Dear Mr. Seth DuCharme,

I hope this email finds you well. Thank you for taking the time to read my message, especially given your busy schedule. I came across your name while researching cases you prosecuted as the Acting United States Attorney for the Eastern District of New York, particularly the notable Multi-Million Dollar Investment Fraud Scheme that affected professional hockey players and investors.

I find myself among 55 other investors who are currently victimized by a master real estate scheme perpetuated by Irongate Development Group, a company based in Los Angeles, CA. This organization is owned by Jason Grosfeld, the son of former BlackRock Inc. CEO James Grosfeld. Notably, Larry Fink, the current CEO of BlackRock, is also said to be an investor in Irongate, having reportedly loaned Grosfeld $200 million for the development of Costa Palmas, located in the East Cape of Baja California, Mexico.

Costa Palmas is marketed as a master-planned golf course community on the Sea of Cortez, featuring a Four Seasons Hotel that has been operational since 2019. Real estate prices in the sections of Costa Palmas competed by Irongate, range from $3 million to over $40 million. However, the development is currently entangled in several high-profile civil lawsuits, including a $20 million lawsuit filed by Steven Anderson, the billionaire CEO of Baseline Ventures. Previously a $50 million lawsuit initiated by Donald Trump claimed Irongate falsely used Trumps name to market a Condominium complex in Mexico. The owners of this complex also started a class action involving over 100 people who were defrauded out of their deposits with Irongate abandoning the project after only digging a large hole. They filed the lawsuit in Los Angeles and prevailed, receiving back over $7M.

Our situation involves lot purchases made by myself and at least 55 others between 2009 and 2012, when we were the original investors in what was then called Cabo Riviera. As original investors our purchases are relatively modest ranging from $200k to $600k. Most original owners were hoping to build homes for less than $400k construction costs. This is in sharp contrast to the $3M - $40M Irongate developed section. After Irongate acquired the property in 2014 and rebranded it as Costa Palmas, we as “Legacy Owners” experienced a lack of communication until 2019, when the Four Seasons Resort was finished. At that point, we were billed HOA fees of $1,500 for 2020 and $2,500 for 2022, despite a Home Owners Association not being formed yet. Subsequently, Irongate initiated a campaign to buy back our “Legacy Owners” lots at the original prices we paid, despite the fact that nearly a decade had passed and the development had increased in desirability and value.

My wife and I visited Costa Palmas in December 2022 for a tour. Our initial impression was that much of the “Legacy Area” was undeveloped, with the Four Seasons Hotel being the only vibrant part of the community. While the hotel area was beautifully constructed, complete with residences, a private beach club, restaurants, bars, a fitness centre, a spa, and tennis courts, the rest of the vast development remained largely untouched. Of the estimated 200-300 residential lots, only about five homes had been built.

In May 2024, all Legacy Owners from three separate areas, referred to as Manzanas, received an unexpected email containing the 2024 Homeowners Association (HOA) package. Until this point, we had not received any bylaws, covenants, conditions, restrictions (CC&Rs), or information regarding HOA fees. The contents of these documents were alarming and outrageous.
In the area where my property is situated, specifically Manzana 15, the annual HOA fees were set at $21,700—an astonishing tenfold increase compared to previous years, despite no noticeable changes in

the residential “Legacy” areas of the development. As we continued to examine the bylaws, we found several concerning provisions:

1. Construction Deadline Penalty: A bylaw stipulates that if we do not begin construction on our lots by April 2025, a penalty of $20,000 per month will be imposed.
2. Doubling of Penalties: Another bylaw grants the HOA the authority to double any unpaid dues or fines.
3. Repurchase Rights: In addition, after providing a 30-day notice, the Developer can repurchase your lot at the original cost if you owe any money.

Example: If an owner incurs the penalty of 12 months at $20,000, that totals $240,000. With the doubling penalty, the total owed would reach $480,000 by April 1, 2026.

Almost all Legacy Owners could potentially lose their entire investments due to these exorbitant fees and penalties.

My manzana alone has 64 lots, of which only 16 are owned by Legacy Owners; the remaining lots are empty and owned by Costa Palmas. The bylaws state that Irongate is not obligated to contribute to the HOA fees, forcing remaining owners to cover the difference while still allowing Irongate to retain voting rights. As it stands, we possess virtually no power to effect change within our community.

It is important to note that, as referenced in my attached letters, Mexican state law indicates that developers are not exempt from paying HOA fees. We brought this to their attention and asked for their calculations, with still no reply after 5 weeks. Irongate is disregarding this law, with a dismissive stance that can only be summarized as "Sue me." On Aug 3,2024 we were emailed our HOA invoices for $21,700. If calculated correctly without the Developers exemption, the fees would be $3500 per year.

I have also reviewed the 2024 HOA Budget Overview. The total budget is $5.8M in which $3.2M is for payroll. These values seem extremely high given the fact that the common area not associated with the Four Seasons Resort is so underdeveloped. We strongly hint that the developer is including the operational expenses of the Four Seasons Resort and Residences in this Budget. We will not know for sure until we receive a detailed expense report. The developer is not providing this even though it is our right under Mexican Condominium Law.

The seriousness of this issue transcends mere Homeowners Association challenges; it is an organized real estate scheme intended to defraud 55 individuals, predominantly American citizens (estimate is 45). If successful, this land grab could potentially net Jason Grosfeld upwards of $250 million, based on the high prices at which similar lots are being sold.

Grosfeld is utilizing his control over the Homeowners Association's voting rights to impose exorbitant penalties through biased bylaws, effectively enabling him to seize property from unsuspecting owners. This level of misconduct would be inconceivable in the United States or Canada, yet it appears to be accepted in Mexico, where the legal system is often inefficient and, at times, corrupt. Unfortunately, this provides an environment that stifles potential plaintiffs, many of whom are deterred by the fear of bribery being a common practice.

Moreover, Irongate is generating millions of dollars in tax revenue for the state of Baja California, leaving us uncertain about how favorably this case might be received.

As a Securities Trader, I have taken the lead in uncovering the complexities of this situation. I have spoken extensively with over half of the affected individuals and was shocked to discover that many had not even reviewed the bylaws because they believed the developer was reputable, given their involvement with the Four Seasons Hotel and connections to BlackRock Inc.

The reality of this situation has hit many hard, especially the older property owners who are now in their 60s, 70s, and 80s. Many are retired and cannot afford to lose what to them is their life savings.

While I frequently navigate the ups and downs of trading, the thought of having my money stolen by a fraudulent scheme is unacceptable. Jason Grosfeld's greed is palpable, and as a very wealthy individual, it appears he will stop at nothing to further his interests. We feel that Grosfeld has underestimated the "Legacy Owners" in exposing these unlawful bylaws and accounting abnormalities. An investigation is necessary, and if any laws have been breached, he must be held accountable

I have reviewed your accomplishments and hold you in high regard. While I understand you are no longer a public servant, your reputation and leadership among over 150 lawyers in the Eastern District are well-known, making your perspective invaluable. We are earnestly seeking traction in this case, and I kindly request your guidance on how best to proceed. If you could direct my email to someone who might be able to assist us, I would greatly appreciate it. Although we may not be privy to any ongoing investigations, any insights you could provide would mean a great deal to us.

I have attached two letters that I sent to the 55 Legacy Owners, which delve deeper into our situation. Acquiring these email addresses was quite challenging, highlighting the level of disarray we are facing. I have much more information to share, but I am mindful of your time.

I hope I haven't overstepped by reaching out to you directly, but I felt compelled to do so given your extensive experience in handling fraud cases.

Thank you for your consideration.

Sincere Regards,,

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