

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**DECLARATION OF BRICK KANE IN SUPPORT OF MOTION FOR ORDER
APPROVING SETTLEMENT AGREEMENT AND RELEASE BETWEEN RECEIVER
AND LEE NOBMANN**

I, Brick Kane declare:

1. I am the President of Robb Evans & Associates LLC (“Receiver”), the receiver in this action. This lawsuit was commenced on October 31, 2018 by the Federal Trade Commission (“FTC”) with its filing of a Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”). The lawsuit named 17 entity defendants and seven individual defendants, in addition to five relief defendants. The Court issued the Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Restraining Order and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”) on November 5, 2019. Under the TRO, the Receiver became temporary receiver over all entity defendants except for Atlantic International Bank, Ltd. (“AIBL”) and over the assets of Andris Pukke (“Pukke”) and Peter Baker (“Baker”) valued at \$1,000 or more. The Court extended the duration of the TRO pursuant to an Extension of Temporary Restraining Order and Interim Preliminary Injunction on November 20, 2018. The FTC filed a motion to amend the Complaint and a proposed Amended Complaint for Permanent Injunction and Other Equitable Relief (“Amended Complaint”) on December 28, 2018 adding Michael Santos and Newport

Land Group, LLC (“NLG”) as defendants. The Court granted the motion to amend on January 11, 2019. On February 13, 2019 the Court entered a Stipulated Preliminary Injunction as to Defendants Rod Kazazi, Foundation Partners, Brandi Greenfield, BG Marketing LLC, Frank Costanzo, Deborah Connelly, Ecological Fox LLC, Michael Santos, Angela Chittenden, and Beach Bunny Holdings LLC (“Stipulated Preliminary Injunction”). Under the Stipulated Preliminary Injunction, the Receiver remained as receiver over the stipulating Receivership Entities BG Marketing, LLC, Ecological Fox, LLC, and Foundation Partners, and NLG was expressly added as a named Receivership Entity. On October 3, 2019, the Court issued the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (“Pukke Preliminary Injunction”). Under the Pukke Preliminary Injunction, the Receiver was named as permanent receiver over at least 16 Receivership Entities and over Pukke, Baker and Luke Chadwick’s (“Chadwick”) assets valued at \$1,000 or more. On November 6, 2019, a Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendants Frank Costanzo and Ecological Fox LLC and Relief Defendant Deborah Connelly (“Stipulated Judgment”) was entered. Among other things, the Receiver remained as permanent receiver over Ecological Fox LLC under the Stipulated Judgment.

2. I have been one of the members of Robb Evans & Associates LLC primarily responsible for the supervision, management and administration of the receivership estate, the Receiver’s taking possession and control of the business and operations of the Receivership Entities, as defined in the TRO, Stipulated Preliminary Injunction and Pukke Preliminary Injunction, the review and investigation of the business, operations and assets of the Receivership Entities and the individuals whose assets are under receivership, and the Receiver’s

exercise of the other powers and duties set forth in the TRO, Stipulated Preliminary Injunction and Pukke Preliminary Injunction. I have been involved in the Receiver's ongoing review and detailed analysis of the Receivership Entities' financial records, banking records, and other business records and files. I was personally involved in the preparation and review of the Receiver's Report of Activities for the Period From November 6, 2018 to February 21, 2019 ("First Report") filed on February 22, 2019 and the Receiver's Second Court Report Dated July 2, 2019 ("Second Report"). I have personal knowledge of the matters set forth in this declaration or I have gained knowledge of these matters from my review of the documents which are pertinent to the transactions discussed herein or from my supervision and management of this receivership estate. If I were called upon to testify as to these matters I could and would competently testify thereto.

3. On January 14, 2020, the Court entered the Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendant Michael Santos ("Santos Judgment"). Under the Santos Judgment, Michael Santos permanently transferred, assigned and relinquished to the Receiver, for liquidation and ultimate payment to the FTC, all rights Michael Santos may have to the real properties commonly described as: (a) 17085 Birch Hill Road, Riverside, California ("Riverside Property"); (b) 1807 Coastal Way, Costa Mesa, California ("Costa Mesa Property"); (c) 460 Lindberg Circle, Petaluma, California ("Petaluma Property"); (d) 14070 Falling Leaf Road, Apple Valley, California ("Apple Valley Property"); and (e) 7862 Chase Avenue, Hesperia, California ("Hesperia Property"). (The real properties described are hereafter collectively referred to as the "Santos Properties.")

4. The Receiver researched the status of legal title to the Santos Properties. Legal title to the Riverside Property is held by Michael Santos and Carole Santos, husband and wife as

community property. Legal title to the Costa Mesa Property is held by Michael Santos and Carole Santos, husband and wife as joint tenants. Legal title to the Petaluma Property is held by Carole Santos and Michael Santos, wife and husband as joint tenants. Legal title to the Apple Valley Property is held by Michael Santos and Carole Santos, husband and wife as joint tenants. Legal title to the Hesperia Property is held by Michael Santos and Carole Santos, husband and wife as joint tenants. Carole Santos's interests in the Santos Properties are not expressly addressed or assigned to the Receiver in the Santos Judgment.

5. Based on documents that have been produced to and analyzed by the Receiver and discussions with pertinent parties in interest, the Receiver has been advised that in January 2019, Michael Santos and Carole Santos purportedly made, executed and delivered a \$1,000,000 promissory note ("Nobmann Promissory Note") to Lee Nobmann (Nobmann) for value received. Nobmann contends that on or about May 3, 2017, Nobmann authorized Michael Santos and Carole Santos to apply the proceeds of a prior \$250,000 loan from Nobmann to Michael Santos and Carole Santos to be used in the purchase of the Riverside Property and that Nobmann caused a wire transfer of \$754,250 to be paid directly to Stewart Title of California, Inc., as the escrow officer handling the purchase of the Riverside Property by Michael Santos and Carole Santos. The promissory note is purportedly secured by a deed of trust on the Riverside Property which was recorded in Riverside County, California on January 11, 2019 ("Nobmann Deed of Trust"), the day that the Court extended the asset freeze in the FTC Action to Michael Santos.

6. Based on documents produced to and analyzed by the Receiver and discussions with pertinent parties in interest, the Receiver is advised that Michael Santos and Carole Santos purportedly made, executed and delivered a \$240,000 promissory note to Geoff Richstone ("Richstone") for value received in January 2019. The promissory note is purportedly secured

by a deed of trust on the Costa Mesa Property which was recorded in Orange County, California on January 11, 2019. Michael Santos and Carole Santos purportedly made, executed and delivered a \$375,000 promissory note to Richstone for value received in January 2019. The promissory note is purportedly secured by a deed of trust on the Petaluma Property which was recorded in Sonoma County, California on January 14, 2019. Michael Santos and Carole Santos purportedly made, executed and delivered a \$125,000 promissory note to Richstone for value received in January 2019. The promissory note is purportedly secured by a deed of trust on the Apple Valley Property which was recorded in San Bernardino County, California on January 11, 2019. Michael Santos and Carole Santos purportedly made, executed and delivered a \$135,000 promissory note to Richstone for value received in January 2019. The promissory note is purportedly secured by a deed of trust on the Hesperia Property which was recorded in San Bernardino County, California on January 11, 2019. (The four promissory notes in favor of Richstone are hereafter collectively referred to as the “Richstone Promissory Notes” and the deeds of trust which purportedly collateralize the Richstone Promissory Notes are hereafter collectively referred to as the “Richstone Deeds of Trust.”)

7. As set forth above, the Receiver has determined that the Nobmann Deed of Trust and the Richstone Deeds of Trust all were recorded at or about the time that the Court issued an asset freeze on Michael Santos. For this and other reasons, the Receiver: (a) disputes the validity of the Nobmann Promissory Note and Nobmann Deed of Trust; (b) disputes the validity of the Richstone Promissory Notes and Richstone Deeds of Trust; (c) contends that the Nobmann Deed of Trust and the Richstone Deeds of Trust may be avoided as fraudulent transfers; and (d) contends that the Receiver’s interest in the Santos Properties are superior to the Nobmann Deed of Trust and Richstone Deeds of Trust.

8. The Receiver has preliminarily evaluated the market value of the Santos Properties and the extent to which the Santos Properties are encumbered by deeds of trust. Each of the Santos Properties is encumbered by a bona fide first lien in favor of an institutional lender and, in the Receiver's judgment, not subject to challenge. If the Nobmann Deed of Trust and Richstone Deeds of Trust, each of which is in second lien position against the respective properties, are valid and enforceable, then the Santos Properties would have no equity for the receivership estate. The Receiver is advised that, under California law, Carole Santos appears to have a one-half interest in each of the Santos Properties taken as joint tenancy property and an undivided 100% interest in the Riverside Property, which was taken as community property. Michael Santos cannot unilaterally assign his community property interest in the Riverside Property without Carole Santos's consent, rendering the assignment to the Receiver problematic unless the Receiver can successfully challenge her interest, obtain her consent or argue that the assignment operates in effect as a judgment creditor's execution levy. Therefore, Carole Santos's interest in the Santos Properties do not appear resolved by the Santos Judgment. Unless her interest can be successfully challenged, the Receiver would have to seek and obtain an order compelling the sale of the properties, and the Receiver would realize only 50% of the net equity upon sale. While the Riverside Property has the largest potential equity, in addition to the fact that it is held in community property, it also is subject to a long-term lease/purchase option through 2033, which further hinders the Receiver's ability to promptly monetize this asset. Several of the other Santos Properties are or will soon be vacant, further impeding the Receiver's ability to service debt and preserve equity in the properties.

9. Based on the Receiver's preliminary valuations, assuming that: (a) the second priority Nobmann Deed of Trust and Richstone Deeds of Trust can be set aside, which will

require a successful legal challenge; (b) Carole Santos preserves a 50% interest in the Santos Properties; and (c) the Receiver can force a prompt sale of the Santos Properties, including the Riverside Property, despite the long term lease/purchase option on that property, the Receiver estimates that gross equity in the real estate for the receivership estate, not including the costs of sale which typically are in the 8% range, would be approximately \$500,000.

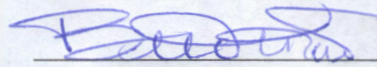
10. The Receiver and Nobmann have negotiated and executed a comprehensive Settlement Agreement, a copy of which is attached as Exhibit 1 hereto. The key provisions of the Settlement Agreement are: (a) in full satisfaction of all rights, claims, interests and demands the Receiver and Nobmann may have against one another, and in consideration for the Receiver's assignment to Nobmann or his assignee of all rights the Receiver may have in the Santos Properties, Nobmann shall pay to the Receiver the sum of \$350,000. This amount has already been paid to and is being held by the Receiver, subject to the Court's approval of the Settlement Agreement; (b) as between the Receiver and Nobmann, the Receiver is entitled to the rents, issues and profits from the Santos Properties prior to the Court's approval of the settlement and Nobmann is entitled to the rents, issues and profits from the Santos Properties thereafter; (c) the Receiver makes no representations and warranties of any kind with respect to the Santos Properties; (d) general and mutual releases are entered into between Nobmann and the Receiver; and (e) the Settlement Agreement becomes effective upon Court approval and provided that the FTC does not file written opposition to this Motion. The Receiver understands that the FTC supports the Settlement Agreement.

11. I believe that the settlement of the dispute between the Receiver and Nobmann is a very favorable resolution for the estate and should be approved. While the Receiver believes that it has a legitimate argument that the Nobmann Deed of Trust and the Richstone Deeds of

Trust may constitute voidable fraudulent transfers pursuant to the California Uniform Voidable Transactions Act, this position is not without doubt in light of Nobmann's contention and Richstone's contention that value was provided by them to Michael Santos and Carole Santos in exchange for the subject deeds of trust. As set out above, if the Nobmann Deed of Trust and Richstone Deeds of Trust are valid and enforceable, then the Santos Properties would have no equity for the receivership estate. Even assuming that the Nobmann Deed of Trust and Richstone Deeds of Trust can be successfully avoided as fraudulent transfers or under some other theory, Carole Santos appears to have a one-half interest in each of the Santos Properties held in joint tenancy and an undivided community property interest in the Riverside Property under applicable California law and her interest is not resolved by the Santos Judgment. Unless her interest can be successfully challenged, the Receiver would have to seek and obtain an order compelling the sale of the properties, and the Receiver would realize only 50% of the net equity upon sale. In addition to its problematic status as community property, the Riverside Property is subject to a long-term lease/purchase option through 2033, which further hinders the Receiver's ability to monetize this asset, which has the largest amount of potential equity of all of the Santos Properties. Several of the other Santos Properties are or will soon be vacant, further impeding the Receiver's ability to service debt and preserve equity in the properties. All of these factors dictate in favor of the Receiver promptly monetizing its interest in the Santos Properties for the benefit of the FTC for the purpose of providing consumer redress under Section VI.E of the Santos Judgment. The immediate recovery of \$350,000 is an excellent result when considering the uncertainty, time and expense surrounding litigation of the various disputes with Nobmann, Richstone, Carole Santos and the tenant of the Riverside Property which may be required. Assuming a successful challenge could be mounted to the Nobmann Deed of Trust and

Richstone Deeds of Trust, Carole Santos's interest remained in effect, and all of the Santos Properties could be promptly liquidated, including the Riverside Property despite it being subject to a long term lease/purchase option through 2033, net equity for the receivership estate for ultimate disposition to the FTC would not generate significantly more than this amount.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on March 23, 2020 at Alhambra, California.



BRICK KANE

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EXHIBIT 1

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is made as of this ~~11th~~ day of March, 2020, by and between Robb Evans & Associates LLC (“Receiver”), as Receiver over Ecological Fox, LLC and other Receivership Entities as more particularly described and defined below, and over the assets of Andris Pukke (“Pukke”), Peter Baker (“Baker”) and Luke Chadwick (“Chadwick”), as more particularly described below, on the one hand, and Lee Nobmann (“Nobmann”), on the other, in reference to and in consideration of the following:

RECITALS

A. The Receiver represents that the Receiver was appointed Temporary Receiver over the Receivership Entities (as defined in and pursuant to the Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”)) entered on November 5, 2018 in the case of *Federal Trade Commission v. Ecological Fox, LLC et al.* Case No. 18-cv-3309-PJM (“FTC Action”), in the United States District Court, District of Maryland (“District Court”). Pursuant to the TRO, the Receiver also was appointed Temporary Receiver over the assets of Pukke and Baker valued by the Receiver at \$1,000.00 or more. In the FTC Action, the Federal Trade Commission (“FTC”) alleged that the Defendants violated various provisions of the Federal Trade Commission Act (“FTC Act”) and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”) in connection with a real estate development in Belize, known as, among other things, “Sanctuary Belize” and referred to herein by that name. The FTC alleges that the Defendants used false promises and deceptive telemarketing, sale and development practices in connection with the sale of lots in Sanctuary Belize. The FTC Action has been re-designated as *In re Sanctuary Belize Litigation*. “Receivership Entities,” as defined in the TRO, means the Corporate Defendants (as defined therein), except for Atlantic International Bank, Ltd. (“AIBL”), including nonparty subsidiaries, affiliates, successors, and assigns, as well as any other entity that is located at, registered to, or operated from 3333 Michelson Drive, Suite 500, Irvine, California and assists, facilitates, or otherwise conducts business related to the acts identified in the Findings of Fact in the TRO, and is owned or controlled by any Defendant; or Assets, as defined in the TRO, that are otherwise in the receivership and that are corporations or other legal entities. The TRO remained in effect pursuant to the Extension of Temporary Restraining Order and Interim Preliminary Injunction entered November 20, 2018.

B. The Receiver represents that the Receiver became permanent receiver over BG Marketing, LLC, Ecological Fox, LLC, and Foundation Partners and each of their subsidiaries, affiliates, successors and assigns pursuant to the Stipulated Preliminary Injunction as to Defendants Rod Kazazi, Foundation Partners, Brandi Greenfield, BG Marketing LLC, Frank Costanzo, Deborah Connelly, Ecological Fox, LLC, Michael Santos, Angela Chittenden and Beach Bunny Holdings LLC (“Stipulated Preliminary Injunction”) entered on February 9, 2019.

C. The Receiver represents that pursuant to the Preliminary Injunction as to Defendants Andris Pukke, Peter Baker, Luke Chadwick, John Usher, Certain Corporate Defendants, and the Estate of John Pukke (“Preliminary Injunction”) entered October 3, 2019, the Receiver became permanent receiver over Global Property Alliance, Inc., Sittee River

Wildlife Reserve, Buy Belize, LLC, Buy International, Inc., Foundation Development Management, Inc., Eco-Futures Development, Eco-Futures Belize, Limited, Power Haus Marketing, Newport Land Group LLC, Sanctuary Belize Property Owners' Association, Prodigy Management Group LLC, Belize Real Estate Affiliates LLC, Exotic Investor LLC, and Southern Belize Realty, LLC, and each of their subsidiaries, affiliates, successors and assigns, together with 2729 Bristol LLC, 3905 Marcus, LLC, as well as any other entity that is located at, registered to, or operated from 3333 Michelson Drive, Suite 500, Irvine, California and assists, facilitates, or otherwise conducts business related to the sale of real estate in Belize; assists, facilitates, or otherwise conducts business related to the acts identified in the Findings of Fact in the Preliminary Injunction, and is owned or controlled by any Defendant; or are identified as Assets, as defined in the Preliminary Injunction, that are otherwise in the receivership and that are corporations or other legal entities. Pursuant to the Preliminary Injunction, the Receiver was also appointed as Receiver over the assets of Pukke, Baker and Chadwick valued by the Receiver at \$1,000.00 or more.

D. The Receiver represents that pursuant to the Stipulated Order for Permanent Injunction and Monetary Judgment Against Defendant Michael Santos ("Santos Judgment") entered January 14, 2020, Michael Santos permanently transferred, assigned and relinquished to the Receiver, for liquidation and ultimate payment to the FTC, all rights Michael Santos may have to the real properties commonly described as: (a) 17085 Birch Hill Road, Riverside, California ("Riverside Property"); (b) 1807 Coastal Way, Costa Mesa, California ("Costa Mesa Property"); (c) 460 Lindberg Circle, Petaluma, California ("Petaluma Property"); (d) 14070 Falling Leaf Road, Apple Valley, California ("Apple Valley Property"); and (e) 7862 Chase Avenue, Hesperia, California ("Hesperia Property"). (The real properties described in this Recital D are hereafter collectively referred to as the "Santos Properties.")

E. Legal title to the Riverside Property is held by Michael Santos and Carole Santos, husband and wife as community property. Legal title to the Costa Mesa Property is held by Michael Santos and Carole Santos, husband and wife as joint tenants. Legal title to the Petaluma Property is held by Carole Santos and Michael Santos, wife and husband as joint tenants. Legal title to the Apple Valley Property is held by Michael Santos and Carole Santos, husband and wife as joint tenants. Legal title to the Hesperia Property is held by Michael Santos and Carole Santos, husband and wife as joint tenants.

F. In January 2019, Michael Santos and Carole Santos purportedly made, executed and delivered a \$1,000,000 promissory note ("Nobmann Promissory Note") to Lee Nobmann for value received. Nobmann contends that on or about May 3, 2017, Nobmann authorized Michael Santos and Carole Santos to apply the proceeds of a prior \$250,000 loan from Nobmann to Michael Santos and Carole Santos to be used in the purchase of the Riverside Property and that Nobmann caused a wire transfer of \$754,250 to be paid directly to Stewart Title of California, Inc., as the escrow officer handling the purchase of the Riverside Property by Michael Santos and Carole Santos. The Nobman Promissory Note is purportedly secured by a deed of trust on the Riverside Property which was recorded in Riverside County, California on January 11, 2019 ("Nobmann Deed of Trust").

G. Michael Santos and Carole Santos purportedly made, executed and delivered a \$240,000 promissory note to Geoff Richstone ("Richstone") for value received in January 2019.

The promissory note is purportedly secured by a deed of trust on the Costa Mesa Property which was recorded in Orange County, California on January 11, 2019.

H. Michael Santos and Carole Santos purportedly made, executed and delivered a \$375,000 promissory note to Richstone for value received in January 2019. The promissory note is purportedly secured by a deed of trust on the Petaluma Property which was recorded in Sonoma County, California on January 14, 2019.

I. Michael Santos and Carole Santos purportedly made, executed and delivered a \$125,000 promissory note to Richstone for value received in January 2019. The promissory note is purportedly secured by a deed of trust on the Apple Valley Property which was recorded in San Bernardino County, California on January 11, 2019.

J. Michael Santos and Carole Santos purportedly made, executed and delivered a \$135,000 promissory note to Richstone for value received in January 2019. The promissory note is purportedly secured by a deed of trust on the Hesperia Property which was recorded in San Bernardino County, California on January 11, 2019. (The promissory notes described in Recitals G, H, I and J are hereafter collectively referred to as the "Richstone Promissory Notes" and the deeds of trust described in Recitals G, H, I and J are hereafter collectively referred to as the "Richstone Deeds of Trust.")

K. Among other contentions, the Receiver: (a) disputes the validity of the Nobmann Promissory Note and Nobmann Deed of Trust; (b) disputes the validity of the Richstone Promissory Notes and Richstone Deeds of Trust; (c) contends that the Nobmann Deed of Trust and the Richstone Deeds of Trust may be avoided as fraudulent transfers; and (d) contends that the Receiver's interest in the Santos Properties are superior to the Nobmann Deed of Trust and Richstone Deeds of Trust.

L. The parties to this Agreement desire to resolve all disputes and differences among them concerning the events and circumstances described in these Recitals, including, without limitation, all disputes and differences that may pertain in any way to the FTC Action, the receivership estate created in the FTC Action, the Santos Judgment, the Santos Properties, the Nobmann Promissory Note, the Nobmann Deed of Trust, the Richstone Promissory Notes and the Richstone Deeds of Trust.

NOW THEREFORE, in reference to the foregoing and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do stipulate and agree as follows:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct according to their terms and are incorporated into and form a part of this Agreement.

2. Settlement Payment. In full settlement of all rights, claims, interests and demands that either party to this Agreement may have against the other, and in consideration of the assignment provided by the Receiver to Nobmann as set forth in paragraph 3, below,

concurrently with the execution of this Agreement Nobmann shall pay to the Receiver by cashier's check or wire transfer the sum of \$350,000 ("Settlement Payment"). After the Receiver confirms the Settlement Payment has cleared, the Receiver will provide access to Nobmann or his agents to visually inspect the Santos Properties, insofar as permitted under any of the operative lease agreements which remain in force, so that Nobmann may ensure that the Santos Properties are being maintained. As to any of the Santos Properties that are vacant, the Receiver authorizes Nobmann to secure any locks, shut any open windows, and turn off any faucets that are running water. Nobmann or his agents may conduct such visual inspections only with the Receiver being given the opportunity to be present at the time of such inspections. In the event that the District Court in the FTC Action does not approve this Agreement, the Receiver shall immediately return the Settlement Payment to Nobmann and, in such event, the parties to this Agreement shall have all of their respective rights, claims, interests and demands that existed prior to the execution of this Agreement.

3. Assignment of Receiver's Rights in the Santos Properties. Upon the Effective Date of this Agreement, as defined below in paragraph 15, the Receiver hereby transfers, assigns and relinquishes to Nobmann or his assignee all rights it may have in the Santos Properties which were created pursuant to the Santos Judgment, without any representations or warranties of any kind.

4. Rights to Rental Income. As between the parties to this Agreement, until the Effective Date of this Agreement, the Receiver has the sole right in and to all rents, issues and profits generated by any of the Santos Properties. As between the parties to this Agreement, all rents, issues and profits generated by any of the Santos Properties for the period prior to the Effective Date shall remain property of the receivership estate. All rents, issues and profits generated by any of the Santos Properties for the period prior to the Effective Date and paid to Nobmann, if any, shall be turned over by Nobmann to the Receiver. Nobmann has no obligation to refund any money paid by Michael Santos or Carole Santos to Nobmann prior to the date of the Stipulated Preliminary Injunction. All rents, issues and profits generated by any of the Santos Properties for the period from and after the Effective Date and paid to the Receiver, if any, shall be turned over by the Receiver to Nobmann. Rents, issues and profits shall be prorated as of the Effective Date.

5. No Obligation to Pay Secured Debt. As between the parties to this Agreement, until the Effective Date, the Receiver has the sole power to determine whether or not any payments against indebtedness secured by any of the Santos Properties shall be paid from the rents, issues and profits of any of the Santos Properties or from any other sources.

6. Insurance. The Receiver shall maintain insurance on the Santos Properties for a period from the date of this Agreement through and including five business days following notice by the Receiver to Nobmann that the Agreement has become effective pursuant to paragraph 15 hereto.

7. No Representations or Warranties by the Receiver With Respect to the Santos Properties. The Receiver makes no representations or warranties with respect to the Santos Properties. Without limiting the generality of the foregoing sentence, the Receiver does not represent or warrant: (a) whether the assignment granted to the Receiver in the Santos

Judgment of all of Michael Santos's rights in the Santos Properties in any way affects Carole Santos's interest in the Santos Properties; (b) the validity and enforceability, or lack of validity and enforceability, of the Nobmann Promissory Note, the Nobmann Deed of Trust, the Richstone Promissory Notes and the Richstone Deeds of Trust; (c) the status of and/or enforceability of any lease, tenancy, purchase option and/or any other contract or agreement which exists or may exist as to any of the Santos Properties ("Property Agreement"), including without limitation whether such Property Agreement is in default, the status of payment under any such Property Agreement, and the status of occupancy under any such Property Agreement; (d) the status and/or enforceability of any liens which encumber or may encumber any of the Santos Properties, including without limitation the payment status of any obligation secured by a deed of trust which may encumber any of the Santos Properties, whether any of the Santos Properties are in foreclosure, and the status of real property tax payments; (e) the value of any of the Santos Properties; (f) the extent to which any of the Santos Properties have equity over and above the liens against such property; (g) the nature, quality or condition of any of the Santos Properties; (h) the compliance of or by any of the Santos Properties or the operation of the Santos Properties with any laws, rules, ordinances or regulations of any applicable governmental authority or body; (i) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of any of the Santos Properties; (j) the manner or quality of construction or materials incorporated into any of the Santos Properties; (k) the manner, quality, state of repair or lack of repair of any of the Santos Properties; (l) the environmental condition of any of the Santos Properties, including without limitation whether there exists asbestos, asbestos containing materials or lead-based paint on or within any of the Santos Properties; and (m) the efficacy of Nobmann's plan to use this Agreement in an effort to recoup money owed on the Nobmann Promissory Note and the Settlement Payment from Michael Santos, Carole Santos, and/or Richstone.

8. General Release of Receiver and Receivership Estate. Excepting all of the obligations imposed or created by this Agreement and except as otherwise expressly set forth in this Agreement, Nobmann does hereby forever relieve, release and discharge the Receiver, in its corporate capacity and as Receiver in the FTC Action, and the receivership estate created in the FTC Action, and the Receiver's officers, directors, shareholders, members, managers, employees, deputies, agents, associates, partners, past or present attorneys, representatives and administrators, jointly and severally, from any and all lawsuits, debts, losses, claims, liens, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, attorneys' fees, damages, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, arising from the beginning of time through the Effective Date, that each of them had, has or may have against the parties being released in this paragraph, which arise out of, relate to, or pertain in any way to the facts or occurrences set forth in the Recitals herein, the FTC Action, the receivership estate created in the FTC Action, the Santos Judgment, the Santos Properties, the Nobmann Promissory Note, the Nobmann Deed of Trust, the Richstone Promissory Notes and the Richstone Deeds of Trust (individually and collectively the "Nobmann Claims").

9. Effect of General Release of Nobmann Claims. Nobmann expressly waives any and all rights under Section 1542 of the Civil Code of the State of California which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Nobmann expressly waives and releases any rights or benefits that he may have under Section 1542 of the Civil Code of the State of California, and any similar statute, code, law or regulation of any state, territory, commonwealth or possession of the United States, or the United States, to the full extent that it may waive all such rights and benefits pertaining to the Nobmann Claims. Nobmann acknowledges that he is aware that he may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that they now know or believe to be true pertaining to the Nobmann Claims. Nevertheless, it is the intention of Nobmann, through this Agreement, to fully, finally and forever release all of the Nobmann Claims. The releases herein given shall be and remain in effect as a full and complete release of the Nobmann Claims notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto.

10. No Assignment of Nobmann Claims. Nobmann represents and warrants that he is the sole and lawful owner of all legal or beneficial right, title and interest in and to each of the claims released herein and that he has not heretofore assigned, hypothecated or transferred, or purported to assign, hypothecate or transfer, to any individual, partnership, corporation, firm, trust, estate or entity, any of the claims released herein, in whole or in part. Nobmann hereby agrees to indemnify, defend and hold harmless the Receiver and the receivership estate from and against all claims based upon or arising out of or in connection with any assignment, hypothecation or transfer or purported assignment, hypothecation or transfer of any of the Nobmann Claims.

11. General Release of Nobmann. Excepting all of the obligations imposed or created by this Agreement, and except as otherwise expressly set forth in this Agreement, the Receiver does hereby forever relieve, release and discharge Nobmann, and each of his agents, associates, past or present attorneys, representatives and administrators, jointly and severally, from any and all lawsuits, debts, losses, claims, liens, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, attorneys' fees, damages, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, arising from the beginning of time through the Effective Date, that the Receiver had, has or may have against the parties being released in this paragraph, which arise out of, relate to, or pertain in any way to the facts or occurrences set forth in the Recitals herein, the FTC Action, the receivership estate created in the FTC Action, the Santos Judgment, the Santos Properties, the Nobmann Promissory Note, the Nobmann Deed of Trust, the Richstone Promissory Notes and the Richstone Deeds of Trust (individually and collectively the "Receiver Claims").

12. Effect of General Release of the Receiver Claims. The Receiver expressly waives any and all rights under Section 1542 of the Civil Code of the State of California which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Receiver expressly waives and releases any rights or benefits that it may have under Section 1542 of the Civil Code of the State of California, and any similar statute, code, law or regulation of any state, territory, commonwealth or possession of the United States, or the United States, to the full extent that it may waive all such rights and benefits pertaining to the Receiver Claims. The Receiver acknowledges that it is aware that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that it now knows or believes to be true pertaining to the Receiver Claims. Nevertheless, it is the intention of the Receiver through this Agreement, to fully, finally and forever release all of the Receiver Claims. The releases herein given shall be and remain in effect as a full and complete release of the Receiver Claims notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto.

13. No Assignment of Receiver Claims. The Receiver represents and warrants that the Receiver is the sole and lawful owner of all right, title and interest in and to each of the claims released herein and it has not heretofore assigned, hypothecated or transferred, or purported to assign, hypothecate or transfer, to any individual, partnership, corporation, firm, estate or entity, any of the claims released herein. The Receiver hereby agrees to indemnify, defend and hold harmless Nobmann from and against all claims based upon or arising out of or in connection with any assignment or transfer, hypothecation or purported assignment, hypothecation or transfer of any of the Receiver Claims.

14. District Court Approval. Within a reasonable time after the execution of this Agreement by all parties hereto, the Receiver shall bring a motion on regular notice in the FTC Action seeking an order approving this Agreement. The Receiver shall provide proper notice to the FTC of such motion. If the FTC files written opposition to the District Court's approval of this Agreement, the Receiver will take the motion off calendar and return the Settlement Payment to Nobmann. In such event, the parties to this Agreement shall have all of their respective rights, claims, interests and demands that existed prior to the execution of this Agreement.

15. Effective Date of the Agreement. The effective date of this Agreement (the "Effective Date") shall be the date on which the District Court in the FTC Action enters an order approving this Agreement and providing that the assignment set forth in paragraph 3 of this Agreement may be made pursuant to the terms of the Santos Judgment.

16. Further Assurances and Documents. The parties agree that they shall execute and deliver such additional documents or instruments necessary or appropriate in order to effectuate the terms and provisions of this Agreement as may be reasonably requested, provided however that the expense of preparing such additional documents and instruments shall be the responsibility of the party requesting them.

17. Time is of the Essence. Time is of the essence with respect to any act, payment or performance under this Agreement.

18. Default. In the event that any party to this Agreement defaults in the payment or performance of their obligations hereunder, then the non-defaulting party may exercise any and all rights and remedies available to it at law or in equity.

19. Attorney Fees. In the event of any default in payment or performance hereunder, if a party employs an attorney to bring suit on account of such default or to otherwise enforce such payment or performance, the party not in breach shall be entitled to be reimbursed for all reasonable attorney fees and costs incurred, including without limitation those incurred in each and every action, suit or proceeding, including any and all appeals and petitions therefrom.

20. Notices. All notices and other communications which are required or may be given hereunder shall be in writing and shall be duly given if mailed by U.S. Mail and sent by overnight courier, postage prepaid and addressed to the other party at the address set forth herein:

If to the Receiver: Robb Evans & Associates LLC
11450 Sheldon Street
Sun Valley, CA 91352-1121
Attention: Brick Kane

with a copy to: Barnes & Thornburg LLP
2029 Century Park East, Suite 300
Los Angeles, CA 90067
Attention: Gary Owen Caris, Esq.

If to Nobmann: Lee Nobmann
855 Lakeville St. Suite 200
Petaluma, CA 94952

with a copy to: Hedstrom & Coopersmith, LLP
855 Lakeville Street, Suite 200-E
Petaluma, CA 94952
Attention: Marc Coopersmith, Esq.

21. No Waiver. No failure or delay on the part of any party to this Agreement in the exercise of any right, power, or privilege hereunder, shall operate as a waiver thereof, and no single or partial exercise of any such right, power, or privilege shall preclude a further exercise thereof or of any other right, power or privilege.

22. Opportunity for Consultation with Counsel. Each of the parties hereto has had an opportunity to consult with legal counsel of their own choosing with respect to the advisability of entering into this Agreement and granting the releases provided herein, and with respect to the advisability of executing this Agreement, and prior to its execution, each of the parties hereto had the opportunity to make any desired change. Each of the parties and their

legal counsel and other advisors have made such investigation of the facts pertaining to the Agreement, and all matters pertaining thereto, as they deem necessary. This Agreement has been carefully read by, the contents hereof are known by, and it has been signed freely by each person executing this Agreement.

23. Neutral Interpretation. This Agreement is the product of the negotiations between the parties, and in the interpretation and/or enforcement hereof is not to be interpreted more strongly in favor of one party or the other.

24. Representations and Warranties. Each of the parties hereto hereby represents and warrants to one another and covenants and agrees with one another as follows:

(a) Each party executing this Agreement has the full legal right, power and authority to enter into and perform this Agreement. This Agreement is a valid and binding obligation of each of the parties hereto, and enforceable against each of them in accordance with its terms. Each person executing this Agreement in a representative capacity has been duly authorized to do so by all appropriate actions.

(b) Except as expressly stated in this Agreement, no party hereto nor any other person has made any statement or representation to any party to this Agreement regarding the facts relied upon by such party in entering into this Agreement, and no party hereto has relied upon any statement, representation or promise of any other person or entity in executing this Agreement except as expressly stated in this Agreement.

(c) The terms of this Agreement are contractual and not a mere recital.

25. Integration/Modification in Writing. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all other agreements, oral or written, between the parties hereto with respect to the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any party hereto, except as specifically set forth in this Agreement. No claim of waiver, modification, consent, or acquiescence with respect to any provision of this Agreement shall be made against any party hereto, except upon the basis of a written instrument executed by or on behalf of such party.

26. Survival. All covenants, representations, warranties and agreements contained in this Agreement shall survive the execution of this Agreement by the parties hereto, the delivery of documents and any performance on account of the obligations set forth herein.

27. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of each of the parties hereto, and their respective successors-in-interest and assigns.

28. Governing Law and Jurisdiction. This Agreement has been entered into by the parties in the State of California. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any dispute arising out of or relating to the interpretation and enforcement of this Agreement shall be resolved exclusively by the District Court in the FTC Action.

29. Headings. The headings of paragraphs of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.

30. Counterparts. This Agreement may be executed and delivered by electronic transmission in any number of counterparts, each of which, when executed and delivered, shall be original, and all of which together shall constitute the same Agreement.

31. No Unnamed Third Party Beneficiaries. There are no unnamed third party beneficiaries to this Agreement. Without limiting the generality of the preceding sentence, this Agreement shall not affect any of the Receiver's rights and claims against any person or entity which is not a party to this Agreement.

Dated: March 11, 2020


Lee Nobmann

Dated: March __, 2020

ROBB EVANS & ASSOCIATES LLC,
as Receiver for Ecological Fox, LLC, et al.

By: _____
Brick Kane
Its: President

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Dated: March __, 2020

Lee Nobmann

Dated: March 16, 2020

ROBB EVANS & ASSOCIATES LLC,
as Receiver for Ecological Fox, LLC, et al.

By: 
Brick Kane
Its: President

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