
Proposed Compensation Plan: FAQs for Lot Owners

Did you buy a lot in Sanctuary Belize or Kanantik? There is **important new information** about a proposed [Compensation Plan](#). The proposed Plan will affect your rights, so please carefully read both the Plan and the following answers to frequently asked questions.

[The Court has ruled](#) that Defendants Andris Pukke, Peter Baker, and Luke Chadwick violated the law when they sold lots in Sanctuary Belize (also known as Sanctuary Bay or the Reserve). The Federal Trade Commission has filed a [motion](#) asking the Court to approve a [Compensation Plan](#) for consumers who bought lots from these defendants, including consumers who bought lots in Sanctuary Belize or Kanantik. [The Government of Belize](#) supports the proposed [Compensation Plan](#).

At this stage, the Compensation Plan is only a proposal. It's possible the Court may not approve the proposed Plan or it could make changes. For example, the Court could modify the Plan based on submissions from consumers. It's also possible the FTC or Court-appointed Receiver could ask for changes based on new developments or information.

The following FAQs summarize the Compensation Plan and may help explain it. But neither the FAQs nor any other summary are official legal documents. To be sure you understand the details, read the [Compensation Plan](#).

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Note: References to the Receiver and contact information for the Receiver were updated in March 2022.

General Information

What is a Compensation Plan?

A Compensation Plan is a program a Court approves to provide compensation to consumers. (Sometimes it's called a proposed "redress plan.")



Why is the Compensation Plan in this case only a “proposed” plan?

The Compensation Plan must be approved by the Court. The FTC has proposed the Plan, but the Court hasn’t made a decision yet.

Do I need to do anything to get compensation?

Not yet, but you will. Most likely, you will have to provide information that shows you are eligible for compensation, including that you bought a lot and how much you paid. But please don’t send that information until you are asked.

Can I provide information now?

No. Just make sure to keep records related to your lot and the payments you made, so you can provide them if you are asked.

What’s a Receiver?

A receiver is a person or company that a Court appoints to manage assets. A receiver is separate from the FTC and reports to the Court. The prior receiver, Robb Evans & Associates LLC, has been replaced by Marc-Philip Ferzan of the Ankura Consulting Group, LLC.

The proposed Compensation Plan refers to “New Sanctuary”? What is “New Sanctuary”?

New Sanctuary is the name the proposed Compensation Plan uses for the reorganized Sanctuary Belize.

Deadlines and Notice**How will I know when to apply for compensation?**

The court-appointed Receiver will contact you directly. Most likely, you’ll hear from the Receiver soon after the Court approves a Compensation Plan. But please be patient. It’s difficult to estimate how long that could take.

Does the Receiver know how to contact me?

If you already receive emails from the Receiver, the Receiver knows how to contact you. If you haven’t received emails from the Receiver, if you’re not sure, or if your contact information changed, email the Receiver at info@SanctuaryBelizeReceivership.com.

Will the Compensation Plan have deadlines?

Yes. But there are no deadlines until after the Court approves a Compensation Plan.

What will happen if I miss a deadline?

Most likely, you will lose your right to compensation. So once the Receiver contacts you, it is **critical** that you meet all deadlines. But for now, there’s no need to worry about deadlines.



Eligibility

Who is eligible for compensation?

In general, consumers who own a lot originally purchased through the defendants' retail sales process will be eligible. There are exceptions and qualifications, which is why it's important to read the details in the proposed [Compensation Plan](#).

Who will make decisions about eligibility and compensation?

The Court-appointed Receiver will make initial decisions about eligibility and compensation. Consumers may dispute the Receiver's initial decisions with the Court using a process explained in the proposed [Compensation Plan](#). The Court will make the final decision.

What happens if I own more than one lot?

You must submit a separate claim for each lot. If you are eligible, you will receive separate compensation for each lot.

What happens if someone else submits a claim for my lot?

Due to the defendants' misconduct, it's possible that multiple consumers may have an interest in the same lot. If more than one consumer submits a valid claim for the same lot, the proposed [Compensation Plan](#) details the procedure for deciding who gets that lot. The other consumer will receive rights to lots in the New Sanctuary inventory.

The Developments

What will happen to Sanctuary Belize?

If the Judge approves the Compensation Plan, Sanctuary Belize will become New Sanctuary. The Receiver will try to sell New Sanctuary to a new developer.

Who will the new developer be?

The Receiver is in the process of hiring a consultant to locate an experienced and trustworthy U.S.-based developer. The process of locating a qualified developer may take some time, and there is no guarantee that another company will want to develop New Sanctuary.

What development will a New Sanctuary developer be required to complete?

If a new company can be found, the New Sanctuary developer will be required to complete basic infrastructure, including utilities and road access to each New Sanctuary lot. The New Sanctuary developer also will be required to ensure maintenance and security for a period of time. The New Sanctuary developer could choose to do other things – for example, start various kinds of commercial development. But that would be up to the new developer, based on what would be profitable from its perspective. The New Sanctuary developer will be prohibited from doing business with any defendant in this case.



What happens to the money a New Sanctuary developer pays to buy the development?

It will be distributed to consumers who bought lots in Sanctuary Belize.

What will happen to Kanantik?

Very little development is likely to happen at Kanantik in the coming years. Most likely, Kanantik assets, including unsold land and the hotel, will be sold. We don't know what a possible buyer would do with the land or hotel.

What happens to money someone pays to buy the Kanantik land or resort?

It will be distributed to consumers who bought lots in Kanantik.

Why isn't there more effort to develop Kanantik?

Attempting to develop both locations at the same time isn't practical. The FTC's [motion](#) asking the Court to approve the [Compensation Plan](#) has more information.

Consumers' Options

NOTE: Answers to the following FAQs about consumers' options are based on the terms of the proposed Compensation Plan. If the Court modifies that Plan, your options could change.

I bought a lot in Sanctuary Belize or Kanantik. Should I participate in the proposed Compensation Plan?

Yes. The FTC strongly recommends that everyone who bought a lot participate in the Plan. For most people, participating in the Plan is the only way to receive compensation – and it's designed so that consumers won't be worse off.

Do I have to participate in the proposed Compensation Plan?

No. But only consumers who choose to participate will receive compensation through the Plan.

If I choose to participate, will I have to waive or abandon any rights against the defendants?

Most likely, no. But there is no way to guarantee that. To participate, you won't have to sign a legal document that waives any rights against the defendants. However, if you sue them on your own, they may try to argue that you've waived rights by participating.

How much financial compensation will I receive?

If you are eligible to participate under the proposed [Compensation Plan](#), you will get what is called a "*pro rata* distribution." That means you will get a proportional share of the total based on what you paid. Let's say you bought a lot in Sanctuary Belize for \$250,000, and everyone together paid \$100 million for lots in Sanctuary Belize. \$250,000 is .25% of \$100 million. So you would receive approximately .25% of any recovery from Sanctuary Belize assets. The formula will be the same for Kanantik owners, although the total sales will be different, of course.



How much will the distribution be for people who bought Sanctuary Belize lots?

Right now there's no way to know for sure. It's likely it will be more than 15% of what you paid.

How much will the distribution be for people who bought Kanantik lots?

Right now there's no way to know for sure. It's likely to be much less than the Sanctuary Belize amount because Kanantik's assets are very limited.

I bought a lot in Sanctuary Belize. What options will I have?

In general, you will have two options:

- **Option #1:** You'll get financial compensation and return your lot with no further obligation.
- **Option #2:** You'll get financial compensation and a lot in New Sanctuary.

Will the financial compensation be the same for both options?

Yes.

Will I know which New Sanctuary lot I will receive before I make my choice?

Yes.

Can I swap or trade my lot in New Sanctuary with someone else?

Yes.

What if I still owe money on my Sanctuary Belize lot?

The lot will be offered to you at a discount of between 25% and 35% of the original price. If you've already paid more than that, you won't have to pay anything more.

What will my discount be on a Sanctuary Belize lot?

Consumers who agree not to resell their lots for longer periods will receive larger discounts. The largest discount (35%) will go to consumers who agree not to resell their lots for five years.

If I still owe money on a Sanctuary Belize lot, will there be financing?

Yes. You must execute a note, which is like a mortgage. You must make monthly payments over 10 years, at 0% interest. You will have immediate full ownership, and the Receiver will have a security interest in your lot.



I bought a lot in Kanantik. What options will I have?

In general, you will have three options:

- **Option #1:** You'll get financial compensation and return your lot with no further obligation.
- **Option #2:** You'll get financial compensation and keep your lot in Kanantik.
- **Option #3:** You'll get financial compensation, return your Kanantik lot, and get a lot in New Sanctuary.

Will the financial compensation be the same for all three Kanantik options?

Yes.

Which lot in New Sanctuary will I have the option to receive?

The Receiver will choose which New Sanctuary lot to offer you based on many factors, including how much you paid for your Kanantik lot and what lots are available in New Sanctuary.

Will I know which lot in New Sanctuary lot I will receive before I make my choice?

Yes.

Can I swap or trade my lot in New Sanctuary with someone else?

Yes.

What if I still owe money on my Kanantik lot?

The New Sanctuary lot will be offered to you at a discount of between 35% and 45% of the original price of your Kanantik lot. If you've already paid more than that, you won't have to pay anything more.

If I currently own a Kanantik lot, what will my discount be for a New Sanctuary lot?

Consumers who agree not to resell their lots for longer periods will receive larger discounts. The largest discount (45%) will go to consumers who agree not to resell their lots for five years.

If I still owe money on my Kanantik lot, but want a New Sanctuary lot, will there be financing?

Yes. You must execute a note, which is like a mortgage. You must make monthly payments over 10 years, at 0% interest. You will have immediate full ownership immediately, and the Receiver (or its assignee) will have a security interest in your New Sanctuary lot.

Once I make a choice, can I change my mind later?

No.



How should I decide whether to take a lot in New Sanctuary?

All of the available options pose risks. In fact, regardless of the choice you make, you will be required to sign a legal document acknowledging some of those risks. Most consumers will choose between getting a lot in New Sanctuary or leaving the development. The best option for you will depend on your personal circumstances. Here are some considerations that may help you decide:

- **Can you easily afford additional expenses?** You may need to pay more for the lot, taxes, homeowner's association fees, and possibly the cost of building a home. If you can't easily afford those future expenses, it may make sense for you to leave. If you can easily afford those additional expenses, it may make sense for you to stay.
- **How much risk are you willing to take?** Remaining in New Sanctuary could have benefits, especially in the long term, but will likely involve more risk. For example, you could lose more than you already have. Leaving the development will limit your losses, but eliminate any chance of recovering more by selling your lot someday. If you are financially and personally able to take more risks, it may make sense for you to stay in New Sanctuary. If you aren't, it may make sense for you to leave.
- **How long are you willing to wait?** It could take a very long time – maybe years – for New Sanctuary lots to increase much in value. In determining whether you can wait that long, consider your family circumstances, your health, and your finances. If you are primarily concerned with short-term or mid-term benefits over the next 5 to 10 years, it may make sense for you to leave New Sanctuary. If you are primarily concerned with benefits you might get in the long-term, it may make sense for you to stay.
- **How successful will New Sanctuary will be?** No one knows for sure and every consumer has a different view about whether potential development at New Sanctuary is likely to succeed. If you think the development at New Sanctuary will be more successful, it may make sense for you to stay. If you think the development at New Sanctuary will be less successful, it may make sense for you to leave. There are no definite answers or guarantees about what choice is best for you. It will depend on your personal views and circumstances.
- **How important are non-financial considerations to you?** For some consumers, the financial aspect of their decision is most important. But some consumers may care about owning a lot simply because they want to use it, or for other reasons besides the lot's possible investment value. If non-financial considerations are most important to you, it may make sense for you to stay.



Learning More

Where can I get more information?

There are only two sources for official information about the proposed [Compensation Plan](#): the FTC, and the Court-appointed Receiver. The FTC's [motion](#) asking the Judge to approve the proposed [Compensation Plan](#) is a good source of additional information. The Receiver also is a good source of information. If you want to hire your own lawyer, he or she can help you review the proposed Plan.

Who can I trust to explain the proposed Compensation Plan?

It's wrong – and possibly illegal – for anyone to make misrepresentations about the proposed Compensation Plan. Again, the only official information about the proposed Plan will come from the FTC or the Court-appointed Receiver. You can also get advice from an attorney you choose and hire.

What about things I read on Facebook or other social media, or hear from other consumers?

The proposed Compensation Plan has many elements. Statements on Facebook or other social media may be inaccurate and other consumers may be mistaken in their understanding of the Plan. That's why it's wise to consult official sources of information.

Objections

Can I object to the proposed Compensation Plan?

Yes. You may object to the proposed Plan, or part of it. The FTC, the Court-appointed Receiver, and possibly other parties are likely to respond to objections. The Court will decide whether the proposed Plan should be changed.

How can I object to the proposed Compensation Plan?

Please don't try to contact the Court directly. Most likely, the Court will establish a procedure and deadlines for objecting. If you want to file documents without an attorney, contact the Clerk's Office for the United States District Court for the District of Maryland. (This case is Docket No. 18-cv-3309-PJM.) Or you may hire your own attorney.

Additional Information

What are the tax implications of participating?

You will need to consult a tax professional for advice. The proposed Compensation Plan will change the purchase prices of lots by adjusting them downward, including for lots that have already been fully paid. This could affect property taxes in Belize.



Will New Sanctuary have a homeowners' association?

Yes. If the Court approves the [Compensation Plan](#), the Consumer Committee that advises the Receiver will become an interim homeowners' association board. Later, there will be elections for new board positions. Only New Sanctuary owners will vote for new board positions.

Did the FTC appraise the lots to develop this plan?

No. The proposed Compensation Plan doesn't assign the lots any specific value to determine compensation. Consumers will decide what they think the lots are worth.

Will the proposed compensation plan Sanctuary Belize and Kanantik assets be kept separate?

Generally, yes. But there are some possible minor exceptions.

If I choose to stay in New Sanctuary, will I have title to my lot?

Titles are issued by the [Government of Belize](#), which supports the proposed Compensation Plan. If you already have title to a Sanctuary Belize lot, you will keep that title or receive an equivalent one. If you don't have title, it is likely that the proposed Compensation Plan will make it easier for you to obtain one.

