show Ms. Lane is a lot owner.

Belize is one of the closest developments to the new international airport. Are you familiar with what happened in Costa Rica approximately 12 years ago?....(If the answer is yes, say “As you know”) They built an international airport. Take a guess what percentage the land in the area went up in just a few years?.....**Approximately 250-400%. People that got in before the airport was completed made an absolute fortune.** The same thing is going on in Southern Belize.” (emphasis in the original text) This statement is repeated almost verbatim in numerous other scripts used by other telemarketers. The primary difference was that most of the later scripts deleted the reference to a 250% increase and only included the reference to a 400% increase in appreciation. Numerous scripts described the international airport and 130,000 square foot hospital as “currently under construction.”

Telemarketers would attempt to create a sense of urgency by suggesting that the advertising campaign and the resulting interest in buying in Belize are going viral. Telemarketers even suggested that all lots will be sold out within months and that tours of the property will end in August 2014. Another marketing method that raised a sense of urgency or the fear of loss of opportunity was offering discounts for the purchase of multiple lots. The Receivership Entities also offered a “Gold Membership” in the “Founders Club” which required a purchase of at least \$750,000. Examples of consumers that paid in excess of \$1.0 million in order to qualify as a member of the Founders Club will be discussed in more detail later in this report.

Foreclosures and Buyback Agreements

Files located in the Receivership Entities’ corporate offices contained numerous foreclosure notices. A sample of the foreclosure notices sent to lot owners is attached under Exhibit 14. Often, a foreclosure notice would be sent to consumers that had attempted to terminate their Memorandum of Sale or complain about misrepresentations in their sales pitch. Several files reviewed by the Temporary Receiver contained foreclosure notices even when consumers were represented by counsel (Exhibit 15). Any lot subject to foreclosure would be placed back into the lot inventory to be sold 30 days after the payment date specified in the foreclosure notice.

The Receivership Entities would periodically enter into a Buyback Agreement with a lot purchaser. A sample of a Buyback Agreement is attached under Exhibit 16. Without exception, all the Buyback Agreements reviewed by the Temporary Receiver included a confidentiality clause that prevented the lot owner from disclosing any terms of the agreement. The agreement provided that failure to keep the terms confidential would result in damages being awarded to the Receivership Entities in the amount of \$500,000. Most Buyback Agreements also contained a provision for installment payments to lot owners. Sometimes the Receivership Entities negotiated an amount to be returned which was less than the actual amount paid by the lot owner. In a Buyback Agreement dated February 28, 2018, the Receivership Entities did not agree to return the consumer’s investment of \$62,111.12, but instead, offered to “. . . keep record of \$62,111.12 in the form of future investment credit. . .” (Exhibit 17). The Receivership Entities failed to make complete

payments for many of the Buyback Agreements they entered. In one case, the lot owners received a call from Francine Matute informing them that neither Global Property Alliance, Inc. nor Eco-Futures Development, Inc. would honor the agreement or make any further payments. The attorney for these lot owners demanded \$77,934.81 (Exhibit 18).

Litigation Files

A review of the litigation files suggests that the Receivership Entities followed a carefully orchestrated plan to thwart efforts by lot owners that wanted to terminate their Memorandum of Sale and obtain a refund. Some of the complaints lot owners raised, in an effort to terminate their sales agreement, were misrepresentations in the marketing process, failure of the developer to deliver amenities in a reasonable time, failure of the seller to deliver clear title, and in several cases claimed that the consumer was sold property that was not owned by the developer. In at least one case, the lot owner was threatened with suit or arrest by the developer if she continued to complain. That owner is so fearful of these threats she has not returned to Belize. In some cases, the Receivership Entities enter into Buyback Agreements when they feel exposed to claims by a lot owner, but as noted above often fail to honor their commitment to return all the funds paid by the consumer. In response to lawsuits filed in U.S. courts by lot owners, the Receivership Entities would file a motion to dismiss based on the forum-select provision in the Memorandum of Sale. U.S. courts have routinely dismissed cases filed by consumers. In at least one case, the lot owner returned to Belize and submitted his claim to arbitration. The lot owner obtained a favorable judgment from the arbitrator, but the Receivership Entities still refused to pay the amount awarded to the lot owner. The lot owner filed a subsequent suit in a U. S. court seeking to enforce the arbitration award.

Based on a review of the allegations in several of the litigation files, it appears that many unhappy lot buyers abandon their attempts to obtain a refund because their efforts are thwarted in numerous ways and they cannot afford additional legal fees. Some lot owners have the perception that there is a bias in Belize against foreigners and that the courts in Belize tend to favor locals and as a result, U.S. consumers can't get a fair determination in Belize. Some lot owners believe that it is a waste of money to try and litigate their claim in Belize. These perceptions by some lot owners are strong enough to get them to abandon their efforts to recover their investments.

Litigation File I – The statements in this section were included in a complaint filed on behalf of a husband and wife (or “Plaintiffs” in this Litigation File I). The Temporary Receiver conducted several interviews with the Plaintiffs who confirmed the accuracy of each statement. In late 2013, the Plaintiffs responded to an advertisement on a TV news channel and contacted the Receivership Entities. On November 18, 2013, a telemarketer, Mike Curtain, responded with an email. The email touted a development with zero debt and located within 20 minutes to a new international airport and a 120,000 square foot hospital. The email went on to state that Sanctuary Belize was a great investment opportunity and all amenities would be fully built within three years. The Plaintiffs took a 4-day tour to Belize. During their visit, they were told that they could select the location of two pre-constructed

townhomes which would be built above a retail space in Phase I of the Marina Village. The telemarketer stated that the construction was scheduled to start in May 2014 and would be completed within four years. They decided to purchase both townhomes, so they could qualify to become members of the “Founders Club.” Their purchase amount totaled \$1.0 million. The Plaintiffs wanted assurance that both townhomes would be completed within four years and asked for written confirmation. The telemarketer seemed desperate to make the \$1.0 million-dollar deal and stated that “the entire project would be completed within 2 years and real estate prices would be skyrocketing.” The telemarketer went on to say that the entire project would be sold out by the fall and tours would end in August 2014.

When the Plaintiffs tried to get a legal description of the property they purchased, they were told that they could not yet obtain title because construction had not started. The Plaintiffs then agreed to accept a lot owned by Usher as collateral until such time as they obtained title to their two townhomes in Marina Village. The Plaintiffs hired local counsel in Belize who sent a Notice of Breach to the Receivership Entities. The Receivership Entities offered to settle under the terms of a Buyback Agreement. The Plaintiffs refused the settlement offer because it would have required them to agree to the confidentiality agreement and accept installment payments. The Plaintiffs visited the project in July 2017 and discovered that construction of the townhomes in Marina Village Phase I had not started. The Plaintiff's wife became active in the local POA. The POA held its first meeting on October 6, 2016. Over three hundred lot owners in the POA reportedly filed a class action lawsuit against Sittee River Wildlife Reserve. The Plaintiff's wife served as secretary for the group. On November 22, 2016, counsel for Eco-Futures Belize sent Plaintiff's wife a letter threatening legal action because of defamatory statements she allegedly made. The letter did not include a single example of a defamatory statement, but nevertheless demanded a retraction within 72 hours or a lawsuit would be filed. The original POA was dissolved and a new POA was established by Baker. A representative of the new homeowner's association organized by Baker threatened to have her arrested. The Plaintiffs, afraid for their personal safety, have listed their other property in Belize for sale, and are afraid to return to Belize.

The Plaintiffs filed their complaint in the Orange County Superior Court in California on November 7, 2017. This lawsuit was ordered dismissed without prejudice on March 21, 2018 pursuant to a motion to dismiss.

The Temporary Receiver received a complaint from a lot owner that is strikingly similar to the Plaintiffs in Litigation File I. The consumer entered into a Condominium Sale Agreement dated May 22, 2018 (over four years after the Plaintiffs in Litigation File I) which provided that she could purchase an “end unit above a retail space” in Phase I of the Marina Village. The contract contained a covenant from the Receivership Entities that the condominium would be completed within 18 months. If the developer failed to complete the construction within the time specified, the buyer could rescind the Agreement and get a full refund plus 10% interest. The lot owner paid \$580,000 for the condominium (Exhibit 19). Construction of the retail space and condominium in Phase I of the Marina Village has not been started.

Litigation File II – On November 8, 2017, a husband and wife (or “Plaintiffs” in Litigation File II) directed their attorney to send a letter to the Receivership Entity (Global Property Alliance Inc.) demanding return of \$850,850. The statements contained in this section were part of a demand letter and later incorporated as part of allegations in the verified complaint. In 2011, the Plaintiffs looked at some promotional materials from Buy Belize. The material described wonderful amenities with a completion date within 2 to 5 years. The Plaintiffs scheduled a tour and visited Belize. They were offered a Gold Membership in the Founders Club so long as they agreed to spend at least \$750,000. They purchased a canal lot, two Sanctuary Belize lots, an exclusive lot on Marina Island (one of only twelve lots on the private island) and a boat slip. In total, they committed to spend in excess of \$1.0 million at the project. In 2013, the Plaintiffs tried to build a home on the lot with the river access but discovered that the lot did not have enough river access to dock a boat near their planned home. In 2014, they entered into a Buyback Agreement with the Receivership Entities and agreed to return their claim to the boat dock. The Receivership Entities made a series of monthly installment payments but stopped making payments before the total amount owed was paid. In 2017, the Plaintiffs visited Belize to see if the promised amenities were completed. They discovered that the core elements of the promised development were not completed and concluded that the property was “mainly unchanged in 5 years.” The Plaintiffs allege in their complaint that they were unable to sell their lots because the onsite security would not allow any outside real estate agents onto the property. They also allege that the security staff would tear down “For Sale” signs placed on their lots.

The Plaintiffs filed their complaint on March 14, 2018 in Orange County Superior Court in California. The attorney for the Plaintiffs argued that the forum selection clause in the Memorandum of Sale should be set aside because of fraud on the part of the Receivership Entities. The Court was advised of the TRO and appointment of a Temporary Receiver and ordered the case suspended on November 30, 2018. The case management conference set for November 30, 2018 was vacated.

Litigation File III – The plaintiff purchased two lots for \$489,300 and \$168,750 and his down payment and monthly lot payments totaled \$277,156. In November 2016, the plaintiff decided to pay off both lots by paying one final lump sum payment. The plaintiff hired a local attorney in Belize to help facilitate the transfer of title. The plaintiff states that his attorney in Belize advised him that the seller, Sittee River Wildlife Reserve, did not hold title to the lots they were purportedly selling to him. In January 2017, the lot owner complained that the seller was not able to provide clear title to his two lots and threatened to terminate the Memorandum of Sale. Shortly thereafter, the Receivership Entities instructed their attorney to issue a Final Notice of Default for both lots and served the notices on the lot owner on April 10, 2017. On June 6, 2017, the attorney for the lot owner sent a letter titled, “Final Demand Before Legal Action,” and demanded a refund in the amount of \$277,156. The Receivership Entities refused to return the funds to the lot owner. Thereafter, counsel for the lot owner filed suit in the Orange County Superior Court in California. In response to the suit, the Receivership Entities filed a motion to dismiss and asked the Court to honor the forum selection clause in the Memorandum of Sale and dismiss the suit or refer it to

Belize for mandatory arbitration. The lawsuit was ordered dismissed without prejudice on March 29, 2018 pursuant to a motion to dismiss. It is now on appeal in the California Fourth Appellate District, Division Three. The appellate court has been notified of the stay pursuant to the TRO.

Financial Information

As stated above, since 2009 the Receivership Entities used a software program, Lending Pro, to maintain and manage their consumer loan portfolio, related information and payment history. Lending Pro generates monthly statements and invoices, which are sent to consumers for payment. Lending Pro is also able to generate a history report for each consumer.

The Receivership Entities utilize the QuickBooks accounting program to record their accounting entries. Primarily, there were seven accounting files for the Receivership Entities in the United States and two accounting files for the Receivership Entities in Belize. The Temporary Receiver's forensic review and analysis of various QuickBooks files discovered that many transactions were misclassified and recorded under inappropriate accounts, and some transactions were double recorded on the books of U.S. entities and Belize entities. Inter-company transactions were not always reconciled which resulted in misstatements of various inter-company balance sheet and income statement accounts between the Receivership Entities' books.

The Temporary Receiver reviewed, reconciled and analyzed the Receivership Entities' loan data and QuickBooks accounting files, which revealed a large variance between Lending Pro and QuickBooks as discussed in detail below.

Loan Data Analysis

The Temporary Receiver obtained access to the Lending Pro system, which contains comprehensive records for consumer information (including name, address and phone number), loan details (including loan origination date, amount, and interest rate), and related transaction activities and payments. There are two Lending Pro databases. One database is named "Lending Pro – Eco Futures" and the other is named "Lending Pro – Other."

"Lending Pro – Eco Futures" contains loan data for the Reserve properties, which include Bamboo Springs (BS), Equestrian Estates (EE or E), Equestrian Ranch (ER), Island Lots (ISL), Jabiru Island (MI), Marina Village (MV), North Ridge (NR), River (R), Estate (S), Sapodilla Ridge (SR), and Waterway Village (WWV). Lending Pro Eco Futures also contains partial loan data for Laguna Palms (LP) properties.

“Lending Pro Other” contains the loan data for other LP properties. According to the accounting staff of the Receivership Entities, they were in the process of moving LP loan data to “Lending Pro – Eco Futures” but had not yet completed moving the data.

Under Exhibit 20 is a copy of the sales contract signed by a consumer¹², which was first recorded by Sittee River Wildlife Reserve in Belize as an “account receivable trade” from 2011 to 2016 and transferred and recorded on the books of Eco Futures Belize Limited as a “loan receivable” from 2016 to current. The Temporary Receiver tested and traced a number of the consumer accounts to the original contracts signed by consumers for validity and accuracy.

The Temporary Receiver downloaded “Period Summary Accounting Report” for the entire loan portfolio. The loan data downloads include account identification number (ID), consumer name, loan interest rate, beginning and ending loan balances, and related payment history from January 1, 2009 to November 6, 2018. The Temporary Receiver also downloaded “List of Loan Origination Dates” data from Lending Pro, which contain account name and ID, loan origination dates, loan status, monthly payment, and last transaction dates for the entire portfolio. The Temporary Receiver then consolidated these loan data fields and utilized the combined loan data for further review and analysis.

Total loan payments received by the Receivership Entities from January 1, 2009 to November 6, 2018 are summarized below.

Loan Count	Principal	Interest	Misc. Fees Paid	L/C Paid	Total Payments
2,202	\$ 126,332,810.08	\$ 13,542,661.17	\$ 10,504,368.91	\$ 9,754.99	\$ 150,389,595.15

Note 1: "Misc. Fees Paid" represent value-added tax (GST) received from consumers.

Note 2: "L/C Paid" represents the late fee charges received from consumers.

Based on the loan data, the total amount received from January 1, 2009 to November 6, 2018 was approximately \$150.4 million, including approximately \$126.3 million for principal, \$13.5 million for interest, and \$10.5 million for GST.

Excluding GST, loan principal and interest collected from consumers totaled nearly \$140 million from January 1, 2009 to November 6, 2018.

The Temporary Receiver learned that all the loans were recorded by Sittee River Wildlife Reserve in Belize from 2009 to 2015. After 2015, the sales and loan contracts were segregated into two parts, land and development. Land loans were recorded by Eco Futures Belize

¹² Partial account numbers and certain consumer information have been redacted for privacy.

Limited in Belize while development loans were primarily recorded by Eco Futures Development in the U. S.

The Temporary Receiver further analyzed the loan data by status, the related lots sold, the loan aging, and consumers who may have paid off loans early, as discussed and shown below.

- **Entire Loan Portfolio Overview**

According to the loan data, more than 2,071 loans¹³ totaling more than \$251 million were originated by the Receivership Entities for 1,208 lots. The remaining outstanding loan balance and receivables were approximately \$76.9 million as of November 6, 2018.

The Loans by Status table below shows 677 out of 2,202 loans (about 30.7%) are inactive. Therefore, approximately \$109 million out of \$255.5 million in gross loan contracts (about 42.7%) were cancelled or terminated.

Loans by Status

Status	# of Loans	Principal	Interest	Fees Paid	Total Payments	Beg. Balance	End Balance
ACTIVE	1,525	\$ 95,085,358.84	\$ 7,947,407.28	\$ 8,071,733.64	111,104,499.76	\$ 146,447,460.41	\$ 77,831,917.99
INACTIVE	677	\$ 31,247,451.24	\$ 5,595,253.89	\$ 2,442,390.26	39,285,095.39	\$ 109,039,248.33	\$ 563,279.46
Total	2,202	\$ 126,332,810.08	\$ 13,542,661.17	\$ 10,514,123.90	\$ 150,389,595.15	\$ 255,486,708.74	\$ 78,395,197.45

Note 1: Fees paid include GST (Misc. Fees) and late fees (L/C Fees) recorded under Lending Pro.

Note 2: "End Balance" amounts shown above did not equal beginning loan balances less principal payments. The "End Balance" entries also contain credits, adjustments and write-offs to the loan accounts.

¹³ Some consumers paid all cash for their lot at the inception of the sale. To accurately track lot sales, the Receivership Entities booked all cash sales in the loan system. Therefore, the number of loans is overstated. The Temporary Receiver has preliminarily determined that it is not cost effective to analyze each loan file to determine the actual number of loans.

Loan Payments by Year

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees Paid</u>	<u>Total Payments</u>
2009	\$ 103,214.01	\$ -	\$ -	\$ 103,214.01
2010	1,675,147.97	110,125.21	380.34	1,785,653.52
2011	3,159,139.08	346,995.60	1,090.96	3,507,225.64
2012	10,174,528.61	783,457.81	892,109.42	11,850,095.84
2013	22,674,131.53	1,478,261.40	2,297,384.49	26,449,777.42
2014	26,420,124.80	2,684,758.90	2,882,700.49	31,987,584.19
2015	12,361,850.24	2,734,434.37	1,568,812.06	16,665,096.67
2016	10,976,100.59	1,925,002.34	1,145,106.84	14,046,209.77
2017	21,539,034.15	1,831,094.83	1,289,979.37	24,660,108.35
2018	17,249,539.10	1,648,530.71	436,559.93	19,334,629.74
Total	\$ 126,332,810.08	\$ 13,542,661.17	\$ 10,514,123.90	\$ 150,389,595.15

Loan Payments by Lots Sold

<u>Community</u>	<u># of Lots</u>	<u># of Loans</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees Paid</u>	<u>Total Payments</u>	<u>Beg. Balance</u>	<u>End Balance</u>
Bamboo Springs	106	131	\$ 2,335,286.92	\$ 15,184.72	\$ 256,792.15	\$ 2,607,263.79	\$ 3,626,433.99	\$ 1,471,757.75
Laguna Palms	174	358	\$ 5,789,777.56	\$ 185,017.18	\$ 92,944.78	\$ 6,067,739.52	\$ 19,515,526.73	\$ 12,747,973.92
Equestrian Estates	292	482	\$ 18,578,807.63	\$ 2,822,951.76	\$ 1,576,391.38	\$ 22,978,150.77	\$ 44,511,838.62	\$ 12,577,586.57
Equestrian Ranch	7	9	\$ 1,085,678.06	\$ 39,357.88	\$ 25,226.22	\$ 1,150,262.16	\$ 812,951.66	\$ 128,117.92
Estate	64	77	\$ 5,129,767.14	\$ 921,329.77	\$ 289,555.12	\$ 6,340,652.03	\$ 10,414,454.18	\$ 1,798,383.59
Island Lots	4	5	\$ 501,828.15	\$ -	\$ 125.00	\$ 501,953.15	\$ 2,053,375.00	\$ 1,275,000.00
Jabiru Island	10	15	\$ 1,748,975.70	\$ 187,031.80	\$ 63,770.89	\$ 1,999,778.39	\$ 2,614,487.45	\$ 652,174.51
Marina Village	28	59	\$ 2,152,973.88	\$ 60,970.61	\$ 96,345.57	\$ 2,310,290.06	\$ 6,829,871.99	\$ 4,500,085.31
North Ridge	251	427	\$ 31,485,497.53	\$ 2,760,258.48	\$ 2,832,919.44	\$ 37,078,675.45	\$ 62,324,350.00	\$ 21,157,550.54
River	8	11	\$ 700,723.54	\$ 111,791.07	\$ 53,418.36	\$ 865,932.97	\$ 1,587,423.84	\$ 766,839.65
Sapodilla Ridge	282	466	\$ 48,376,492.97	\$ 5,261,764.88	\$ 4,513,311.02	\$ 58,151,568.87	\$ 85,377,125.69	\$ 16,518,822.55
Waterway Village	88	162	\$ 8,447,001.00	\$ 1,177,003.02	\$ 713,323.97	\$ 10,337,327.99	\$ 15,818,869.59	\$ 4,800,905.14
Total	1,314	2,202	\$ 126,332,810.08	\$ 13,542,661.17	\$ 10,514,123.90	\$ 150,389,595.15	\$ 255,486,708.74	\$ 78,395,197.45

- **Active Loan Summary**

Currently, 1,525 out of 2,202 loans remain active, which represent at least 1,064 lots. These active loans have approximately \$77.8 million in outstanding receivables as of November 6, 2018. The active loans and related property lots sold are summarized by property community below.

Community	# of Lots	# of Loans	Principal	Interest	Fees Paid	Total Payments	Beg. Balance	End Balance
Bamboo Springs	105	130	\$ 2,310,286.92	\$ 15,184.72	\$ 253,667.15	\$ 2,579,138.79	\$ 3,601,433.99	\$ 1,471,757.75
Laguna Palms	147	304	\$ 5,342,030.28	\$ 172,201.00	\$ 81,534.98	\$ 5,595,766.26	\$ 16,301,718.33	\$ 12,697,973.92
Equestrian Estates	204	282	\$ 12,749,476.49	\$ 1,564,331.61	\$ 1,126,471.65	\$ 15,440,279.75	\$ 21,070,366.74	\$ 12,577,586.41
Equestrian Ranch	7	9	\$ 1,085,678.06	\$ 39,357.88	\$ 25,226.22	\$ 1,150,262.16	\$ 812,951.66	\$ 128,117.92
Estate	48	51	\$ 3,749,075.48	\$ 618,987.15	\$ 222,450.91	\$ 4,590,513.54	\$ 6,084,166.03	\$ 1,798,383.59
Island Lots	2	3	\$ 142,375.00	\$ -	\$ 125.00	\$ 142,500.00	\$ 1,514,375.00	\$ 1,275,000.00
Jabiru Island	9	9	\$ 1,087,925.49	\$ 112,579.51	\$ 46,864.58	\$ 1,247,369.58	\$ 1,229,832.45	\$ 652,174.51
Marina Village	26	49	\$ 2,105,564.38	\$ 60,970.61	\$ 96,095.57	\$ 2,262,630.56	\$ 5,412,796.99	\$ 4,500,085.31
North Ridge	207	301	\$ 25,665,922.66	\$ 1,720,075.74	\$ 2,216,050.95	\$ 29,602,049.35	\$ 36,613,659.61	\$ 20,644,271.25
River	7	9	\$ 626,126.55	\$ 61,631.04	\$ 48,981.67	\$ 736,739.26	\$ 1,098,817.84	\$ 766,839.65
Sapodilla Ridge	221	272	\$ 34,398,104.01	\$ 2,918,798.57	\$ 3,399,205.68	\$ 40,716,108.26	\$ 43,827,476.35	\$ 16,518,822.54
Waterway Village	81	106	\$ 5,822,793.52	\$ 663,289.45	\$ 555,059.28	\$ 7,041,142.25	\$ 8,879,865.42	\$ 4,800,905.14
Total	1,064	1,525	\$ 95,085,358.84	\$ 7,947,407.28	\$ 8,071,733.64	\$ 111,104,499.76	\$ 146,447,460.41	\$ 77,831,917.99

- **Loans with Zero Ending Balance**

The Temporary Receiver further analyzed the loans with no ending balance in the loan data. Nearly all the inactive loans (671 out of 677 loans) have a zero end balance in the loan system, except for five loans with a total of approximately \$563,000 which may be due to clerical errors.

Additionally, the Temporary Receiver found that, among 1,525 active loans, 575 loans have a zero balance. These loans are likely loans that were paid off or all-cash purchases.

- **Future Cashflow Projection**

The Lending Pro system generates a Due Date Report, which shows the monthly payment, including principal and interest, for each of the loans. The Temporary Receiver prepared a future cashflow projection based on the monthly payments of the entire loan portfolio for the next five years, as set forth below. These projected cashflows represent cash inflows based on the monthly payments on the existing loans. Actual cash receipts may vary due to early payoffs.

<u>Year</u>	<u>Projected Cashflows for Next Five Years</u>
2019	\$ 6,403,474.63
2020	6,158,532.73
2021	6,009,150.39
2022	5,802,598.76
2023	<u>5,407,278.53</u>
Total	<u>\$ 29,781,035.04</u>

- **Lots Sold More Than One Time and Potential Competing Claims of Lot Ownership**

The Temporary Receiver has preliminarily determined that 191 lots have been sold more than one time. These 191 lots were sold to 423 buyers. One lot was sold 5 times, 4 lots were sold 4 times, 30 lots were sold 3 times, and 156 lots were sold 2 times.

The Temporary Receiver has been contacted by 22 consumers who are disputing claims of other consumers to their lots. The Temporary Receiver will be further analyzing data and documents in the near future.

Receivership Entities' Accounting and Bookkeeping

As previously discussed, there were primarily seven accounting files for the U.S. entities and two files for the Belize entities. In general, most of the lot sales income was recorded on the books of the Receivership Entities in Belize, while the funds were primarily collected in the Receivership Entities' bank accounts in the U.S. Additionally, most of the expenses were paid by the Receivership Entities in the U.S.

The Temporary Receiver reviewed, reconciled and analyzed the transactions recorded on these accounting files. The Temporary Receiver discovered that many transactions were misclassified and improperly recorded, and some transactions were double recorded on the

books of U.S. entities and the Belize entities. In addition, many inter-company transactions were not properly reconciled, which resulted in misstatements of various balance sheet and income statement account balances.

- **Receivership Entities' Accounting Records Show \$124 Million Received from Lot Sales**

As previously noted, on a consolidated basis, the accounting records show approximately \$124 million in proceeds from sales of lots at the Reserve, which differs by \$15.8 million from the amount recorded on the loan system. The Temporary Receiver is still investigating the causes of this difference. As discussed below, about \$7 million of the difference may be attributable to certain coding errors for loan account adjustments and transfers or write-offs in Lending Pro. Other possible reasons for this difference may be attributable to the Receivership Entities improperly allocating loan collections and revenue between their U.S. entities and Belize entities, and a lack of proper and timely reconciliation of these related accounts.

In an effort to reconcile the difference between QuickBooks entries and Lending Pro entries, the Temporary Receiver downloaded 39,540 records from QuickBooks Loan Receivables, Deferred Revenues, and Cash Accounts and also downloaded 61,383 activity records from Lending Pro.

The Temporary Receiver analyzed the downloaded data and determined the Receivership Entities sometimes improperly used Lending Pro "code 2" to write off an account.

The Temporary Receiver filtered out all inactive accounts with a "code 2" for principal payments of \$60,000 and above. That narrowed the record count to 76. The Temporary Receiver then cross-referenced the Lending Pro history reports and QuickBooks records to determine variances. The Temporary Receiver identified 38 of the 76 records were miscoded and consequently overstated Lending Pro total loan payments by about \$7 million.

(In U.S. dollars)

	U.S. Entities Total	Belize Entities Total	Inter-Company Elimination & Adjustment		Consolidated Totals
			Dr.	Cr.	
Income					
Revenue/Sales of Lots - Net	\$ 25,303,510	\$ 96,976,901		\$ 1,743,830	\$ 124,024,242
Tour Revenue - Net	29,822	-			29,822
Management Revenue	655,428	-			655,428
Income from SRWR	30,000	-	\$ 30,000		-
Income from Mango	5,000	-			5,000
Grounds Maintenance Monthly Fee	-	291,087			291,087
Landscaping Revenue	-	122,199			122,199
Others	28,549	730,121	326,953		431,718
Total Income	<u>\$ 26,052,310</u>	<u>\$ 98,120,308</u>	<u>\$ 356,953</u>	<u>\$ 1,743,830</u>	<u>\$ 125,559,496</u>

Note 1: The Temporary Receiver was told that loan payments collected in October 2018 were not recorded on the books and therefore adjusted approximately \$1.74 million to the total sales revenue. Based on the October 2018 loan account summary report from Lending Pro, the total collections for October 2018 were \$1,743,830.36, including \$1,564,059.02 for principal and \$179,771.34 for interest.

Note 2: Sales of lots and tour revenue above represent the net revenue amounts after the returns.

	Receivership Entities in Belize		
	Sittee River Wildlife Reserve	Eco Futures Belize	Total In USD
Income			
Sale of Lots			
Principal collected on Lots	\$ 71,965,661	\$ 13,804,882	\$ 85,770,542
Interest Earned on Lot Sales	7,900,145	3,306,214	11,206,359
Total Sale of Lots	79,865,806	17,111,095	96,976,901
Grounds Maintenance Monthly Fee	-	291,087	291,087
Landscaping Revenue	89,500	32,698	122,199
Others	136,544	593,577	730,121
Total Income	<u>\$ 80,091,851</u>	<u>\$ 18,028,458</u>	<u>\$ 98,120,308</u>

	Receivership Entities in the United States					Inter-Company Elimination		Total
	GPA	EFD	Buy	Buy	Newport	Dr.	Cr.	
			Belize	International	Land Group			
Income								
Lot Sales Revenue	\$ 427,181	\$ 24,876,329	\$ -	\$ -	\$ -			\$ 25,303,510
Tour Revenue	-	-	-	29,822	-			29,822
Management Revenue	3,804,818	-	-	100,000	-	\$ 3,249,390		655,428
Income from GPA	-	-	7,210,548	3,094,000	-	10,367,236	62,689	-
Income from EFD	-	-	579,000	14,810,463	831,000	16,220,463		-
Income from FDM	-	-	220,000	70,985	-	290,985		-
Income from Buy Int'l	-	-	115,000	-	358,400	473,400		-
Income from SRWR	-	-	30,000	-	-			30,000
Income from Mango	-	-	5,000	-	-			5,000
Commissions Income	5,333,066	-	-	-	-	5,470,816	137,500	(250)
Others	1,425	12,459	-	12,815	2,100			28,799
Total Income	<u>\$ 9,566,490</u>	<u>\$ 24,888,788</u>	<u>\$ 8,159,548</u>	<u>\$ 18,118,085</u>	<u>\$ 1,191,500</u>	<u>\$ 36,072,290</u>	<u>\$ 200,189</u>	<u>\$ 26,052,310</u>

A detailed analysis of the primary QuickBooks files and related information for the Receivership Entities in Belize and the U.S. follows.

- **Receivership Entities in Belize**

The Temporary Receiver obtained two QuickBooks accounting files from the Receivership Entities' accounting team in Belize for Sittee River Wildlife Reserve and Eco Futures Belize Limited. The recorded transactions are up to November 11, 2018 except for an expense bill of \$10,085 Belize dollars (BZD) which was post-dated December 4, 2018 on Eco Futures Belize Limited's books. The Temporary Receiver reviewed and analyzed the accounting details and records under the accounting files of Sittee River Wildlife Reserve and Eco Futures Belize Limited, which are recorded in BZD, which by law is tied to the U.S. dollar (USD) at a fixed rate of two BZD for one USD.

Sittee River Wildlife Reserve and Eco Futures Belize Limited are operated by the same management and staff. Some of the transactions are recorded on Sittee River Wildlife Reserve's books while some are recorded on Eco Futures Belize Limited's books. In order to understand and evaluate the overall financial information and operations for the Receivership Entities in Belize, the Temporary Receiver combined the financial statements of both entities for further analysis as discussed below.

Accounting Treatment for Lot Sales and Loans

The most important accounting activities on the Belize entities' books are loan-related transactions. The Temporary Receiver reviewed and analyzed the loan data stored and maintained by the Receivership Entities in Lending Pro. In order to understand how the Receivership Entities accounted for and recorded loan activities and revenue, the Temporary Receiver reviewed and analyzed sales contracts signed by consumers, loan payments paid by consumers, and the related accounting entries posted by the Receivership Entities in Belize. As described below, the accounting treatment for lot sales and related loan activities includes a myriad of accounting entries and temporary/suspense accounts (such as undeposited and cash accounts). This complicated accounting treatment requires timely reconciliation and recognition of revenue based on actual cash receipts. However, the Receivership Entities appear to fail to timely reconcile accounts and recognize income, resulting in unreconciled balances of these temporary accounts and accounting misstatements.

Under Exhibit 21 is a general description as to how the Receivership Entities recorded consumer loans when originated and payments received, and otherwise dealt with the recognition of revenue on its books in Belize.

The actual loan payments from consumers were primarily received by the Receivership Entities in the U. S. while the loan receivables and revenue recognition were recorded by the Receivership Entities in Belize. The Receivership Entities in Belize used certain suspense

accounts, such as undeposited GPA principal and interest accounts (under accounts on Sittee River Wildlife Reserve's books) and the cash account (under Eco Futures Belize Limited's books), in order to keep track of the loan payments received from consumers and the actual funds that were transferred from the Receivership Entities in the U. S. to Belize. These suspense accounts were also used to record the inter-company transactions between the Receivership Entities in the U.S. and Belize, such as the marketing expenses charged by the Receivership Entities in the U. S. to the Receivership Entities in Belize.

The Belize Entities' Balance Sheet Analysis

The balance sheets by year for Sittee River Wildlife Reserve and Eco Futures Belize Limited downloaded from their QuickBooks accounting files are under Exhibits 22 and 23.¹⁴ The Temporary Receiver then combined and consolidated the balance sheets of these two entities, including elimination of the "due to" and "due from" accounts between Sittee River Wildlife Reserve and Eco Futures Belize Limited, as shown under Exhibit 24.

The combined total assets to date are approximately \$236.6 million BZD, including a cash balance of \$16.7 million,¹⁵ \$82.5 million in loans receivable, \$13.9 million of inventory assets and \$121.8 million of fixed assets.

The analysis and review for these significant accounts are discussed in detail below.

- ***Undeposited GPA Principal and Interest, and Cash Balance***

As previously discussed, undeposited GPA principal and interest accounts were recorded on Sittee River Wildlife Reserve's books, which were from loan payments and sales recognition that were recorded on Sittee River Wildlife Reserve's books and would be written off when actual funds were transferred from the Receivership Entities in the U.S. to Belize. These accounts were also used to record the inter-company transactions.

The last transactions for undeposited GPA principal and interest were dated December 31, 2016, which were reclassified and recorded as marketing expenses on Sittee River Wildlife Reserve's books. There was no balance under the undeposited GPA interest account and the remaining balance for undeposited GPA principal was only \$306,515.94 BZD. According to Sittee River Wildlife Reserve's books and records, more than \$110 million BZD from undeposited GPA principal and interest accounts were reclassified and recorded as marketing expenses.

¹⁴ As previously discussed, the recorded transactions by the Receivership Entities are up to November 11, 2018 except for an expense bill of 10,085 BZD that was post-dated December 4, 2018 on Eco Futures Belize Limited's books. Therefore, Eco Futures Belize Limited's balance sheet date for 2018 is dated December 4, 2018, the last transaction date in its QuickBooks accounting file.

¹⁵ This amount is not accurate. The cash balances in the Belize bank accounts at the inception of the TRO were approximately \$150,500.

Similar to undeposited GPA principal and interest accounts, after 2016 Eco Futures Belize Limited used the cash account to keep track of loan payment collections. The cash account on Eco Futures Belize Limited's books primarily represents the balance that was from the loan payments received from consumers and the related sales revenue was recognized and recorded on the books. The balance would be reduced when the actual funds were received by Eco Futures Belize Limited. This account also contains some inter-company transactions between the Receivership Entities in the U. S. and Belize.

Approximately \$16.7 million BZD (equivalent to \$8.3 million USD) remained on Eco Futures Belize Limited's books as of November 9, 2018. This is not an actual cash balance held by the Receivership Entities in Belize, but the amount owed by the Receivership Entities in the U.S. to the Receivership Entities in Belize, after inter-company transactions.

- ***Accounts Receivable Trade/ Loans Receivable***

The "accounts receivable trade" on Sittee River Wildlife Reserve's books and "loan receivable" on Eco Futures Belize Limited's books are related to loan activities with consumers, which represent the outstanding principal loan balances owed by consumers. It was recorded on Sittee River Wildlife Reserve's books from 2009 to 2015, and then it was moved to Eco Futures Belize Limited and recorded on its books from 2016 to 2018. Therefore, no "accounts receivable trade" remained on Sittee River Wildlife Reserve's books as of July 31, 2018 and approximately \$82.5 million BZD (approximately \$41.2 million USD) of loans receivable remained on the books of Eco Futures Belize Limited as of October 22, 2018. However, according to the Lending Pro loan system, the outstanding loan balance as of November 6, 2018 was approximately \$78.4 million in USD. The difference is primarily due to the outstanding loan balance for development, which is recorded on Eco Future Development's books in the U.S. According to Eco Future Development's books, there was approximately \$41.9 million USD of loans receivable as of October 31, 2018. In addition, the Temporary Receiver was also told that October 2018 loan activity totaling approximately \$1.74 million USD had not been posted by the Receivership Entities, which also caused a discrepancy between the QuickBooks accounting records and the Lending Pro system.

- ***Inventory Assets***

The inventory assets of approximately \$13.9 million BZD (or approximately \$6.9 million USD) are primarily comprised of approximately \$5.91 million BZD of lot inventory and \$7.98 million BZD of property contracted for sales as of October 31, 2018. The original costs of these lots and properties include approximately \$18.1 million BZD, which were booking adjustments from retained earnings as of December 31, 2012, and some additional survey costs of \$132,403.09 from 2013 and 2014. However, the original purchase prices, payments and timing to acquire these inventory assets remain unknown as the information was not available on the books.

Between 2012 and 2014, approximately \$13.8 million BZD was transferred from the “Lots Inventory” account to the “Property Contracted for Sale” account, of which approximately 3.84 million BZD was reclassified and recorded as costs of goods sold and approximately \$2 million BZD in lots/properties were foreclosed, bought back and returned to lot inventory on the books, as demonstrated below.

	(In BZD)	
	Lot Inventory	Property Contracted for Sale
Original Costs from Retained Earnings at 12/31/2012	\$ 18,147,953.62	
Survey Costs added	132,403.09	
Transferred to:		
Property Contracted for Sale	(13,819,520.77)	\$ 13,819,520.77
Cost of Goods Sold	-	(3,839,204.62)
Donations	(189,758.12)	-
Land	(293,329.64)	-
Investment in Red Roof House	(10,069.82)	-
Investment in JV - Model Homes	(54,218.48)	-
Back Outs/ Buybacks/ Foreclosures back to Lot Inventory	1,997,989.24	(1,997,989.24)
Lot Inventory Ending Balance on SWR's Books	<u>\$ 5,911,449.12</u>	<u>\$ 7,982,326.91</u>

- **Fixed Assets**

The fixed assets primarily consist of land, marina, buildings, beach club, roads, bridges, drains, other infrastructure and amenities for the Reserve. There is approximately \$99.5 million BZD (or \$49.7 million USD) recorded on Sittee River Wildlife Reserve’s books and \$22.3 million BZD (or \$11.2 million USD) recorded on Eco Futures Belize Limited’s books.

Similar to inventory assets, the original costs for these fixed assets are mostly from two significant booking journal entries (JE), which adjusted the balances from retained earnings and undeposited GPA related accounts to fixed asset accounts at December 31, 2012 and December 31, 2013 on Sittee River Wildlife Reserve’s books, totaling approximately \$111.4 million BZD as shown below. This \$111.4 million BZD includes approximately \$87 million BZD assigned to land, \$16.9 million BZD assigned to the marina, \$2.6 million BZD assigned to buildings and structures and \$1.8 million BZD assigned to the beach club and other fixed asset accounts.

(In BZD)

From	12/31/2012 Adjustment JE	12/31/2013 Adjustment JE	Total
Retained Earnings	\$ 89,516,336.98	\$ 1,041,912.40	\$ 90,558,249.38
Undeposited - GPA Principal	15,256,513.99	-	15,256,513.99
Undeposited GPA Interest	2,115,854.48	-	2,115,854.48
Undeposited GPA - GST	3,439,705.37	-	3,439,705.37
Undeposited GPA - L/C	2,339.74	-	2,339.74
Total	\$ 110,330,750.56	\$ 1,041,912.40	\$ 111,372,662.96

According to the Sittee River Wildlife Reserve's QuickBooks accounting records, the adjustment JE made on December 31, 2012 was to establish the fair value of the land based on a 2009 appraisal by Mitchell Moody & Associates.

From 2013 to 2015, there was an additional \$2.6 million BZD of expenditures incurred and recorded as marina costs under Sittee River Wildlife Reserve's books. On September 30, 2015, the balance of marina costs of approximately \$19.5 million BZD and the land balance of \$703,906 BZD were transferred from the books of Sittee River Wildlife Reserve to Eco Futures Belize Limited.

- ***Deferred Revenue***

"Deferred revenue" represents unrecognized revenue due to the remaining loan balances that have not been collected, which should mirror the outstanding loans receivable balance due from consumers. Similar to "accounts receivable trade" and "loans receivable," deferred revenue was initially recorded on Sittee River Wildlife Reserve's books and was then moved to Eco Futures Belize Limited's books from 2016 to 2018. However, approximately \$44.52 million BZD of deferred revenue still remained on Sittee River Wildlife Reserve's books as of July 31, 2018, which appears to be inconsistent with the related receivables. This is likely due to the missing recognition of revenue from principal collections in 2015 that was not recorded on Sittee River Wildlife Reserve's books. This \$44.52 million BZD should be adjusted and reclassified as 2015 sales revenue for loan principal collected on lots.

The deferred revenue on Eco Futures Belize Limited's books was approximately \$83.3 million BZD as of October 22, 2018, which is approximately \$41.7 million USD and differs from the outstanding loan balance of \$78.4 million in the Lending Pro system. The difference is likely due to the development loan balance of approximately \$43.8 million USD recorded under Eco Future Development's books in the U.S. and \$1.74 million USD of loan payments collected in October 2018 that have not been recorded on the books of the Receivership Entities.

The Belize Entities' Profit and Loss Analysis

The profit and loss statements by year for Sittee River Wildlife Reserve and Eco Futures Belize Limited downloaded from their QuickBooks accounting files are under Exhibits 10` and 11, respectively. The Temporary Receiver combined the profit and loss statements of these two entities and adjusted and reclassified \$44.5 million from deferred revenue to 2015 sales revenue, which is shown under Exhibit 12.

The combined total income to date was approximately \$196 million BZD (about \$98 million USD), including sales revenue from loans recorded by the Receivership Entities in Belize to date of approximately \$194 million BZD (about \$97 million USD). These amounts are understated.

Total costs of goods sold and expenses from 2009 to 2018 were approximately \$5.8 million BZD and \$151 million BZD, respectively. The most significant expenses on the books were the marketing related expenses of approximately \$110.2 million BZD (or 72.7% of the total expenses), which were only recorded on Sittee River Wildlife Reserve's books. However, based on a review of the accounting details for the marketing related expenses, most of the transactions were intercompany transactions between the Receivership Entities in the U.S. and Belize.

The combined net income of the Receivership Entities in Belize, after the 2015 sales revenue adjustment, was approximately \$39 million BZD (about \$19.5 million in USD).

The analysis and review for these accounts are discussed in a greater detail below.

- ***Sales of Lots/Lot Sales Revenue***

Total lot sales revenue recorded on the books was about \$149.4 million BZD, including approximately \$115.2 million BZD recorded from 2009 to 2015 as "Sales of Lots" on Sittee River Wildlife Reserve's books, and approximately \$34.2 BZD million from 2016 to 2018 as "Lot Sales Revenue" on Eco Futures Belize Limited's books.

The Temporary Receiver found there was no 2015 lot sales revenue from principal collected on lots recorded on the books, which was due to \$44.5 million BZD still accounted for as deferred revenue on Sittee River Wildlife Reserve's books. This should be adjusted. After the adjustment, the total lot sales revenue would be approximately \$194 million BZD, or \$97 million USD.

The difference in sales revenue between \$140 million listed in Lending Pro and \$97 million on the books of Sittee River Wildlife Reserve and Eco Futures Belize Limited is primarily due to the development loans recorded on Eco Future Development's books in the United States. There was approximately \$24.9 million in sales revenue recorded on Eco Future

Development's books. In addition, the October 2018 loan collections of approximately \$1.74 million have not been recorded by the Receivership Entities.

- ***Cost of Goods Sold***

Total cost of goods sold was approximately \$5.78 million BZD, which was primarily recorded on Sittee River Wildlife Reserve's books. As previously discussed, approximately \$3.84 million BZD was reclassified from lot inventory from 2012 to 2014. In addition, approximately \$1.75 BZD million was reclassified from fixed assets in 2013 and 2014.

- ***Marketing Expenses***

Marketing expenses from 2008 to 2018 totaled approximately \$110.2 million BZD (about 55.1 million USD) and were all recorded on Sittee River Wildlife Reserve's books. The marketing expenses are primarily comprised of the intercompany transactions of approximately \$110 million BZD between the Receivership Entities in the U.S. and Belize as listed below, which did not generate actual cashflow.

<u>Account</u>	<u>Amount</u>
Undeposited - GPA Principal	\$ 107,497,369.61
Undeposited GPA Interest	1,908,799.52
Due from GPA	748,200.59
	<u>\$ 110,084,369.72</u>

As previously discussed, "Undeposited – GPA Principal" and "Undeposited GPA Interest" on Sittee River Wildlife Reserve's books were used to keep track of the loan payments collected from consumers. Actual funds from loan payments were mostly received by the Receivership Entities in the U.S. The undeposited GPA principal and interest would be written off when actual funds were received by the Receivership Entities in Belize. As shown above, more than \$110 million under Sittee River Wildlife Reserve's undeposited GPA principal and interest accounts are reclassified and recorded as marketing expenses on Sittee River Wildlife Reserve's books.

This shows that more than \$110 million BZD of marketing expenses (\$55 million USD) were charged by the Receivership Entities in the U.S. These funds were held in the U.S. and they have not been paid to the Receivership Entities in Belize.

- **Receivership Entities in the United States**

Buy Belize, LLC (Buy Belize) and Buy International, Inc. (Buy International)

Buy Belize and Buy International promoted the sales of lots in Belize. Buy International was formed to replace Buy Belize. Buy International had approximately six sales representatives. Potential lot purchasers paid \$350 for a four-day trip to Belize and Buy International would pay for their hotel and flight expenses.

Balance Sheet of Buy Belize

Under Exhibit 28 is the Balance Sheet of Buy Belize at September 30, 2018. It is summarized as follows:

ASSETS	
Commission advance	<u>\$ 11,067.31</u>
 LIABILITIES AND DEFICIT	
LIABILITIES:	
Payroll tax liability	6,828.59
Due to Buy International, Inc.	<u>1,068,256.25</u>
Total liabilities	1,075,084.84
 DEFICIT	 <u>(1,064,017.53)</u>
 TOTAL	 <u>\$ 11,067.31</u>

“Commission advance” included \$25,000 in advances to Pukke.

“Due to Buy International” resulted from Buy International’s payroll payments for Buy Belize.

Statement of Operations of Buy Belize

Under Exhibit 29 is the Statement of Operations of Buy Belize for the period from April 2, 2012 (Commencement of Operations) to September 30, 2018. It is summarized as follows:

INCOME

Income from other Receivership Entities:

Global Property Alliance, Inc.	\$ 7,210,547.86
Eco-Futures Development	579,000.00
Foundation Development Management, Inc.	220,000.00
Buy International, Inc.	115,000.00
Sittee River Wildlife Reserve	<u>30,000.00</u>

Total income from other Receivership Entities	\$ 8,154,547.86
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Other	<u>5,000.00</u>
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TOTAL INCOME	<u>8,159,547.86</u>
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EXPENSES:

Compensation to employees (including payroll taxes) and independent contractors	5,715,708.44
Advertising and promotion	1,172,180.01
Commissions	1,086,199.68
Other operating expenses	<u>1,249,577.26</u>

TOTAL EXPENSES	<u>9,223,665.39</u>
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NET LOSS	<u><u>\$(1,064,117.53)</u></u>
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Buy Belize promoted the sales of lots in Belize for other Receivership Entities and earned income from these Receivership Entities.

Included in "Compensation to employees" were payments to Pukke totaling \$15,924.90.

Included in "Other operating expenses" were payments to Pukke of \$7,000 for travel and outside service.

Balance Sheet of Buy International

Under Exhibit 30 is the Balance Sheet of Buy International at November 6, 2018. It is summarized as follows:

ASSETS

Current Assets:

Cash		\$	47,795.08
Employee Advances			195,109.16
Due from various entities			975,179.69
Due from other Receivership Entities:			
Foundation Partners	\$	64,127.33	
Foundation Development Management		25.00	
Global Property Alliance		2,025.00	
Newport Land Group		11,630.00	
Playa Cortez		284,140.00	
Buy Belize		<u>1,072,808.71</u>	1,434,756.04
Other current assets			<u>148,987.38</u>
Total current assets			2,801,827.35

Fixed Assets			41,930.48
Other Asset- Loans Receivable			<u>642,212.00</u>

TOTAL		\$	<u>3,485,969.83</u>
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LIABILITIES AND EQUITY

Current Liabilities:

Accrued payroll and related taxes	\$	734,606.41	
Due to Bamboo Springs		531,975.94	
Accounts payable		<u>137,016.24</u>	
Total current liabilities			\$ 1,403,598.59

Long-Term Liability-

Due to Eco-Futures Development			<u>5,855.61</u>
Total liabilities			1,409,454.20

Equity:

Opening Balance Equity		50,067.33	
Owner's Draw		(213,880.24)	
Net Income		<u>2,240,328.54</u>	
Total equity			<u>2,076,515.63</u>

Total		\$	<u>3,485,969.83</u>
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Employee Advances

Included in “Employee advances” were a \$150,000 advance on January 10, 2018 to Kazazi, and a \$17,400 payment on August 7, 2017 to Costanzo.

Due from Various Entities

“Due from non-defendant entities” included the following:

2729 Bristol LLC	\$ 58,237.14
Biltong	197,857.60
2 Via Terracaleta	470.00
Nutriment.com LLC	86,157.00
Thrive Equity	364,408.81
3905 Marcus	169,600.95
Brandon S LLC	<u>98,448.19</u>
	<u>\$ 975,179.69</u>

2729 Bristol LLC purchased a commercial property in Costa Mesa, CA that was intended to be new office space for the Receivership Entities.

According to Kazazi, Biltong is a wholesale jerky company that Pukke was trying to make successful. There was a large quantity of jerky located at the Receivership Entities’ premises.

According to Kazazi, Nutriment.com LLC was an entity Pukke started with his brother, Eriks.

According to Kazazi, Thrive Equity was a project Pukke started with Ryan Boyajian. Attached at Exhibit 31 is an email and an attachment to the email from Mr. Boyajian to Pukke where Mr. Boyajian is soliciting changes or additions to his employment agreement. Kazazi told the Temporary Receiver that Pukke and Boyajian were seeking investments for projects in the first half of 2017. The entity was not successful and is out of business.

3905 Marcus is real property purchased by Pukke in the name of 3905 Marcus, LLC.

Brandon S LLC is owned by the Receivership Entities’ former IT Manager.

The Temporary Receiver will investigate the collectability of the amounts due from Biltong and Brandon S LLC.

Due from Foundation Partners

Foundation Partners is a Corporate Defendant owned by Kazazi. It is engaged in the medical records photocopy business. The Temporary Receiver reviewed the books of Foundation Partners and could not determine its relationship with Buy International.

The Temporary Receiver asked Kazazi why Foundation Partners' accounting records did not reflect payments made by Foundation Partners the Temporary Receiver discovered in other Receivership Entities' records. Kazazi told the Temporary Receiver about a Foundation Partners bank account at Wells Fargo set up for Pukke to use, although Pukke did not sign on the account. Pukke would ask Kazazi to sign disbursements from this account on Pukke's behalf.

Under Exhibit 32 is a Statement of Cash Receipts and Disbursements regarding this Wells Fargo account for the period from March 13, 2017 to November 5, 2018. It is summarized as follows:

CASH RECEIPTS:

Service income		\$ 923,789.50
Investment contributions		<u>391,482.00</u>
TOTAL CASH RECEIPTS		<u>1,315,271.50</u>

CASH DISBURSEMENTS:

Payments for Pukke's investments in:

Outsource.com	\$ (402,000.00)	
Chivalry Inc.	(145,000.00)	
Online Wedding Solutions, Inc.	<u>(100,000.00)</u>	(647,000.00)

Payments in connection with real properties for benefit of Pukke:

RDMS, Inc. (a building contractor)	(124,992.00)	
Blue Water Escrow	(102,000.00)	
Erica Bryen Design (an interior designer)	<u>(24,336.00)</u>	(251,328.00)

Charles Schwab Co.		(200,000.00)
Others		<u>(169,473.89)</u>

TOTAL CASH DISBURSEMENTS		<u>(1,267,801.89)</u>
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BALANCE AT END OF PERIOD		<u>\$ 47,469.61</u>
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Newport Land Group LLC and Playa Cortez

These two entities were engaged in real estate development projects in foreign countries other than Belize and were controlled by Pukke. They are discussed below.

Due from Buy Belize

Buy International's books carried a balance of \$1,072,808.71 in its "Due from Buy Belize" account while Buy Belize's books carried a balance of \$1,068,256.25 in its "Due to Buy International" account.

Loans receivable

"Loans receivable" of Buy International consisted of the following:

Payees	Amounts
Wedding Solutions	\$ 350,000.00
Chivalry Inc.	205,000.00
Aaron Miller	64,812.00
A friend of Andris Pukke	12,400.00
Steven James	<u>10,000.00</u>
	<u>\$ 642,212.00</u>

A friend of Pukke told the Receiver that the \$12,400 he received from Buy International was a car loan made to him by Pukke.

Online Wedding Solutions, Inc. (Wedding Solutions)

The CEO of Wedding Solutions told the Temporary Receiver that Chittenden currently holds a 21.829% ownership interest in Wedding Solutions, arising from the following payments received by Wedding Solutions:

Payors	Amounts
Buy International	\$ 350,000.00
Remote.com Inc.	300,000.00
Pandora Marketing LLC	125,000.00
Beach Bunny Holdings	100,000.00
Foundation Partners	<u>100,000.00</u>
	<u>\$ 975,000.00</u>

Attached at Exhibit 33 is the stock purchase agreement between Wedding Solutions and Chittenden. Based on its discussions with the CEO of Wedding Solutions, the Temporary Receiver believes there may be value in this asset.

Remote.com, Inc. is discussed below.

Pandora Marketing LLC is a company that sublet its office space from the Receivership Entities and is discussed in the Potential Related Entities section of this report.

Chivalry Inc.

Chivalry Inc. was a company providing online dating services. The CEO of Chivalry Inc. told the Temporary Receiver that this was a start-up company that Chittenden invested in through the following payments received by Chivalry Inc.:

Payors	Amounts
Buy International	\$ 205,000.00
Foundation Partners	<u>145,000.00</u>
	<u><u>\$ 350,000.00</u></u>

The CEO also told the Temporary Receiver that all employees were laid off at the inception of the TRO because Pukke could no longer fund operations. There may be value in this entity’s domain name.

Owner’s Draw

“Owner’s draw” consisted of the following:

Payees	Amounts
Four children of Pukke	\$ 114,680.00
Ex-wife of Pukke	63,500.00
IRS and FTB (for Kazazi)	<u>35,700.24</u>
	<u><u>\$ 213,880.24</u></u>

Statement of Operations of Buy International

Under Exhibit 34 is the Statement of Operations of Buy International for the period from October 6, 2016 (commencement of operations) to November 6, 2018. It is summarized as follows:

INCOME

Income from other Receivership Entities:

Eco-Futures Development	\$ 14,810,463.15	
Global Property Alliance, Inc.	3,094,000.00	
Foundation Development Management, Inc.	<u>70,985.02</u>	
Total income from other Receivership Entities		\$ 17,975,448.17

Other income:

Management revenue	100,000.00	
Others	<u>42,636.73</u>	
Total other income		<u>142,636.73</u>

TOTAL INCOME		<u><u>18,118,084.90</u></u>
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EXPENSES

Marketing:

Media spend	2,663,696.87	
Marketing online	2,123,015.31	
Others	<u>447,754.13</u>	5,234,466.31
Compensation		2,912,383.82
Rent		1,236,188.54
Commissions		1,158,822.65
Consulting fees		502,318.84
Consulting fees to other Receivership Entities:		
Newport Land Group LLC	318,400.00	
Buy Belize	109,569.71	
Foundation Development Management, Inc.	<u>43,713.59</u>	471,683.30
Other operating expenses		<u>4,361,892.90</u>

TOTAL EXPENSES		<u><u>15,877,756.36</u></u>
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NET INCOME		<u><u>\$ 2,240,328.54</u></u>
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Income from Eco-Futures Development

Eco-Futures Development's books carried consulting fees of \$14,808,725.26 to Buy International.

Income from Global Property Alliance, Inc.

Global Property Alliance, Inc.'s books recorded its expenses to Buy International as marketing expense of \$1,950,000 and consulting fees of \$1,144,000, which total \$3,094,000.

Management Revenue

Management revenue of \$100,000 was received from Pandora Marketing LLC.

Media Spend

Included in "Media Spend" of \$2,663,696.87, \$1,835,855.00 was paid to Power Haus Marketing, a Corporate Defendant. Chittenden is the Chief Executive Officer of Power Haus Marketing. As noted above, Chittenden apparently was not aware of the operations of this entity.

Consulting fees

Included in "Consulting Fees" of \$502,318.84, \$115,000 was paid to the Estate of John Pukke. The Temporary Receiver is investigating transactions involving the Estate of John Pukke.

Professional fees

Included in other operation expenses of \$4,361,892.90 were professional fee payments to Outsource.com totaling \$448,000. Outsource.com is a company that Pukke invested in. Outsource.com merged with another entity and was renamed Remote.com. The Temporary Receiver is analyzing potential recovery options from Remote.com.

Global Property Alliance, Inc., dba Eco-Futures Belize (GPA), Eco-Futures Development (EFD) and Foundation Development Management Inc. (FDM)

Prior to late 2014, purchasers of lots at Sanctuary Belize signed a Memorandum of Sale with Eco-Futures Belize Limited (a Belizean company) to make all payments to GPA.

Beginning in late 2014, to avoid paying the general sales tax (GST) in Belize, purchasers of a lot signed two agreements: (1) "Development Agreement" with EFD and (2) "Agreement for Sale of Land" with Eco-Futures Belize, Limited. The development contracts were not subject to GST while the land contracts were subject to GST.

The financed balances under the contracts were charged interest at rates ranging from 0% (with down payments of 50% or more) to 5.9% per annum based on a purchaser's financial ability and the payment terms.

Most lot purchaser's payments were received by GPA (which commenced operations on September 22, 2011) and EFD (which commenced operations on October 26, 2016). FDM (which operated between July 18, 2016 and November 21, 2017) collected some payments from lot purchasers.

Also, most real estate development costs were paid by GPA and EFD. GPA and EFD also promoted the sale of lots.

Balance Sheet of GPA

Under Exhibit 35 is the Balance Sheet of GPA at November 1, 2018. It is summarized as follows:

ASSETS

Current Asset - Cash in bank		<u>\$ 11,180.30</u>
Other Assets:		
Due to Eco-Futures Belize Limited:		
In connection with receipts from lot purchasers	<u>\$ (83,054,462.50)</u>	
In connection with real estate development cost	<u>10,408,696.73</u>	
In connection with purchase of land	<u>2,279,245.80</u>	
In connection with boat and automobiles	<u>996,746.36</u>	
Others:		
Business development	12,657,095.45	
Reimbursements and payments	5,518,266.34	
Taxes	5,195,848.69	
Tour expenses - Kanantik	3,959,623.66	
Loan (John Valdis Vipulis)	3,712,735.05	
Repurchase of lot	3,470,163.40	
Sundry	<u>3,668,524.39</u>	
	<u>38,182,256.98</u>	
Total due to Eco-Futures Belize Limited:		(31,187,516.63)
Due from other Receivership Entities:		
Buy Belize	6,700,602.98	
Newport Land Group	<u>95,000.00</u>	6,795,602.98
Due from various entities		1,475,339.25
Due from Prudent Choice		218,053.43
Due from Pandora Marketing LLC		166,055.00
Due from Beach Bunny Holdings LLC		115,000.00
Others		<u>63,405.68</u>
Total other assets		<u>(22,354,060.29)</u>
TOTAL		<u>\$ (22,342,879.99)</u>

LIABILITIES AND DEFICIT

Current Liabilities:

Accounts payable	\$ 642,483.27	
Due to other Receivership Entities:		
EFD	2,923,060.82	
Playa Cortez	915,296.19	
FDM	422,045.87	
Sittee River Wildlife Reserve	221,975.78	
Buy International	<u>2,025.00</u>	
Total due to other Receivership Entities	<u>4,484,403.66</u>	
Other current liabilities	<u>8,142,997.78</u>	
Total current liabilities		\$ 13,269,884.71
Long-Term Liability- CVM Loan Payable		<u>877,539.14</u>
Total liabilities		14,147,423.85

Deficit:

Opening Balance Equity	400.00	
Contributions	80,000.00	
Cumulative loss	(35,905,781.58)	
Adjustment of accumulated depreciation	(110,153.07)	
Owner's Draw:		
Owner's Draw A	(261,786.88)	
Owner's Draw - Other	<u>(292,982.31)</u>	
Deficit		<u>(36,490,303.84)</u>
TOTAL		<u>\$ (22,342,879.99)</u>

Due to Eco-Futures Belize Limited

GPA had a bank account titled "Palmaya- 5026" with a zero balance at August 18, 2017. Kazazi has advised the Temporary Receiver that this account was set up primarily for the Kanantik project, a real estate development project that is not part of the Reserve project. After reviewing the activities of this account, the Temporary Receiver detailed the \$31,187,516.63 balance of "due to Eco-Futures Belize Limited" by project and by category as follows:

Category	Reserve	Kanantik	Total
Receipts from lot purchasers	\$ (81,621,466.60)	\$ (1,432,995.90)	\$ (83,054,462.50)
Real estate development cost	10,282,279.41	126,417.32	10,408,696.73
Purchase of land	1,068,173.80	1,211,072.00	2,279,245.80
Boat and automobiles	996,746.36	-	996,746.36
Others	<u>37,906,404.42</u>	<u>275,852.56</u>	<u>38,182,256.98</u>
Total	<u>\$ (31,367,862.61)</u>	<u>\$ 180,345.98</u>	<u>\$ (31,187,516.63)</u>

In addition, GPA paid \$300,000 to RDMS Inc. for renovation of Pukke's property at 104 Kings Place, Newport Beach, CA. and recorded the payments as "Master planning," which is included in the "real estate development cost" category. Therefore, the real estate development cost should have been decreased from \$10,282,279.41 to \$9,982,279.41.

The revised balances for the Reserve project are as follows:

Category	Reserve
Receipts from lot purchasers	\$ (81,621,466.60)
Real estate development cost	9,982,279.41
Purchase of land	1,068,173.80
Boat and automobiles	996,746.36
Others	<u>37,906,404.42</u>
Total	<u>\$ (31,667,862.61)</u>

Business Development

Included in the \$12,657,095.45 balance for "business development" were payments to ABM Development totaling \$1,967,237.50. However, other payments to this entity were recorded primarily as "Construction consulting" costs. The Temporary Receiver is currently investigating this.

Reimbursements and Payments

The \$5,518,266.34 balance for "Reimbursements and Payments" resulted mainly from a noncash journal entry of \$5,470,815.70 made on December 31, 2012 to increase the balance of the "Commissions Earned" account. Kazazi told the Temporary Receiver that he was not sure of the purpose of the entry. He guessed that it might represent covering the cost of the marketing of the Reserve project.

Taxes

Taxes represents the collected GST turned over to Sittee River Wildlife Reserve.

Tour Expenses – Kanantik

Kanantik is a real estate development project in Belize but is not a part of the Reserve project. It is operated by Chadwick. Payments by GPA for tour expenses in connection with the project between January 18, 2013 and March 4, 2016 were recorded in this account and summarized as follows:

Kanantik International Ltd	\$ 2,248,453.50
Discount Rags LLC	468,837.55
Eco-Futures Belize Limited	411,152.50
Prodigy Management Group, LLC	410,000.00
Andres Usher	145,763.00
Benami Corp	95,007.79
California Liquidators LLC	63,816.50
Iris Mundo	51,832.15
Wholesale Fashion Distributors	47,500.00
Michael Baud	42,500.00
Miami Marine Specialists Inc.	40,000.00
Others	<u>70,225.76</u>
	4,095,088.75
Add payables	207,866.16
Less lot payments received	<u>(343,331.25)</u>
Net balance	<u><u>\$ 3,959,623.66</u></u>

Prodigy Management Group, LLC is owned by Chadwick.

Loan (John Valdis Vipulis)

Included in this account were payments to John Vipulis totaling \$2,757,040, Mariners Escrow of \$850,000 and Milroy and Company, LLC of 5,695.05, which aggregated to \$3,612,735.05. Mariner's Escrow is the escrow company Pukke used to purchase the property at 104 Kings Place, Newport Beach, CA.

Payments in Connection with Pukke

Included in "Due to Eco-Futures Belize Limited" were the following payments connected to Pukke:

Names	Recorded by GPA as	Amounts	
Angela Chittenden	Business Development	\$ 222,500.00	\$ 222,500.00
Estate of John Pukke	Consulting	329,500.00	
Estate of John Pukke	Loan payment	255,000.00	584,500.00
Ex-wife of Andris Pukke	Loan payment	<u>3,000.00</u>	<u>3,000.00</u>
		<u>\$ 810,000.00</u>	<u>\$ 810,000.00</u>

The "Consulting" and "Loan payment" entries are included in "Sundry" under "Other Assets."

Due from Buy Belize

GPA paid Buy Belize a total of \$6,700,602.98. Instead of recording these payments as "Due to GPA," Buy Belize recorded them as "Income from GPA".

Due from Various Entities

"Due from various nondefendant entities" included the following:

PMS Fairies	\$ 583,508.11
Coldwell Banker	419,732.34
Nutriment/MaleMax	404,502.30
The Bannon Group	22,868.00
Biltong	22,057.00
Canada Group	14,521.50
FreeChoice Foundation	5,000.00
Prison Professor	<u>3,150.00</u>
	<u>\$ 1,475,339.25</u>

Due from Prudent Choice

Prudent Choice was a company owned by a friend of Pukke. The Temporary Receiver believes this is not collectable because the company is no longer operating.

Due from Pandora Marketing LLC

GPA paid \$135,239 to Power Haus Marketing in total and recorded the payments as “Due from Pandora Marketing LLC.” The Temporary Receiver will investigate this transaction.

Due from Beach Bunny Holdings LLC (Beach Bunny)

GPA has a \$115,000 receivable due from Beach Bunny. Beach Bunny is a company owned by Chittenden.

Due to Mango Springs Development, Ltd.

Included in other current liabilities of \$8,142,997.78 is a \$7,432,834.47 payable due to Mango Springs Development, Ltd. (Mango Springs).

The Temporary Receiver learned from Kazazi that GPA misclassified the receipt of funds from Mango Springs as a liability. The receipts should have been recorded as commission income because GPA helped sell and market the lots in the Kanantik project (Exhibit 36). The invoices attached at Exhibit 36 are address to Kanantik Belize at the same address of the Receivership Entities corporate offices.

CVM Loan Payable

As detailed above, the loan from CVM carried an interest rate of 10% per annum and approximately \$2 million remains unpaid. The Receivership Entities did not properly record payments to CVM in that they recorded all payments as principal reductions and did not attribute any portion of the payments to interest.

Due from PMS Fairies

The Temporary Receiver learned that this company may have been involved in some type of social media business. This company ceased doing business in April 2014.

Owner's Draw

Included in "Owner's Draw" were the following payments in connection with Pukke:

Payees	Amounts
Four children of Pukke	\$ 129,256.00
Ex-wife of Pukke	93,000.00
Tesla Motors Inc. (for Pukke)	<u>41,030.88</u>
	<u>\$ 263,286.88</u>

Statement of Operations of GPA

Under Exhibit 37 is the Statement of Operations of GPA for the period from September 22, 2011 (commencement of operations) to November 1, 2018. It is summarized as follows:

INCOME

Commissions earned	\$ 5,470,565.92
Management revenue	3,804,818.13
Lot deposits and payments	427,180.97
Others, net	<u>(136,075.00)</u>

TOTAL INCOME	<u>9,566,490.02</u>
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EXPENSES

Commissions paid		10,180,549.25
Media spend		8,206,008.70
Marketing:		
Online advertising	\$ 3,474,931.15	
Marketing - Buy International	1,922,000.00	
Marketing - Buy Belize	931,700.00	
Infomercial expenses	147,737.34	
Marketing - other	<u>60,836.04</u>	6,537,204.53
Payroll and related taxes		5,383,905.41
Consulting fees		2,379,983.98
Rent expense		2,066,895.72
Travel		1,940,711.73
Advertising and promotion		1,647,338.74
Other operating expenses		<u>7,129,673.54</u>

TOTAL EXPENSES		<u>45,472,271.60</u>
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NET LOSS		<u>\$ (35,905,781.58)</u>
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Commissions Earned

As explained above, “Commissions Earned” resulted mainly from a noncash journal entry of \$5,470,815.70 made on December 31, 2012, which increased the balance of an asset account, “Reimbursements and Payments.”

Kazazi informed the Temporary Receiver that he was unsure of the entry. He guessed that it was the amount that covered the cost of the marketing of the “Sanctuary/Reserve” project.

Management Revenue

“Management revenue” consisted of the following:

Closing the balance of the Cash Clearing Account	\$ 3,249,389.90
Sales and marketing fees from the developer ABM Development	462,712.78
Others	92,715.45
	<u>\$ 3,804,818.13</u>

Commissions Paid

Included in the \$10,180,549.25 balance for “Commissions Paid,” \$1,569,365.45 was paid to Prodigy Management Group, LLC and \$395,551.32 was paid to BG Marketing, LLC, a company owned by Greenfield.

Media Spend and Marketing – Other

GPA paid Power Haus Marketing \$1,240,000 and \$30,000 and recorded the payments as “Media Spend” and “Marketing – Other,” respectively.

Online Advertising

Included in online advertising of \$3,474,931.15 were payments by GPA to Outsource.com totaling \$801,420. Foundation Partners also paid \$402,000 to Outsource.com. Outsource.com is a company Pukke invested in.

Consulting Fees

GPA paid \$45,000 to the Estate of John Pukke and \$5,500 to Stella Storm, Pukke’ mother, and recorded the payments as consulting fees.

Legal Fees

Included in “Other operating expenses” of \$7,129,673.54 were legal fees totaling \$803,969.20, of which \$85,000 in total was paid to Attorney.com LLC. Attorney.com LLC was an entity Pukke invested in. The Temporary Receiver had a discussion with a principal of this entity and learned it is out of business because the business model was not successful.

Balance Sheet of EFD

Under Exhibit 38 is the Balance Sheet of EFD at November 5, 2018. It is summarized as follows:

ASSETS

Current Asset- Cash in bank	\$ 463,457.80	
Accounts Receivable	<u>41,865,282.74</u>	
Other Current Assets:		
Inventory	4,227,558.16	
Due from GPA	2,430,964.36	
Prepaid rent	500,000.00	
Others	<u>33,338.85</u>	
Total other current assets	<u>7,191,861.37</u>	
Total current assets		\$ 49,520,601.91
Fixed Assets, Net		24,629.79
Other Assets:		
Cash Clearing Account	(280,342.67)	
Loan Receivable	<u>1,200.00</u>	
Total other assets		<u>(279,142.67)</u>
TOTAL		<u>\$ 49,266,089.03</u>

LIABILITIES & EQUITY

Current Liabilities:		
Accounts payable and accrued expenses	\$ 2,258,717.65	
Due to Buy International	<u>11,619.39</u>	
Total current liabilities		\$ 2,270,337.04
Long-Term Liabilities:		
Deferred revenue	43,252,468.67	
Due to Eco-Futures Belize Limited	<u>2,838,601.40</u>	
Total long-term liabilities		<u>46,091,070.07</u>
Total liabilities		48,361,407.11
Equity:		
Opening balance equity	100.00	
Dividends	(25,000.00)	
Net income	<u>929,581.92</u>	
Total equity		<u>904,681.92</u>
TOTAL		<u>\$ 49,266,089.03</u>

Accounts Receivable

Accounts receivable consisted of the following:

Total sales of lots	\$ 79,763,893.45
Sales cancellations and discounts	(11,174,984.76)
Receipts of down and principal payments	(21,105,925.49)
Reclassification for intercompany collections	<u>(5,617,700.46)</u>
	<u>\$ 41,865,282.74</u>

Inventory

Inventory consisted of the following:

Total real estate development costs	\$ 7,467,362.82
Less amortization to cost of sales	<u>(3,239,804.66)</u>
	<u>\$ 4,227,558.16</u>

Due from GPA

Due from GPA consisted of the following:

Receipts of lot purchaser payments by GPA for EFD	\$ 3,830,998.36
Loan payments by EFD for GPA	800,111.93
Consulting fee to GPA	(2,090,358.01)
Others	<u>(109,787.92)</u>
	<u>\$ 2,430,964.36</u>

Prepaid Rent

2729 Bristol LLC, an entity managed by Kazazi and directed by Pukke, purchased a property located at 2729 Bristol St. in Costa Mesa, California for future occupancy by the Receivership Entities. The purchase price for the property was \$7 million with a down payment of \$1 million and financing of \$6 million.

For the \$1 million down payment, Kazazi's parents paid \$500,000 and EFD paid the other \$500,000 to Fidelity National Title Company and recorded the payment as prepaid rent. Buy

International paid an additional \$58,237 for this property, but booked this amount in a “due from” account.

Deferred Revenue

Deferred revenue consisted of the following:

Total sales of lots	\$ 79,763,893.45
Sales cancellations and discounts	(11,174,984.76)
Revenue earned	(24,904,475.36)
Others	<u>(431,964.66)</u>
	<u>\$ 43,252,468.67</u>

Due to Eco-Futures Belize Limited

“Due to Eco-Futures Belize Limited” consisted of the following:

Receipt of lot purchaser payments by EFD for Eco-Futures Belize Ltd.	\$ 11,023,163.06
Receipt of lot purchaser payments by Eco-Futures Belize Ltd. for EFD	(2,183,289.69)
Expenses of Eco-Futures Belize Ltd. to be paid by EFD	(3,198,993.94)
Payments to John Vipulis recorded in this account	(1,450,000.00)
Payments by EFD for Eco-Futures Belize Ltd.	(1,321,200.17)
Others	<u>(31,077.86)</u>
	<u>\$ 2,838,601.40</u>

EFD paid John Vipulis \$1,450,000 and recorded the payments as a decrease in the payable to Eco-Futures Belize Limited.

Statement of Operations of EFD

Under Exhibit 39 is the Statement of Operations of EFD for the period from October 26, 2016 (the commencement of operations) to November 5, 2018. It is summarized as follows:

INCOME

Revenues	\$ 24,904,475.36	
Sales refund	(28,146.37)	
Others	<u>12,459.47</u>	
Total income		\$ 24,888,788.46

COST OF SALES

3,239,804.66

GROSS PROFIT

21,648,983.80

EXPENSES

Consulting - Buy Int'l	14,808,725.26	
Consulting - GPA	2,090,358.01	
Consulting - NLG	81,000.00	
Consulting fees	<u>681,227.00</u>	
Total consulting fees	17,661,310.27	
Marketing	899,842.67	
Management fees	750,000.00	
Payroll and related taxes	513,048.52	
Travel expense	254,158.68	
Other operating expenses	<u>934,264.94</u>	
Total expenses		<u>21,012,625.08</u>

NET ORDINARY INCOME

636,358.72

OTHER INCOME/EXPENSES

Interest income	856,388.41	
Taxes - Corp & FTB	(560,595.09)	
Others	<u>(2,570.12)</u>	
Net other income		<u>293,223.20</u>

NET INCOME

\$ 929,581.92

Revenues

Revenues consisted of the following:

Receipt of lot purchaser down and principal payments by EFD	\$ 21,105,925.49
Receipt of lot purchaser payments by GPA for EFD	3,830,998.36
Others	<u>(32,448.49)</u>
	<u>\$ 24,904,475.36</u>

Cost of Sales

Cost of sales represents the noncash amortization of the real estate development cost.

Consulting Expense to Buy International

As described above, Buy International reported income from EFD of \$14,810,463.15.

Consulting Fees

Included in the “Consulting Fees” of \$681,227, \$54,000 was paid to the Estate of John Pukke and \$200,000 was paid to Skytree Capital Partners, a sales agent for lot sales. Of the payments totaling \$200,000, \$100,000 was for sales commission and \$100,000 was for Pukke’s investment in Skytree Capital Partners.

Management Fees

Newport Land Group LLC reported the \$750,000 amount as income from EFD.

Interest Income

Interest income primarily represents interest payments received from lot purchasers.

Balance Sheet of FDM

Under Exhibit 40 is the Balance Sheet of FDM at November 21, 2017. It is summarized as follows:

ASSETS

Current Assets:

Due from Playa Cortez	\$ 426,354.80
Due from GPA	422,045.87
Due from Buy Belize	100,000.00
Due from EFD	98,046.47
Due from Buy International	27,271.43
Due from Foundation Partners	<u>24,082.00</u>
TOTAL	<u><u>\$ 1,097,800.57</u></u>

LIABILITIES AND DEFICIT

Cash Clearing Account	\$ 1,708,358.89
Due to Bamboo Springs	<u>375,749.54</u>
Total liabilities	2,084,108.43
Net loss	<u>(986,307.86)</u>
TOTAL	<u><u>\$ 1,097,800.57</u></u>

Due from Playa Cortez and GPA

Playa Cortez's books carried a balance of \$426,354.80 in its "Due to FDM" account and GPA's books carried a balance of \$422,045.87 in its "Due to FDM" account.

Due from Buy Belize

FDM's books carried a balance of \$100,000 in its "Due from Buy Belize" account. Buy Belize recorded the \$100,000 receipt from FDM as "Income from FDM," instead of "Due to FDM."

Due from EFD

“Due from EFD” consisted of the following:

Payments to John Vipulis	\$100,000.00
Others	<u>(1,953.53)</u>
	<u>\$ 98,046.47</u>

FDM paid \$100,000 to John Vipulis and recorded the payments as “Due from EFD.” However, EFD’s books showed no entry for this transaction. Instead, GPA made a noncash journal entry which increased the balances of the “Intercompany Due To/From Belize” account and the “Due to/from Eco Futures Dev.” account by \$100,000 with a memo “Wire to John Vipulus paid from ECO.”

Due from Buy International

FDM’s books carried a balance of \$27,271.43 in its “Due from Buy International account.” However, Buy International’s books carried no balance in “Due to FDM,” instead, it carried a balance of \$25 in its “Due from FDM” account.

Due from Foundation Partners

Foundation Partners is owned by Kazazi. The balance of \$24,082 represents payments by FDM for Foundation Partners.

Cash Clearing Account

It is inexplicable that the “Cash Clearing Account” had a negative balance and is shown as a liability of FDM. It is obvious that the balances of the bank accounts were not properly reconciled.

Due to Bamboo Springs

“Due to Bamboo Springs” consisted of the following:

Receipts from four lot purchasers	\$ 390,202.81
Payments for "Bamboo Land"	(10,953.27)
Commission for two lots	<u>(3,500.00)</u>
	<u>\$ 375,749.54</u>

Statement of Operations of FDM

Under Exhibit 41 is the Statement of Operations of FDM for the period from July 18, 2016 (the commencement of operations) to November 21, 2017. It is summarized as follows:

EXPENSES:

Marketing expense	\$220,215.89
Rent expense	186,548.84
Travel expense	143,940.09
Media spend	139,177.37
Commissions	82,541.88
Consulting fees	66,876.92
Other operating expenses	<u>147,006.87</u>

NET LOSS \$986,307.86

Marketing Expense

Of the marketing expense of \$220,215.89, \$220,000 was paid to Buy Belize.

Consulting Fees

Of the consulting fees of \$66,876.92, \$31,500 was paid to the Estate of John Pukke.

Receipts from Lot Purchasers vs. Real Estate Development Cost

Receipts from Lot Purchasers

Most lot purchaser’s payments were received by GPA, EFD and FDM. GPA did not record the receipt of interest and GST separately. EFD recorded interest separately and did not collect GST because development contracts were not subject to GST. The receipt of principal and interest by GPA, EFD and FDM is summarized below:

	GPA	EFD	FDM
Receipts from lot purchasers, included in			
"Due to Eco-Futures Belize Ltd."	\$ 81,621,466.60	\$ -	\$ -
Lot deposits and payments (income)	427,180.97	-	-
Less taxes, included in "Due to			
Eco-Futures Belize Ltd."	(5,195,848.69)	-	-
Revenue	-	24,904,475.36	-
Included in "Due to Eco-Futures Belize			
Ltd."			
EFD's receipts for Eco-Futures	-	-	-
Belize Ltd.		11,023,163.06	
Interest income	-	856,388.41	-
Receipts from lot purchasers, included			
in "Due to Bamboo Springs."	-	-	390,202.81
	<u>-\$ 76,852,798.88</u>	<u>\$ 36,784,026.83</u>	<u>\$ 390,202.81</u>

The total principal and interest receipts from lot purchasers included in the books of GPA, EFD and FDM is \$114,027,028.52.

Real Estate Development Cost

Most real estate development costs were paid by GPA and EFD and are summarized below.

	GPA	EFD
Real estate development cost included in:		
Due to Eco-Futures Belize Ltd.	\$ 9,982,279.41	\$ -
Inventory (unamortized)	<u>-</u>	<u>7,467,362.82</u>
	<u>\$ 9,982,279.41</u>	<u>\$ 7,467,362.82</u>

The total real estate development costs recorded on the books of GPA and EFD is \$17,449,642.23.

Receipts from Lot Purchasers vs. Real Estate Development Cost

As noted above, the books of GPA, EFD and FDM, the three entities that collected most of the lot purchaser payments, show total receipts from lot purchasers of \$114,027,028.52.

The books of GPA and EFD, the two entities which paid most of the real estate development costs, show total real estate development costs of \$17,449,642.23, which is about 15.3% of the total receipts from lot purchasers.

Newport Land Group LLC (NLG) and Playa Cortez

NLG was engaged in real estate development projects in Costa Rica, The Bahamas and The Dominican Republic. Playa Cortez, the operating name of Cortez Properties LLC, was engaged in a failed real estate development project in Mexico.

Balance Sheet of NLG

Under Exhibit 42 is the Balance Sheet of NLG at October 29, 2018. It is summarized as follows:

CURRENT ASSETS

Checking/Savings:

Rancho Del Mar - 8924	\$ 3,752,571.50	
NLG - 0794	<u>2,273.59</u>	\$ 3,754,845.09

Other Current Assets:

Advances		10,000.00
Inventory - Bahamas:		
Land	1,065,000.00	
Development cost	184,565.85	
Land appraisal	<u>8,500.00</u>	1,258,065.85
Inventory - Dominican Republic-		
Land Appraisal		<u>11,800.00</u>

TOTAL		<u>\$ 5,034,710.94</u>
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LIABILITIES & EQUITY

Current Liabilities:

Accounts payable		\$ 193,531.81
Other Current Liabilities:		
Due to GPA		95,000.00
Due to Buy International		11,545.00
Due to EFD		<u>10,063.85</u>
Total current liabilities		310,140.66

Long Term Liabilities-

Deferred revenue		<u>540,571.50</u>
Total liabilities		850,712.16

Equity:

Capital contributions	\$ 3,340,000.00	
Net Income	<u>843,998.78</u>	
Total equity		<u>4,183,998.78</u>

TOTAL		<u>\$ 5,034,710.94</u>
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Statement of Operations of NLG

Under Exhibit 43 is the Statement of Operations of NLG for the period from December 15, 2016 (the commencement of operations) to October 29, 2018. It is summarized as follows:

INCOME

Income from other Receivership Entities:	
Eco-Futures Development	\$ 831,000.00
Buy International	358,400.00
Playa Cortez	<u>2,100.00</u>
TOTAL INCOME	<u>1,191,500.00</u>

EXPENSES

Professional fees	158,886.61
Legal	84,772.78
Insurance expense	61,886.00
Consulting service - Playa Cortez	20,000.00
Other operating expenses	<u>21,955.83</u>
TOTAL EXPENSES	<u>347,501.22</u>

NET INCOME	<u><u>\$ 843,998.78</u></u>
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The Costa Rica Project

For the Costa Rica project, NLG received capital contributions (or members' contributions as NLG's equity) from nine members totaling \$3,240,000. It also received lot reservations, i.e., down payments, from lot purchasers for approximately ten lots totaling \$539,571.50 and recorded them as deferred revenue. Receipts on capital contributions and lot reservations for the Costa Rica project were all deposited to the bank account, Rancho Del Mar – 8924. The activities of this bank account are summarized as follows:

Capital contributions for the Costa Rica project	\$ 3,240,000.00
Lot reservations for the Costa Rica project	539,571.50
Transfers to bank account, NLG - 0794	<u>(27,000.00)</u>
	<u><u>\$ 3,752,571.50</u></u>

The bank statement for NLG’s bank account number ending in 8924 showed a balance of \$3,752,571.50 at October 31, 2018.

The actual purchase of land and development expenditures have not yet commenced for the Costa Rica project.

The Bahamas Project

NLG has purchased the land and incurred certain development costs totaling \$1,258,065.85. NLG received payments from EFD, Buy International, GPA and Playa Cortez as follows:

Recorded by NLG as		
EFD	Income	\$ 831,000.00
EFD (paid development cost for the Bahamas project)	Liability	10,063.85
Buy International	Income	358,400.00
Buy International	Liability	11,545.00
GPA	Liability	95,000.00
Playa Cortez	Income	2,100.00
Playa Cortez	Consulting service fee expense	<u>(20,000.00)</u>
		<u><u>\$ 1,288,108.85</u></u>

The above schedule shows that land and certain development costs totaling \$1,258,065.85 for the Bahamas project were financed by EFD, Buy International and GPA, from Belize lot purchasers.

The purchase price of the land in the Bahamas project was approximately \$4 million. NLG paid \$1,065,000 and the remainder was seller financed.

The Dominican Republic Project

The Dominican Republic project has not yet commenced. NLG has only paid land appraisal costs totaling \$11,800 which was also financed by the Receivership Entities.

Deferred Revenue

Deferred revenue consisted of \$539,571.50 in lot reservations received under the Costa Rica project and \$1,000 received from Buy International for unknown purposes.

Capital Contributions

Capital contributions consisted of \$3,240,000 in member contributions under the Costa Rica project and a \$100,000 contribution for an unknown purpose.

Balance Sheet of Playa Cortez

Under Exhibit 44 is the Balance Sheet of Playa Cortez at November 1, 2018. It is summarized as follows:

ASSETS

Current Assets:

Cash in bank	\$ 3,197.46	
Due from GPA	875,296.19	
Other	<u>5,668.65</u>	
Total current assets		\$ 884,162.30

Other Assets:

Land	1,334,900.00	
Cash clearing account	<u>20,000.00</u>	
Total other Assets		<u>1,354,900.00</u>

TOTAL		<u><u>\$ 2,239,062.30</u></u>
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LIABILITY AND DEFICIT

Current Liabilities:

Accounts payable	60,436.00	
Deferred revenue	1,260,538.55	
Accounts receivable (negative balance)	896,964.09	
Due to FDM	426,354.80	
Due to Buy International	284,140.00	
Due to NLG	17,900.00	
Due to EFD	<u>5,000.00</u>	
Total liabilities		2,951,333.44

Deficit		<u>(712,271.14)</u>
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TOTAL		<u><u>\$ 2,239,062.30</u></u>
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Due from GPA

“Due from GPA” consisted of the following:

Cash paid to GPA	\$944,500.00
Expenses paid by GPA for Playa Cortez	(99,203.81)
Others	<u>30,000.00</u>
	<u>\$875,296.19</u>

Land

Playa Cortez paid \$526,000, \$794,900 and \$14,000 in 2015, 2016 and 2017, respectively, which totaled \$1,334,900. The payments for the failed attempts to purchase land were financed by lot reservation deposits.

Deferred Revenue

Deferred revenue of \$1,260,538.55 represents outstanding invoices for lot reservation payments.

Accounts Receivable

The accounts receivable account had a negative balance with activities summarized below:

Lot reservation deposits received	\$ 2,726,588.61
Lot reservation deposits refunded	<u>(584,175.97)</u>
Net receipts in cash	2,142,412.64
Invoiced lot reservation payment request, net of cancellations (also recorded as deferred revenue)	(1,260,538.55)
Others	<u>15,090.00</u>
	<u>\$ 896,964.09</u>

For the failed development project in Mexico, Playa Cortez received \$2,726,588.61 in lot reservation deposits and refunded only \$584,175.97, which resulted in a deficit of \$2,142,412.64. Playa Cortez’s books showed a balance of cash in the bank of \$3,197.46. Therefore, the lot reservation deposits cannot be fully refunded.

Due to Other Corporate Defendants

“Due to other corporate defendants,” i.e., FDM, Buy International and NLG, resulted primarily from cash receipts from these entities and expenses paid by these entities for Playa Cortez.

Statement of Operations of Playa Cortez

Under Exhibit 45 is the Statement of Operations of Playa Cortez for the period from June 30, 2015 (commencement of operations) to November 1, 2018. It is summarized as follows:

EXPENSES

Development expenses:	
Land surveyor	\$ 78,000.00
Master / Land planning	74,644.32
Title fees & property taxes	<u>480.00</u> \$ 153,124.32
Travel	129,424.96
Consulting fees	104,658.00
Professional fees	68,823.98
Insurance expense	61,886.00
Graphic designer	55,700.00
Legal fees	52,063.53
Other operating expenses	<u>86,590.35</u>
Total expenses	<u><u>\$ 712,271.14</u></u>

No expenses were paid to other Defendants.

The Reserve

Just prior to the Court entering the TRO, there were 177 employees at the Reserve. Upon learning of the TRO, local management laid off 111 employees. The Temporary Receiver subsequently paid the laid off workers about \$94,000 in Belize statutory vacation and longevity payments.

Pursuant to provisions in the TRO, the Temporary Receiver suspended all consumer loan payments and payments to the Property Owners’ Association (POA).

The Temporary Receiver worked with local management and property owners to develop a budget for minimum services to maintain the Reserve. Those services include twenty four-hour security, electricity, basic road maintenance, and internet service. The current monthly operating expenses at the Reserve are approximately \$95,000.

The Temporary Receiver has confirmed that there is no insurance coverage in place for the various operations at the Reserve and is attempting to secure coverage.

The Temporary Receiver is working with the former General Manager at the Reserve to facilitate payment for basic services and the management of day-to-day operations. In addition, the Temporary Receiver has had continuing discussions with the former board members of the POA.

The Temporary Receiver engaged Belize counsel Rodwell Williams of Barrow and Williams LLP¹⁶ to represent the receivership in Belize and to obtain an order from the Belize Court that recognizes this Court's TRO. That order was entered on January 16, 2019. On February 11, 2019 the Belize recognition order was extended until further order by the Belize Court (Exhibit 46).

Following is a recap of payments made by the Temporary Receiver from the inception of the receivership through February 21, 2019.

¹⁶ The Temporary Receiver had a very satisfactory experience with Mr. Williams and his firm in an unrelated matter. While the FTC strongly opposed the Temporary Receiver's engagement of this firm, the Temporary Receiver felt it was in the best interests of the receivership estate to proceed with the engagement.

		(In USD)
The Sanctuary Reserve		
Staff & Management Fees		
Admin Employees	\$	55,914.55
General Employees		75,579.71
Security Staff		53,170.75
Laid Off Staff		94,170.23
Total Staff & Management Fees	\$	<u>278,835.24</u>
Bank Fees		1,050.68
Conservation Mgmt Fees		3,020.00
Electricity		53,460.42
Firearm License Fees		3,512.50
Gasoline and Diesel		1,489.96
Government of Belize Taxes		115,340.01
Internet & Phones		20,250.49
Post Office Box Rental		60.00
Repair and Maintenance		2,338.38
Supplies		15.32
Accounting		6,750.00
Legal Fees & Costs		<u>38,750.00</u>
Total	\$	<u><u>524,873.00</u></u>

One of the amenities at the Reserve is the Beach Club restaurant and bar. Attached at Exhibit 47 is an income statement from January 1, 2018 through November 11, 2018 that shows the restaurant and bar operated at a loss of \$1,119,890 BZD for this period.

The Temporary Receiver is transitioning the Beach Club operations to lot owners. A complete transition is anticipated to be effective April 7, 2019. Since the inception of the temporary receivership there have been sales of \$54,927.00 BZD and expenses of \$108,407 BZD resulting in a net loss of \$53,480 BZD.

Another amenity is the Marina. Since the inception of the receivership receipts total \$22,965 BZD and expenses total \$41,614 BZD, resulting in a loss of \$18,649 BZD.

Consumer Communications

The Temporary Receiver has responded to email and telephone calls from numerous consumers. Some consumers have expressed their satisfaction with the status of the Reserve while others have expressed dissatisfaction and claim to be victims of a fraud.

On November 15, 2018 the Temporary Receiver sent a “question and answer” informational document to about 825 consumers through the POA’s email list. On January 8, 2019 the Temporary Receiver sent a second “question and answer” informational document (Exhibit 48) to about 1,500 consumers on an email list the Temporary Receiver compiled from the Receivership Entities’ business records.

The Temporary Receiver also established an email box, sanctuarybelize@robbevans.com, to facilitate communications with consumers.

Bank Accounts Frozen or Turned Over to the Temporary Receiver Pursuant to the TRO

Name of Financial Institution	Account Name	Account Number	Balance	Funds Transferred to Receiver
Alliance Trust Company LLC	AAC Family HYCET Trust ¹			\$197,772.23
Bank of America	Newport Land Group LLC ²	8924	\$3,752,571.50	
Bank of America	Newport Land Group LLC ²	0794	\$1,225.59	
Bank of America	Eco Futures Development	5655		\$26,020.08
Bank of America	Eco Futures Development	9828		\$222,572.95
Bank of America	Buy International Inc.	9844		\$67,489.26
Bank of America	Global Property Alliance Inc.	5098		\$10,262.72
Bank of America	Cortez Properties LLC	9504	\$12,457.92	
Bank of America	Cortez Properties LLC	2823	\$733.57	
Bank of America	2729 Bristol LLC	3809		\$3,729.22
Bank of America	Mango Springs Development LLC	5628	\$37,391.04	
Bank of America	Belize Real Estate Affiliates LLC	8078	\$94.55	
Bank of America	Prodigy Management Group	3169	\$0.32	
Bank of America	3905 Marcus LLC	0723	\$1,742.51	
Bank of America	Southern Belize Realty LLC	4754	\$4.50	
Bank of America	Power Haus Marketing Inc.	5717		\$42,141.82
Bank of America	Ecological Fox LLC	5747	\$7,307.52	
Bank of America	Nutriment.com LLC	2255	\$7,941.90	
Bank of America	Paula Kudrjavceva/Peter Baker	0807	\$89,927.53	
Base Commerce LLC ³	Global Property Alliance, Inc.	1772	\$300,000.00	
Base Commerce LLC ³	Cortez Properties LLC	4750	\$8,099.44	
First Data Merchant Services LLC ³	Buy International	6888	(\$20,527.61)	
First Data Merchant Services LLC ³	Eco Futures Development	5888	\$82,422.88	
Frost Bank	Sanctuary Belize Property Owners	5736		\$329,358.37
JP Morgan Chase	Buy International Inc.	8196		\$3,666.43
JP Morgan Chase	Foundation Partners	3589		\$20,089.73
Wells Fargo Bank	Foundation Partners/Red Crane Advisors	6444		\$47,469.61
Wells Fargo Bank	Andris Pukke	7161	\$2,645.02	
Total			\$4,284,038.18	\$970,572.42

Expenses paid to date: \$692,107.02

¹ The Trust asserts that the remaining balance of this account, \$74,726.87, may only be used to pay expenses in connection with two parcels of real property.

² The \$3,753,797.09 in the Newport Land Group LLC accounts is subject to dispute.

³ Credit card merchant processors hold a net of \$369,994.71. This amount is not currently available for use by the Temporary Receiver.

Orange County, California Real Properties

The receivership estate has taken custody and control of four properties that Defendants or Receivership Entities owned or controlled. Three of the properties are residential and one is an office building. The accounting details and comments above document and describe the transfers and payments from Receivership Entities that created ownership of the four properties.

104 Kings Place, Newport Beach

The TRO specifically directed this property to be turned over to the Temporary Receiver. This property is currently documented as an asset of the AAC Family HYCET Trust DTD 10/7/15 (Trust), originally created by Chittenden. The trustee of the Trust is the Alliance Trust Company of Nevada. The Trustee has turned over custody and control of this property to the Temporary Receiver, but the Trust still asserts an interest in the property which the Temporary Receiver disputes.

The property is an 8,926 SF residence on a 22,500 SF view site. It includes 23 rooms, five bedrooms, five baths, a four-car garage, pool and spa. Although recent heavy rains caused some water damage that is now mostly repaired, the recently completed property is in excellent condition. The property is currently subject to a post-receivership residential lease with a purchase option. The Trustee negotiated and completed the lease on November 13, 2018 without the Temporary Receiver's knowledge or consent. The Trustee also collected \$390,000 from the tenant for security deposit, option payments, and monthly rent payments prepaid to June 1, 2019. The Trustee forwarded rental funds of \$177,435 to the Temporary Receiver after paying Chittenden \$150,000 and paying the Trust's lawyer \$11,164.01 without the Temporary Receiver's knowledge or consent.

The Temporary Receiver is now obtaining appraisals of the property and will be creating a proposed financial resolution for it. The property is encumbered with two deeds of trust totaling \$5,614,000. Monthly debt service is \$35,707.

1833 Port Barmouth Place, Newport Beach

Chittenden and Pukke occupied this property until early January 2019. This property is currently documented as an asset of the Trust. The Trustee has turned over custody and control of the property to the Temporary Receiver. The Temporary Receiver now has full custody and control of the vacant property. The Trust still asserts an interest in the property which the Temporary Receiver disputes.

The property is a 4,075 SF residence on a 6,305 SF site. The two-story property includes 18 rooms, five bedrooms, four baths, a two-car garage, pool and spa. The 14-year-old property is in good condition.

The Temporary Receiver is now obtaining appraisals of the property and the Court entered a stipulated order permitting the Temporary Receiver to market and sell the property, subject to future Court confirmation. The property is encumbered with a deed of trust securing a principal balance of \$2,460,500. Monthly debt service is \$16,116.

3905 Marcus Avenue, Newport Beach

This property is currently documented as an asset of an LLC now determined and deemed to be a Receivership Entity. The property is an older two-story residence situated on a canal waterway in the Balboa Peninsula area of Newport Beach. The Temporary Receiver took over an existing unlawful detainer action and reached agreement with the occupant to vacate the property.

The 1.5 story property has approximately 2,500 SF fully covering the waterway lot. The structure is in poor condition with substantial deferred maintenance. Similar older properties in the neighborhood have recently been demolished and are being replaced with new construction.

The Temporary Receiver is now obtaining appraisals of the property and will be creating a proposed financial resolution for it. The property is encumbered with a deed of trust securing a principal balance of \$1,430,000.

2729 Bristol Street, Costa Mesa

This property is currently documented as an asset of an LLC now determined and deemed to be a Receivership Entity. The property is an older vacant two-story office building with 18,000 rentable SF. The property was subject to pre-receivership water damage to the flooring, parts of the drywall, and a first-floor bathroom facility.

The Receivership Entities, through a newly formed LLC, purchased the property in October 2018 for \$7,000,000, with the seller providing financing of \$6,000,000. The Receivership Entities planned to complete about \$250,000 of tenant improvements and relocate to the property. The water damage occurred after the sale closed on October 9. After emergency water damage control, the construction for tenant improvements was scheduled to begin November 7, 2018. The Temporary Receiver canceled the contract for tenant improvements.

The Temporary Receiver is developing and considering options regarding this property.

Potential Related Entities

Pandora Marketing LLC dba Timeshare Compliance

During the initial entry into the Receivership Entities' business premises, the Temporary Receiver discovered that portions of the 5th Floor were occupied by entities other than the Receivership Entities. Pandora Marketing LLC (Pandora Marketing), a company organized in Wyoming, occupied a section of the space immediately adjacent to the marketing agents for Buy Belize. The two spaces were not separated by a permanent wall. Cubicles for Pandora Marketing were a few feet from cubicles manned by sales agents for Buy Belize.

The Temporary Receiver met with two gentlemen that introduced themselves as the principals of Pandora Marketing, William Wilson and Rich Folk. Messrs. Wilson and Folk assured the Temporary Receiver that they had nothing to do with the Receivership Entities and that Pandora Marketing was nothing more than a sub-tenant. The owners showed the Temporary Receiver copies of monthly rental checks in the amount of \$10,000 payable to the Receivership Entities. The owners described the business purpose of Pandora Marketing as a consumer advocate for victims of high-pressure sales tactics in the time share industry. The owners advised the Temporary Receiver that they were in the process of moving offices to a new location but were waiting for the tenant improvements to be completed. Pandora Marketing vacated its space on the 5th floor within several days after the Temporary Receiver's initial entry into the offices.

Attached at Exhibit 49 is an email from GPA's director of client relations to Kazazi with a copy to Mr. Wilson that shows Pukke and Santos each own 20% of Pandora Marketing.

Baker told the Temporary Receiver that "the time share guys" told him they are Pukke's partners.

The Temporary Receiver will be further investigating this matter.

Kanantik

Kanantik is a development south of the Reserve in Belize.

As detailed in the Financial Information section of this report, Kanantik and Mango Springs, which is purportedly Chadwick's company related to Kanantik, had extensive financial and operational involvement with the Receivership Entities.

Attached at Exhibit 50 is a Profit Sharing and Options Agreement between Mango Springs Development, Limited and its successor Palmaya Development Limited, a Belizean Company on one hand and Chloris Holdings, LLC, a Nevis company on the the other. Chadwick

executed the agreement on behalf of Mango Springs Development, Limited and Pukke executed the agreement on behalf of Chloris Holdings, LLC.

The Temporary Receiver does not know if Pukke exercised his option to purchase 33.33% of the stock as set forth in paragraph 6 of the agreement.

Mr. Barienbrock told the Temporary Receiver that he loaned Chittenden \$1 million in the fall of 2015 to complete work on the 104 Kings Place property. According to Mr. Barienbrock, Pukke gave him a lot in the Kanantik development in return for making the loan.

Conclusion

The Temporary Receiver's financial and asset investigation and analysis is not complete. Further discovery is contemplated. The Temporary Receiver will periodically update the Court on the progress of its investigation.

Respectfully Submitted,

/s/

Robb Evans & Associates LLC
Temporary Receiver

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

FEDERAL TRADE COMMISSION

Plaintiff,

vs.

ECOLOGICAL FOX, LLC, *et al.*

Defendants.

No. 18-cv-03309-PJM

Certificate of Service

I, James E. Van Horn, hereby certify that on February 22, 2019, I served the foregoing document through ECF and otherwise by email to the following people and entities:

David Wiechert, counsel for Rod Kazazi and entities he owns or controls, at dwiechert@aol.com;

Wayne Gross, Joshua Robbins, Peter Hardin, and J. Bradford McCullough, counsel for Angela Chittenden, Beach Bunny Holdings LLC, and Power Haus Marketing, at wgross@ggtriallaw.com; jrobbins@ggtriallaw.com; phardin@ggtriallaw.com; and jbmccullough@lercheearly.com;

Patrick Bradford, Jeffrey Newton, Stephen Farrelly, Eric Creizman, and Glenn Ivey, counsel for Andris Pukke and entities he owns or controls, at pbradford@piercebainbridge.com; jnewton@piercebainbridge.com; sfarrelly@piercebainbridge.com; eCreizman@piercebainbridge.com; and glenn@pricebenowitz.com;

Cori Ferrentino and Michael King, counsel for Brandi Greenfield and entities she owns or controls, at cori@ferrentinolaw.com and mking@wintersking.com.

Peter Baker and entities he owns or controls at peterbakerx@gmail.com; Frank Costanzo and Deborah Connelly and entities they own or control at ecologicalfox@gmail.com;

Joseph Rillotta, counsel for John Usher, at joseph.rillotta@dbr.com; David Barger and William Clayton, counsel for John Vipulis, at bargerd@gtlaw.com and claytonw@gtlaw.com;

Andrew Stolper, counsel for Luke Chadwick, Prodigy Management Group LLC, Belize Real Estate Affiliates LLC, Exotic Investor LLC, and Southern Belize Realty LLC, at astolper@lawfss.com;

Chip Magid and Shawn Larsen-Bright, counsel for Atlantic International Bank Ltd., at Magid.Chip@dorsey.com and Larsen.bright@dorsey.com;

Jennifer Short and Courtney Forrest, counsel for Michael Santos, at jshort@kaiserdillon.com and cforrest@kaiserdillon.com;

Philip Brown and Craig Redler, pbrown@alliancetrustcompany.com and craig@jmvlaw.com; and

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/s/ James E. Van Horn