Canelles Resort and Saint Lucia’s CIP

What is known, what is not, and where the money trail ends

Investigative and policy research paper

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Contents

Research status and caution. This paper evaluates the public record available through **4 August 2026**. It is not a forensic audit, legal opinion or finding of civil or criminal liability. "Not publicly established" does not mean "did not occur"; "alleged" does not mean "proved." Monetary conversions use the fixed rate **US$1 = EC$2.70**.

Executive finding

Canelles is best described as a **fully subscribed, seriously delayed and still incomplete CIP-backed private resort development whose investor-principal money trail cannot be reconciled from the public record**.

The project is not open. Government said in May 2024 that all Canelles shares had been sold and that the development was no longer available as a CIP real-estate option. It also repeated the developer's end-2025 completion forecast.[1] That forecast was missed. The official Economic and Social Review 2024 says Dreams and Zoëtry construction continued during the first half of 2024 and then halted.[2] The 2025 review says the suspension continued through the first half of 2025 and that activity resumed at the **Dreams Hotel only** in the third quarter.[3] In April 2026, Tourism and Investment Minister Ernest Hilaire said government was "pushing hard" to open Canelles by late 2026 or early 2027.[4] That is the latest located public target, not a verified completion schedule. No opening announcement, occupancy certificate, bookable Canelles property or published revised construction programme was found by the research cut-off.

The Facebook assertion that the project "may have attracted more than EC$800 million" is **arithmetically plausible but easily misunderstood**. Publicly disclosed Canelles approvals imply at least **EC$805.68 million in statutory minimum purchase obligations if all those approvals proceeded to completed purchases**. That is not proof that EC$805.68 million entered escrow, remained there, was released, or was spent. The only annual report located that states a Canelles project-principal inflow says **US$52.842 million (EC$142.673 million)** was deposited into escrow during FY2022/23.[5] Later annual reports disclose large CIU administrative-fee revenues but no equivalent project-level escrow figure.

The qualifying real-estate principal was not ordinarily paid into the Treasury or National Economic Fund. It was supposed to pass through an approved project escrow and then finance the development. Government fees followed a different path into the Citizenship by Investment Unit and public accounts. Thus a clean audit opinion on the **CIU's** financial statements is not a clean audit of **Galaxy's escrow, developer accounts or construction expenditure**.

There is no presently public evidence strong enough to conclude that EC$800 million was stolen, diverted or obtained through illegal discounting. In October 2025, the High Court found the underpayment evidence speculative at the interlocutory stage and refused an injunction. The court also stressed that the merits had not been determined and that disclosure and cross-examination could change the evidential picture.[6] The separate United States RICO case often cited online ended in a voluntary dismissal without prejudice before a merits adjudication.[7]

There are nevertheless concrete governance failures and red flags:

[1] Government of Saint Lucia, "We Have No Business with Philippe Martinez," 25 May 2024.

[2] Government of Saint Lucia, Economic and Social Review 2024, report p. 32 (PDF p. 49), published 26 May 2025.

[3] Government of Saint Lucia, Economic and Social Review 2025, report p. 32 (PDF p. 50), published 22 May 2026.

[4] The Voice, "Better Days Ahead Say Tourism Minister," 22 April 2026.

[5] Saint Lucia Citizenship by Investment Programme, FY2020/21 annual report, pp. 13, 17; FY2021/22 annual report, pp. 3–4, 16 and audited note 12; FY2022/23 annual report, pp. 18, 23.

[6] Eastern Caribbean Supreme Court, Allen Chastanet v Dr Ernest Hilaire and Citizenship by Investment Board, SLUHCV2025/0072, judgment delivered 30 October 2025.

[7] U.S. District Court, M.D. Florida, MSR Media SKN Ltd. et al. v Khan et al., No. 8:24-cv-1248, filed 23 May 2024.

- The CIP Board admitted in September 2024 that the Galaxy project had **never been gazetted**, even though regulation 10(9) says an approved real-estate project "shall" be published in the Gazette.[8]
- The 2018 development agreement is not public. A replacement agreement made "significant changes" in December 2022, but it too is not public. The High Court records an allegation—not a finding—that the allocation increased from 700 applications to up to 5,000 over two years.[9]
- Canelles used an overseas escrow described publicly as being in Hong Kong/China. A 2023 industry investigation reported investor paperwork under which the investor made one payment to the developer and the developer undertook to place the statutory minimum into escrow on the investor's behalf. Galaxy said the government received bank statements directly from the escrow agent and that no Saint Lucian bank would offer the service. The publication expressly did **not** claim that Galaxy actually discounted; it identified a verification loophole.[10]
- The IMF reported in both its 2024 and 2025 Saint Lucia consultations that the CIP Unit did not share data on the flows and stocks of foreign escrow accounts or land sales to non-residents.[11]
- Public reporting does not reconcile approvals, completed purchases, investor-origin funds, escrow deposits, releases, refunds, titles, certified work, related-party payments, remaining balance and cost to complete.
- The physical delay is severe. Announced completion expectations moved from 2020, to 2022–23, to mid-2025, to end-2025, and now to late-2026/early-2027.

The evidence therefore supports neither a partisan acquittal nor an accusation of theft. It supports a **time-bounded, independently led project audit and publication of a redacted transaction-level reconciliation**.

Direct answers

Question	Best evidence-based answer
What is the current status?	Fully subscribed and no longer open to new Canelles CIP investors; incomplete and not open. Official data record a 2024 halt, continued suspension in H1 2025 and Dreams construction resuming in Q3 2025. The latest ministerial aspiration is late 2026 or early 2027.
Where did the money go?	The public record cannot answer at project level. The qualifying principal was supposed to enter offshore escrow and fund construction; CIU fees went to the Unit/public accounts. Only US$52.842m is explicitly reported as a project escrow inflow for one year. Cumulative deposits, drawdowns and balances are unpublished.
Is the EC$800m claim true?	It is plausible as a **conditional minimum obligation** attached to disclosed approvals, not as verified cash. The most conservative approval-based calculation is EC$805.68m, assuming all disclosed approvals completed.

[8] Citizenship by Investment Board, "Publication of approved enterprise projects," 13 September 2024.

[9] Eastern Caribbean Supreme Court, Allen Chastanet v Dr Ernest Hilaire and Citizenship by Investment Board, SLUHCV2025/0072, judgment delivered 30 October 2025.

[10] C. H. Nesheim and A. Abbas, "Caribbean CBI Real Estate: Off-Island Escrow Accounts Raise Concerns," Investment Migration Insider, 18 June 2023.

[11] IMF, Saint Lucia: 2025 Article IV Consultation, Country Report 26/003, p. 62; the same gap was recorded in the 2024 consultation.

Question	Best evidence-based answer
Was the project legitimate?	It was formally treated by successive governments and the CIP Board as an approved project, with a 2018 agreement and approval notification. But the Board later admitted the legally required gazetting step was omitted. The legal consequence of that omission has not been judicially determined.
Was fraud or mishandling proved?	No fraud or diversion has been proved in the public material reviewed. Delay, deficient disclosure, the gazette failure, weak escrow-verification design and failure to publish a project reconciliation are established concerns.
Who is accountable?	The developer is accountable for contractual delivery and project money; the CIP Board/Unit and responsible ministers are accountable for approval, escrow controls, reporting and enforcement. The project spans UWP and SLP administrations, so the institutional responsibility is sequential rather than exclusively partisan.

1. Scope, method and evidence standard

This investigation prioritised sources in the following order:

1. Saint Lucia legislation, Gazette material, official government statements, CIP annual reports and economic reviews;
2. the official Eastern Caribbean Supreme Court judgment and federal court docket material;
3. IMF, OECS and FATF/OECD publications;
4. contemporaneous reporting and specialist industry investigations;
5. political statements, pleadings, promotional pages, social-media posts and blogs, used only as attributed claims or investigative leads.

The attached photographs were visually assessed but not treated as financial evidence. No subpoenaed bank records, developer ledgers, land-registry certificates, company beneficial-ownership extract, planning file, construction certificates, escrow agreement, 2018/2022 development agreements or current Hyatt agreement were available. Those limitations are decisive.

The paper uses four evidence labels:

- **Established:** supported by an official record or directly acknowledged by the relevant institution.
- **Reported:** supported by a credible secondary source or attributed statement, but the underlying record is not public.
- **Inference:** reasoned conclusion from established facts.
- **Unproven:** allegation or proposition for which the accessible evidence is insufficient.

Negative web-search results are not proof of absence. In particular, the absence of a searchable planning permission, hotel-management contract or corporate filing does not prove that no such record exists.

2. What Canelles was supposed to be

Canelles evolved before it became a CIP project. In November 2017, Apple Leisure Group’s AMResorts announced two management contracts for a 209-acre “Canelles Resort and Residences at Honeymoon Beach," then associated with Infinite Property Group. The proposed community included hotels, residences and a golf course, with completion targeted for 2020.[12]

By March 2018, the Government of Saint Lucia had entered an agreement with **Caribbean Galaxy Real Estate Ltd**. In May 2018, Prime Minister Allen Chastanet said he had witnessed Galaxy and AMResorts sign a management contract and described a 350-room hotel plus 350 villas.[13] The High Court records that the 2018 agreement was signed on 26 March and that Canelles' CIP approval was communicated on 10 December 2018.[14]

The Government and Galaxy broke ground in January 2020. Government described the location as environmentally and archaeologically sensitive and specifically referred to possible impacts on a marine reserve, fisheries and biodiversity. It said the developer had undertaken to protect those interests and forecast hundreds of construction and operating jobs.[15]

The public descriptions never settled into one stable master plan:

Public source	Stated programme
2017 AMResorts/Infinite announcement	209 acres; two hotels; condominiums, villas and golf course; 2020 target
May 2018 government statement	350 hotel rooms plus 350 villas
January 2020 groundbreaking	approximately 160 acres; two luxury all-inclusive resorts
Later official/marketing material	250-room Dreams, 80-room Zoëtry and 380 oceanfront apartments
2023 economic review	nine planned buildings, with work on three
2024 Budget address	two hotels, 250 rooms and 380 residences; "total investment" EC$1 billion[16]

These may reflect phasing, redesign or differing site boundaries. But no public amendment schedule reconciles the acreage, room count, residence count, golf course, phasing, approved cost or eligible CIP inventory. For a project funded by citizenship-linked unit sales, that is not a cosmetic problem: the approved scope and cost should determine how many qualifying investments the project needs.

3. Timeline: promise, construction, suspension and revised target

Date	Event and evidential meaning
26 Mar 2018	Government–Galaxy agreement signed. Its terms are not published.
10 Dec 2018	Canelles approval as a qualifying CIP investment communicated to the Unit/Board, according to the High Court.
2019	Government later said construction began. Eighteen Canelles real-estate applications were received in FY2019/20.
15 Jan 2020	Groundbreaking described as immediate commencement. A developer representative forecast completion in two to three years—roughly 2022–23.

[12] Travel Agent Central, "AMResorts to Expand to St. Lucia With Two Hotels," 14 November 2017.
[13] Government of Saint Lucia, "Prime minister speaks on tourism developments," 28 May 2018.
[14] Eastern Caribbean Supreme Court, Allen Chastanet v Dr Ernest Hilaire and Citizenship by Investment Board, SLUHCV2025/0072, judgment delivered 30 October 2025.
[15] Government of Saint Lucia, "Canelles Resort Project begins," 17 January 2020.
[16] Government of Saint Lucia, Prime Minister's Budget Address 2024/25, project summary.

Date	Event and evidential meaning
2021	Official review described only early-stage activity. The incoming Pierre administration later said it pressed Galaxy in November 2021 because of slow progress.
1 Dec 2022	CIP Board and Galaxy entered a new agreement making “significant changes” to the 2018 agreement. The document is not public.
2022–23	Official reviews said work continued. The 2023 review reported work on three of nine planned buildings. Galaxy attributed more than two years of delay to COVID-19 and later contractor negotiations.[17]
Apr–May 2024	Galaxy CEO Les Khan publicly forecast mid-2025 completion. Government then said all shares were sold, Canelles was no longer a real-estate option, and the developer signalled end-2025 completion.[18]
H1/H2 2024	Official review: works on Dreams and Zoëtry continued in H1 and “came to a halt” thereafter.[19]
H1/Q3 2025	Official review: continued suspension in H1; work resumed at the Dreams Hotel in Q3. Nothing comparable was said about Zoëtry or residences.[20]
30 Oct 2025	High Court refused an interim injunction but left the substantive judicial-review claim to proceed.
22 Apr 2026	Minister Hilaire said government was pushing for Canelles to open by end-2026 or early-2027.[21]
4 Aug 2026	No completion/opening announcement or published detailed programme located. The user-supplied aerial shows substantial unfinished structures; original capture date is unverified.

The official evidence rules out two rhetorical extremes. “Permanently abandoned” is too strong because government recorded resumed activity and later publicly pursued an opening. “Progressing normally” is equally untenable because works stopped, several completion targets were missed, and there is no published percentage complete or cost-to-complete.

[17] C. H. Nesheim and A. Abbas, “Caribbean CBI Real Estate: Off-Island Escrow Accounts Raise Concerns,” Investment Migration Insider, 18 June 2023.
[18] Government of Saint Lucia, “We Have No Business with Philippe Martinez,” 25 May 2024.
[19] Government of Saint Lucia, Economic and Social Review 2024, report p. 32 (PDF p. 49), published 26 May 2025.
[20] Government of Saint Lucia, Economic and Social Review 2025, report p. 32 (PDF p. 50), published 22 May 2026.
[21] The Voice, “Better Days Ahead Say Tourism Minister,” 22 April 2026.

3.1 What the photographs establish—and do not establish

Figure 1: User-supplied aerial of the Canelles site. The image was attached to an August 2026 Facebook screenshot, but its original capture date and photographer were not independently verified. It shows substantial incomplete concrete frames, stored components and a graded construction site.

The aerial corroborates **partial construction**, not financial wrongdoing. It cannot establish the value of work, recent activity, structural condition, permit compliance or the source and use of money.

Figure 2: User-supplied ground-level image bearing an in-frame timestamp of 19 March 2025. It shows unfinished concrete works, exposed reinforcement, formwork/materials and no visible workers in that single frame.

The March 2025 image is consistent with the official finding that work remained suspended in the first half of 2025. A single frame cannot establish permanent abandonment or inactivity outside the instant photographed.

4. Testing the “more than EC$800 million” claim

4.1 The likely Facebook calculation: applications received

Canelles was Saint Lucia’s only open real-estate CIP project for the key period. Official annual reports disclose:

Fiscal year	Canelles real-estate applications received	Statutory minimum relevant to the period	Publicly disclosed Canelles escrow principal
2019/20	18	US$300,000	Not disclosed
2020/21	82	US$300,000	Not disclosed
2021/22	233	US$300,000	Not disclosed
2022/23	751 (69.8% of 1,076)	US$300,000 to 31 Dec 2022; US$200,000 from 1 Jan 2023	**US$52.842m**
2023/24	Route count not published	US$200,000	Not disclosed

Fiscal year	Canelles real-estate applications received	Statutory minimum relevant to the period	Publicly disclosed Canelles escrow principal
2024/25	Route/project count not published	US$200,000 to 30 Jun 2024; US$300,000 thereafter	Not disclosed

Sources: official CIP annual reports for 2019/20 through 2024/25.[22][23]

The first four rows total **1,084 received applications**. Multiplying all by the old US$300,000 minimum gives:

$$1{,}084 \times \text{USD}\,300{,}000 \times 2.70 = \text{XCD}\,878.04 \text{ million.}$$

That likely explains the social-media estimate. It is not a valid receipt total. “Received” includes applications that may be pending, denied, withdrawn or never completed. FY2022/23 also straddles the reduction of the real-estate minimum from US$300,000 to US$200,000.[24] Treating all 1,084 files as if they were completed at one price produces a conditional range of EC$675.27 million to EC$878.04 million—not a cash figure.

4.2 A stronger calculation based on disclosed approvals

In June 2024, Minister Hilaire stated that from July 2021 through March 2024 the Unit approved **2,047 applications overall**, of which **1,367 were real-estate applications for Caribbean Galaxy/Canelles**.[25] The overall number reconciles to the annual reports: 332 grants from July 2021 to March 2022, 544 in FY2022/23, and 1,171 in FY2023/24.

Separately, the FY2020/21 report says 75 of the first 100 Canelles applications had been granted by March 2021, when the minimum was US$300,000. Only 1,342 programme-wide grants could have occurred after the price fell on 1 January 2023: 171 in January–March 2023 and 1,171 in FY2023/24. Therefore at least 25 of Hilaire’s 1,367 Canelles approvals necessarily occurred before the reduction.

A deliberately conservative obligation calculation is:

$$(75 + 25) \times \text{USD}\,300{,}000 + 1{,}342 \times \text{USD}\,200{,}000 = \text{USD}\,298.4 \text{ million}$$

$$\text{USD}\,298.4 \text{ million} \times 2.70 = \text{XCD}\,805.68 \text{ million.}$$

This is the paper’s most defensible answer to the provocative number: **if every disclosed approval completed its purchase at no less than the applicable minimum, the associated minimum obligations exceed EC$800 million**. It excludes any Canelles approvals from April–June 2021 and assigns the lower US$200,000 amount wherever timing is uncertain.

It remains a conditional obligation measure, not proof of paid-in cash. Under section 36 of the Act, approval generally precedes payment: the qualifying investment is required within 90 days after grant, subject to extensions.[26]

[22] Saint Lucia Citizenship by Investment Programme, FY2020/21 annual report, pp. 13, 17; FY2021/22 annual report, pp. 3–4, 16 and audited note 12; FY2022/23 annual report, pp. 18, 23.
[23] Saint Lucia Citizenship by Investment Programme, FY2023/24 annual report, pp. 21–22 and audited note 12; FY2024/25 annual report, narrative pp. 10, 22, auditor report and note 12.
[24] Citizenship by Investment (Amendment) Regulations, S.I. 222/2022, effective 1 January 2023.
[25] Minister Ernest Hilaire, government statement of 12 June 2024, official video; contemporaneous transcript and analysis in Investment Migration Insider, “Hilaire Defends CIP, Rejects Martinez’ Claims,” 15 June 2024.
[26] Attorney General’s Chambers, Citizenship by Investment Act, section 36.

4.3 The one explicit annual escrow figure

The FY2022/23 report states that **US$52.842 million** was deposited into Canelles escrow during that year. This equals EC$142.6734 million. It is far below the face value obtained by multiplying the 751 applications received that year by either statutory minimum. That difference is not itself suspicious; it demonstrates why application counts are not receipts. Many files were undecided or awaiting post-approval completion.

No equivalent Canelles escrow inflow was found in the FY2023/24 or FY2024/25 reports. Those reports instead disclose the CIU's own administrative fees. In FY2024/25, the audited note reports EC$182.2365 million in generic administration fees, while the narrative describes EC$183.6 million as real-estate administrative fees—a figure that appears to combine generic administration fees with COVID-bond and National Action Bond administration fees.[27] That classification discrepancy warrants clarification, but it does not establish a Canelles loss.

4.4 "All shares sold" is relevant but not an audit

Government's May 2024 statement that Galaxy had sold all Canelles shares is strong evidence that the allocation was fully subscribed.[28] "Sold," however, is not an audited reconciliation of:

- approvals that completed versus lapsed;
- gross investor payments and the investor's originating bank account;
- funds deposited, returned or recycled;
- escrow opening balance, deposits, releases and closing balance;
- title issuance and any agreement to transfer title back;
- construction expenditure, commissions, financing costs and related-party payments.

The statement justifies scrutiny of a large fully subscribed project; it does not establish the amount or lawful use of every dollar.

5. Where the money was supposed to go

The Facebook framing risks treating every real-estate dollar as government revenue. The legal and accounting routes are different:

Money stream	Intended recipient/custodian	Public-accounting treatment
Qualifying real-estate purchase principal	Approved project escrow; then developer/project after authorised release	Private investor/project capital before and after release; not ordinarily NEF or Consolidated Fund revenue
Real-estate administration fees	CIP Unit	CIU statutory-body revenue, audited in the Unit's statements
Processing and due-diligence fees	CIP Unit/designated accounts	CIU revenue used for programme costs and subject to public accounting
National Economic Fund contribution	NEF	Separate CIP route and public special-fund money; not the Canelles route
Developer equity/debt	Developer or project vehicle	Private corporate capital, subject to contract, company and AML law

[27] Saint Lucia Citizenship by Investment Programme, FY2023/24 annual report, pp. 21–22 and audited note 12; FY2024/25 annual report, narrative pp. 10, 22, auditor report and note 12.
[28] Government of Saint Lucia, "We Have No Business with Philippe Martinez," 25 May 2024.

Money stream	Intended recipient/custodian	Public-accounting treatment
Public land, tax concessions, infrastructure or guarantees	Government/public body	Public asset, expenditure, contingent liability or revenue foregone; requires separate disclosure

The FY2021/22 annual report says 100% of the real-estate amount is remitted to an escrow managed by an approved agent for construction, while the Unit retains the administration fee.[29] The High Court records evidence from the Board's corporate secretary that the developer receives the minimum qualifying investment after escrow confirmation and the Unit receives the administration fees.[30]

This explains—but does not excuse—the public-accounting gap. CIU financial statements can fairly present CIU cash and still say nothing about Galaxy's escrow or whether construction draws were proper. The FY2024/25 auditors expressly state that their opinion covers the Unit's financial statements, not the rest of the annual-report narrative.[31]

5.1 The honest answer to "Where did it go?"

The public record can answer only at a high level:

1. **Government/CIU fees** went into CIU accounts and public distributions reported in audited statements.
2. **Canelles purchase principal** was supposed to enter an approved overseas escrow and then be released under conditions agreed by the developer and CIP Board.
3. **What happened after deposit**—the cumulative amount, each release, payee, purpose, certified milestone, remaining balance and refund—is not publicly reconciled.

In other words, the public money trail ends at the boundary between the CIU's audited fees and the developer escrow. That boundary is exactly where a project-level audit must begin.

6. The offshore escrow and the verification problem

The 2015 rules contemplated Saint Lucia escrow. In May 2019, S.I. 48 revised the definition to allow a registered and regulated bank outside Saint Lucia where an escrow account could not be established locally. It also described release conditions as agreed between the **developer and the Board**.[32] An offshore account was therefore not automatically unlawful.

The design nonetheless created material control risk. In June 2023, Investment Migration Insider reported that Galaxy's Canelles escrow was in China and reproduced clauses from a Title Release Agreement it had reviewed. Those clauses said the investor made a one-time payment to the developer; the developer then undertook to deposit the statutory US$200,000 into escrow on the purchaser's behalf; and after the holding period title could return to the developer for US$1. Galaxy responded that:

- the government received bank statements directly from an independent escrow agent showing receipt and holding of funds; and
- Galaxy had tried to establish local escrow, but Saint Lucian banks did not offer the service.[33]

[29] Saint Lucia Citizenship by Investment Programme, FY2020/21 annual report, pp. 13, 17; FY2021/22 annual report, pp. 3–4, 16 and audited note 12; FY2022/23 annual report, pp. 18, 23.

[30] Eastern Caribbean Supreme Court, Allen Chastanet v Dr Ernest Hilaire and Citizenship by Investment Board, SLUHCV2025/0072, judgment delivered 30 October 2025.

[31] Saint Lucia Citizenship by Investment Programme, FY2023/24 annual report, pp. 21–22 and audited note 12; FY2024/25 annual report, narrative pp. 10, 22, auditor report and note 12.

[32] Citizenship by Investment (Amendment) Regulations, S.I. 48/2019, regulation 3.

[33] C. H. Nesheim and A. Abbas, "Caribbean CBI Real Estate: Off-Island Escrow Accounts Raise Concerns," Investment Migration Insider, 18 June 2023.

Minister Hilaire later described the account as being in Hong Kong and said Galaxy was the sole signatory.[34] These accounts are not necessarily inconsistent—Hong Kong is a Chinese jurisdiction—but the exact bank, legal jurisdiction, escrow agent and mandate should be officially disclosed.

The control weakness is specific. A bank statement proving that US$200,000 appeared in an account under an applicant's name does not necessarily prove that the **applicant was the economic source** of the full amount. If the developer receives a smaller payment and temporarily funds the remainder, the formal balance can be satisfied while the economic minimum is undercut. The 2023 article explicitly said it was **not alleging that Galaxy actually did this**. It called the arrangement a moral hazard.[35]

This is not a hypothetical risk invented for Canelles. FATF and OECD identify real-estate over/under-valuation, developer refunds, intermediary conflicts and opaque programme governance as recurrent vulnerabilities in citizenship- and residency-by-investment programmes.[36]

The correct control is therefore "source-to-escrow-to-project" tracing:

- match investor identity to the originating account and beneficial source of funds;
- identify any loan, rebate, side agreement or developer advance;
- verify settled funds remained in escrow for the required period;
- prevent circular deposits and same-funds reuse;
- require dual-control or regulator-directed withdrawal;
- link every release to independent quantity-surveyor certification and invoices;
- publish aggregate, anonymised balances and releases.

The existing public record proves neither exploitation nor adequate closure of this gap.

7. What the law required—and where compliance questions arise

7.1 Citizenship by Investment Act and Regulations

The principal framework is the Citizenship by Investment Act, Cap. 1.20, and regulations made under it. Relevant duties include:

- **Board accounts and audit:** sections 21–23 require proper accounts, an independent auditor and access to books, deeds, contracts, accounts and vouchers.
- **Annual report:** section 24 requires a report within three months after financial year-end, followed by laying in Parliament within three further months. It must include applications made, granted and refused and "the amount and other details of the investment," with the auditor's report.[37]
- **Payment after approval:** section 36 requires the qualifying investment after approval, normally within 90 days.[38]
- **Real-estate route:** regulation 10 requires a binding purchase-and-sale agreement, the applicable minimum, approved escrow, a project that has commenced or is deemed commenced, a five-year hold and Gazette publication.[39]
- **Due diligence/source of funds:** the Act, regulations and AML regime require evidence of financial resources, applicant due diligence and beneficial-owner/source-of-funds controls.

The statutory minimum was US$300,000 during the project's early years, fell to US$200,000 from 1 January 2023, and returned to US$300,000 from 1 July 2024.[40][41]

[34] Minister Ernest Hilaire, government statement of 12 June 2024, official video; contemporaneous transcript and analysis in Investment Migration Insider, "Hilaire Defends CIP, Rejects Martinez' Claims," 15 June 2024.

[35] C. H. Nesheim and A. Abbas, "Caribbean CBI Real Estate: Off-Island Escrow Accounts Raise Concerns," Investment Migration Insider, 18 June 2023.

[36] FATF/OECD, Misuse of Citizenship and Residency by Investment Programmes, 2023, especially pp. 25–28 and 35–37.

[37] Attorney General's Chambers, Citizenship by Investment Act, section 24.

[38] Attorney General's Chambers, Citizenship by Investment Act, section 36.

[39] Attorney General's Chambers, Citizenship by Investment Regulations, regulation 10.

[40] Citizenship by Investment (Amendment) Regulations, S.I. 222/2022, effective 1 January 2023.

[41] Citizenship by Investment (Amendment) Regulations, S.I. 106/2024, effective 1 July 2024.

7.2 The documented Gazette failure

Regulation 10(9) states that an approved real-estate project "shall be published by the Board in the Gazette." In September 2024, the Board publicly acknowledged that the Galaxy project, along with two other projects presented to the market from 2016–2021, **was never gazetted**.[42]

That is an established failure to perform a mandatory transparency step on its face. It does not answer the more difficult legal question: whether non-publication made the approval void from the outset, voidable on challenge, or capable of cure. No located judgment decides that issue. A responsible paper should not declare thousands of citizenships invalid without such analysis and due process.

The omission still matters. Gazetting provides public notice, an authoritative project identity and a control point before sales. It should have been a "no Gazette, no applications" system rule.

7.3 The unpublished 2018 and 2022 agreements

The High Court confirms a 26 March 2018 Government–Galaxy agreement and a 1 December 2022 Board–Galaxy agreement that made "significant changes."[43] The claimant alleged the later agreement raised the allocation from 700 applications to 200 successful applications per month, capped at 5,000 over two years. That description is recorded in the judgment as an **allegation**, not a judicial finding.

If the alleged 5,000 cap accurately reflects the agreement, the financial scale requires explanation. At the reduced US$200,000 minimum, 5,000 completed subscriptions would carry US$1 billion—EC$2.7 billion—of statutory purchase value. That is 2.7 times the EC$1 billion "total investment" described in the 2024 Budget, before counting any US$300,000 subscriptions. The mismatch does not prove wrongdoing: units can represent fractional interests, fees, financing costs, contingencies or later phases. It does show why eligible-unit caps must be tied to an independently validated development budget, with material increases published and justified.

7.4 Annual reporting and audit scope

The High Court records that the FY2023/24 annual report was laid before Parliament on 3 July 2025 after an auditor change.[44] For a 31 March 2024 year-end, that was well outside the statutory timetable. More importantly for Canelles, annual reporting became less informative at precisely the period of largest volumes: the FY2022/23 report disclosed US$52.842 million in escrow inflow, while the next two reports omitted equivalent project-principal figures.

A generic audited CIU income statement does not meet the policy need for a project reconciliation. Section 24's requirement for the "amount and other details of the investment" supports a strong case for route- and project-level disclosure, even if investor identities must be protected in public versions.

7.5 Planning, environmental and coastal law

The Physical Planning and Development Act generally requires prior written permission for development. Large hotels, coastal development, wetland/sensitive-area activity and projects involving dredging, filling, effluent, waste or substantial noise can require environmental assessment and Advisory Committee review. Permissions may carry conditions, performance security, time limits and enforcement mechanisms.[45]

[42] Citizenship by Investment Board, "Publication of approved enterprise projects," 13 September 2024.

[43] Eastern Caribbean Supreme Court, Allen Chastanet v Dr Ernest Hilaire and Citizenship by Investment Board, SLUHCV2025/0072, judgment delivered 30 October 2025.

[44] Eastern Caribbean Supreme Court, Allen Chastanet v Dr Ernest Hilaire and Citizenship by Investment Board, SLUHCV2025/0072, judgment delivered 30 October 2025.

[45] Attorney General's Chambers, Physical Planning and Development Act, including sections 16, 22–23, 28, 37–42 and 47.

Government itself identified marine-reserve, fisheries, biodiversity, archaeological and livelihood risks at the 2020 groundbreaking.[46] Yet no indexed project-specific DCA permission, approved EIA, environmental-management plan, material amendment, compliance inspection, performance bond, stop notice or occupancy certificate was located.

This is an **unknown**, not proof that no approval exists. The opposition's allegations that planning approval was absent and mangroves were harmed remain unverified in the accessible record.[47] The correct response is publication or inspection of the DCA register, cadastral overlay, EIA, conditions, amendments, Fisheries approvals and monitoring reports.

7.6 Public procurement and public finance

The Public Procurement Act came into force in June 2021, after the original 2018 agreement but before the 2022 replacement. It applies to the later agreement only if the arrangement falls within its procurement or public-private-partnership definitions. A privately owned hotel financed by private purchasers is not automatically public procurement. Public land, state payments, guarantees, infrastructure, tax concessions and risk allocation would determine the analysis.

Real-estate escrow principal is unlikely to become "public money" merely because a statutory board oversees it. Conversely, CIU fees, public assets, concessions, guarantees and infrastructure expenditure plainly raise public-finance and audit questions.

7.7 AML, companies, title and investor rights

Banks, authorised agents, real-estate professionals and persons handling client money are subject to customer/beneficial-owner identification, source-of-funds, recordkeeping and suspicious-transaction duties. AML compliance can show who paid and from where; it does not show that construction draws were proper.

Corporate and land records are equally important. The public project page identifies Caribbean Galaxy Real Estate Ltd and links it to Horizon Investment Corporation, but no current official extract was obtained for directors, shareholders, ultimate beneficial owners, charges or good standing.[48] No complete parcel-level land search was available for ownership, mortgages, cautions or liens.

Investor remedies depend mainly on the purchase, escrow and development agreements: long-stop completion date, refund, force majeure, title, performance security, insolvency, replacement developer, step-in rights and dispute forum. The statutory five-year holding period is not a government guarantee of completion, operation or investment return.

7.8 The 2025 reform

The Citizenship by Investment (Amendment) Act 2025 now requires development agreements to provide for an escrow in which the developer keeps all project monies, reporting on deposits and withdrawals, and Board/Unit oversight under published guidelines.[49] This is a useful clarification and partial response to the old gap. It came into force on 10 November 2025. It should not be assumed to rewrite the 2018 or 2022 agreements retrospectively; any transition, amendment or continuing-application instrument must be examined.

8. Litigation and provocative allegations: what is proved

8.1 Saint Lucia High Court

In Allen Chastanet v Dr Ernest Hilaire and the Citizenship by Investment Board, the claimant sought an interim injunction concerning Canelles and two enterprise projects. The October 2025 judgment

[46] Government of Saint Lucia, "Canelles Resort Project begins," 17 January 2020.
[47] St Lucia Times, "Pierre, Chastanet At Odds Over Controversial Canelles Resort Project," 22 January 2025.
[48] Saint Lucia Citizenship by Investment Programme, Canelles project page, accessed 4 August 2026.
[49] Citizenship by Investment (Amendment) Act No. 22 of 2025, section 5, effective 10 November 2025.

establishes or records that:

- the 2018 and 2022 Canelles agreements existed and the latter made significant changes (paragraph 4);
- the allocation increase to as many as 5,000 over two years was alleged by the claimant (paragraph 8);
- the Board's corporate secretary said the developer receives the qualifying principal, the escrow agent confirms it and the Unit receives administration fees (paragraph 30);
- the defendants said no citizenship was granted without escrow confirmation of the minimum (paragraphs 33 and 40);
- the defendants said the same escrow agent and guidelines continued across administrations and that loan financing was not automatically prohibited if the minimum reached escrow (paragraphs 46 and 62);
- the court found no direct evidence of a Saint Lucia illegal or fraudulent scheme at the interlocutory stage and described the underpayment evidence as speculative (paragraphs 74 and 79);
- the court refused the injunction without a substantive merits determination and left the fixed-date claim to proceed (paragraphs 100–101).[50]

The ruling is neither a conviction nor an audit-based exoneration. The most accurate formulation is: **discounting and fraud were not proved on the interim evidence; the underlying merits and full transaction trail were not adjudicated in that decision.**

The defendants also said an investigation was requested after documents were filed (paragraphs 34, 48 and 62). No public report of that investigation was located.

8.2 The United States RICO case

MSR Media and Philippe Martinez filed a federal RICO complaint in Florida on 23 May 2024 against Galaxy entities and various individuals.[51] Its statements about ownership, discounting and application volumes were allegations in a pleading. The plaintiffs voluntarily dismissed without prejudice on 12 December 2024 before a merits decision.[52] A voluntary dismissal neither validates nor disproves the allegations; it removes the complaint as a source of adjudicated fact.

8.3 The Rijock blog post

The linked March 2025 blog post characterised Canelles as abandoned and alleged fraud, corruption, money laundering and approximately 11,000 passports.[53] It does not provide a project ledger, official approval-to-citizenship reconciliation, escrow audit or judgment supporting those claims.

- "Abandoned" is contradicted as a permanent description by the official Q3 2025 resumption, though lengthy suspensions are established.
- The 11,000-passport claim is unsupported and may conflate applications, principal applicants, dependants, certificates, allocated units and passports.
- Fraud and money laundering are not established by the cited material.
- The post is useful as a source of questions, not proof.

9. Claim-by-claim assessment

[50] Eastern Caribbean Supreme Court, Allen Chastanet v Dr Ernest Hilaire and Citizenship by Investment Board, SLUHCV2025/0072, judgment delivered 30 October 2025.

[51] U.S. District Court, M.D. Florida, MSR Media SKN Ltd. et al. v Khan et al., No. 8:24-cv-1248, filed 23 May 2024.

[52] Investment Migration Insider, "MSR Media Withdraws RICO Lawsuit in Surprise Plot Twist," 13 December 2024.

[53] Kenneth Rijock, "Will the 'abandoned' Saint Lucia hotel and resort project result in massive civil litigation?," March 2025. Used only as an attributed allegation source.

Claim	Assessment	Reason
"Canelles attracted more than EC$800m."	**Plausible only with qualification**	Disclosed approvals imply EC$805.68m in minimum obligations if completed. No public cumulative receipt audit proves that cash amount.
"EC$800m of government money is missing."	**Misleading/unsupported**	Real-estate principal was project capital routed through escrow, not ordinarily Treasury/NEF revenue. Its disposition is undisclosed, not proven missing.
"The site was abandoned."	**Overstated**	Work halted in H2 2024 and stayed suspended in H1 2025, but official evidence says Dreams work resumed in Q3 2025. Present pace is unknown.
"The project is on track."	**False on available evidence**	Multiple targets were missed; project is not open and government shifted the target to late-2026/early-2027.
"Illegal discounting occurred."	**Unproven**	The escrow design permits a verification gap; the interim court found evidence speculative. Investor-origin payment data are not public.
"The project was properly approved."	**Incomplete statement**	Agreement and approval notification are established; the Board admitted mandatory Gazette publication did not occur. Legal consequence unresolved.
"CIU annual audits prove the project money is accounted for."	**False**	Those audits cover CIU-controlled accounts and fees, not the developer's escrow and project expenditure.
"No planning approval existed / mangroves were damaged."	**Unproven publicly**	Allegations exist; the relevant DCA/EIA/Fisheries file was not located. Absence from web search is not absence from the registry.
"Hyatt/AMResorts remains committed."	**Unknown**	Historic management agreements and brand references are documented; no current Canelles-specific Hyatt confirmation or booking page was found.

10. What a proper Canelles accounting must disclose

The minimum credible response is not another aggregate application number. An independent audit should reconcile every anonymous Canelles file across five ledgers:

1. **Approval ledger** — application ID, approval date, applicable statutory minimum, dependants,

extensions, completion/lapse/withdrawal and certificate date.
2. **Investor-funds ledger** — purchase contract, originating bank, beneficial source, loan or third-party funding, rebates/side letters, settled amount and refund.
3. **Escrow ledger** — bank and jurisdiction, signatories, opening balance, deposits, releases, reversals, interest/fees, payee and closing balance.
4. **Construction ledger** — draw request, Board approval, independent engineer/quantity-surveyor certificate, invoice, contractor, related-party status, work package and asset created.
5. **Title and remedy ledger** — property/share issued, registration number, encumbrances, five-year hold, transfer-back agreement, refund, dispute and current investor rights.

The audit should then reconcile those ledgers to:

- the developer/SPV's audited accounts and tax/customs records;
- the approved development budget and all amendments;
- physical progress and independently estimated cost to complete;
- CIU administration and due-diligence fees;
- government land, infrastructure, concessions, guarantees and contingent liabilities.

Personal identities can be protected in the public report. Aggregate values, auditor findings, exceptions, balances, related-party totals and remedial actions should not be withheld.

11. Policy lessons and best-practice reforms

The Canelles problem is not simply that construction is late. It is that the institutional design asks the public to trust three unconnected assertions: applicants were approved, escrow was funded, and construction occurred. Good governance requires a visible reconciliation among all three.

11.1 Cap sales to the independently verified financing need

No project should receive an open-ended citizenship allocation. The Board should approve a maximum number of units based on:

- independently reviewed hard and soft costs;
- verified developer equity and third-party debt;
- reasonable commissions and finance costs;
- contingency and working capital;
- the value delivered to each investor;
- a prohibition on proceeds exceeding the approved funding need without a published scope and benefit amendment.

A material increase should require a fresh valuation, Cabinet/Board reasons, Gazette notice and a published financial-impact statement.

11.2 Developer equity first

Require meaningful developer equity—paid before investor draws—and disclose it. A completion guarantee, performance bond and contingency reserve should protect against cost overruns. "Citizenship money first, developer risk later" creates weak completion incentives.

11.3 Regulator-controlled escrow

Prefer a Saint Lucia or regionally supervised bank. If offshore escrow is unavoidable, require:

- Board and regulator approval of bank, jurisdiction and governing law;
- regulator read-only direct bank access and automated transaction feeds;
- dual authorisation that excludes unilateral developer control;
- prohibition on cash, nominees and unidentified third-party originators;
- annual independent escrow audit and quarterly bank confirmation;
- enforceable Saint Lucia/regional step-in, freeze and recovery rights.

11.4 Verify economic payment, not a momentary balance

The control test should be whether the applicant bore the full economic cost, not whether the statutory sum briefly appeared. Prohibit undisclosed rebates, circular funding, developer-financed top-ups and side agreements that reduce the net price. Disclose lawful external loans and trace their beneficial source.

11.5 Milestone-based draws and cost-to-complete testing

No release should occur without an independent quantity surveyor certifying completed work, invoices and remaining cost. At every draw, the monitor should confirm that escrow balance plus committed financing can finish the project. Hold retainage until occupancy and defect periods expire.

11.6 Automatic warning, cure and stop-sale triggers

Publish objective triggers for missed milestones, prolonged inactivity, audit refusal, cost-to-complete shortfall, planning breach, loss of land control or brand termination. Escalation should include:

1. warning and cure plan;
2. independent monitor and restricted draws;
3. suspension of new sales and application allocation;
4. replacement contractor/developer or statutory step-in;
5. de-certification, refund/restructuring and enforcement.

Citizenship revocation should remain individualised and subject to section 38 grounds and due process; construction delay alone is not a free-standing revocation ground.

11.7 Publish a live project dashboard

For each project publish quarterly:

- legal status, Gazette reference and governing agreement;
- authorised, sold, approved, paid, lapsed and refunded units;
- gross deposits, releases and balance;
- physical percentage complete, certified spend and cost to complete;
- planning/EIA status and compliance incidents;
- hotel brand/operator status;
- target opening, variances and enforcement action.

The existing Canelles webpages illustrate the problem: the programme's overview now marks Canelles "Fully Subscribed," while the project page still invites an applicant to invest US$300,000 and uses stale AMResorts/Apple Leisure Group language.[54][55]

11.8 Publish agreements and material amendments

Development and escrow agreements should be published with narrow redactions for personal data, bank-security details and genuinely proprietary information. The eligible inventory, public concessions, performance milestones, default remedies, developer ownership and related-party policy should be public.

11.9 Align annual reporting with section 24

Annual reports should separately show:

- CIU fees and government revenue;

[54] Saint Lucia Citizenship by Investment Programme, Canelles project page, accessed 4 August 2026.
[55] Saint Lucia Citizenship by Investment Programme, investment options overview, accessed 4 August 2026.

- NEF contributions;
- real-estate principal by project;
- deposits, releases, refunds and closing escrow balance;
- application, approval, completion and certificate counts by route/project;
- audit scope and which figures are unaudited narrative.

The IMF has called for public tracking of all CBI inflows and uses and standardised ex-post project assessments across the Eastern Caribbean.[56] Saint Lucia's own data gap on foreign escrows shows why.[57]

11.10 Establish independent regional oversight

The 2024 OECS memorandum set a common price floor and committed participating states to stronger standards and enforcement against underpricing.[58] A regional regulator should set project-data standards, inspect escrow and developer records, receive complaints, commission forensic audits and publish comparable performance dashboards.

12. Immediate actions for Canelles

Within 90 days, government and the CIP Board should:

1. publish the 2018 and 2022 agreements, approved inventory and all material amendments with justified redactions;
2. identify the escrow bank, jurisdiction, agent, governing law, signatories and regulator access;
3. commission an independent "source-to-escrow-to-project" audit from inception through the latest month;
4. publish an anonymised reconciliation of approvals, completed purchases, deposits, releases, refunds, titles and balance;
5. obtain an independent structural/quantity-surveyor report, verified percentage complete and cost to complete;
6. publish the financing plan, developer equity, contractor, monthly programme and long-stop opening date;
7. disclose current Dreams/Zoëtry/Hyatt contractual status and which phases remain committed;
8. publish DCA permission, EIA/EMP, conditions, amendments and compliance inspections;
9. explain the Gazette omission and obtain an Attorney General or court-backed remedy rather than assuming it is immaterial;
10. publish the outcome of the investigation referenced in the 2025 court evidence;
11. establish investor remedies and a replacement-developer/step-in plan if the completion test fails;
12. report quarterly to Parliament until opening and final account.

The audit's mandate should cover both administrations and the developer. Limiting inquiry to one political period would make the exercise less credible and leave the institutional chain incomplete.

Conclusion

Canelles is a real project with real partial construction, not merely a paper proposal. It is also a project whose public promises, funding scale and physical delivery have drifted far apart.

The >EC$800 million figure is not fantasy, but it must be stated correctly: disclosed approvals produce a conservative **EC$805.68 million conditional minimum-obligation figure if completed**. The

[56] IMF, ECCU CBI Programs: Regional Significance and Risks, Country Report 25/105, April 2025, pp. 12–17; see also ECCU 2025 staff report.

[57] IMF, Saint Lucia: 2025 Article IV Consultation, Country Report 26/003, p. 62; the same gap was recorded in the 2024 consultation.

[58] OECS, "Caribbean Countries Pressing Forward with the Implementation of the Memorandum of Agreement on Citizenship by Investment Programmes," 22 June 2024.

public record does not prove an equivalent cash receipt. It identifies only US$52.842 million in escrow deposits for FY2022/23 and then stops providing project-principal flows.

The law did not ordinarily send Canelles purchase principal to the Treasury. It sent the money to escrow for the project. That does not remove the public interest. Citizenship was the consideration that attracted the capital, and the Board helped define the release conditions. Government therefore owed citizens and investors effective monitoring, current reporting and enforcement.

No reviewed evidence proves theft, money laundering or unlawful discounting. The interim High Court record weighs against making those allegations as fact. Yet neither that judgment nor the CIU's financial audit answers where all Canelles principal went. The Gazette failure, unpublished agreements, offshore developer-linked funding structure, missing project reconciliation, long suspension and repeated missed deadlines are sufficient to justify an independent forensic and performance audit without sensationalism.

The policy lesson is simple: **citizenship should not be treated as earned merely because a required balance appears in escrow. The programme must verify who economically paid, where the money went, what asset it produced, and whether enough remains to finish.**

Appendix A — Priority document schedule

Category	Documents required
Approval and scope	Cabinet conclusions; ministerial approval; Board recommendation; approval letter; Gazette searches; project guidelines; approved budget, master plan, inventory and feasibility report
Agreements	2018 agreement; 2022 replacement; every schedule, side letter, amendment and waiver; escrow agreement; title-release agreement; Hyatt/AMResorts management agreements
Applications	Anonymous file-level register showing receipt, decision, payment deadline/extensions, completion, certificate, dependants, lapse, withdrawal and refund
Banking	Escrow bank/agent due diligence; mandate/signatories; all statements; SWIFT/payment origin; confirmations; withdrawals; reversals; interest and fees
Construction	Developer/SPV audited accounts; general ledger; contractor agreements; invoices; QS/engineer certificates; related-party register; customs/tax records; current cost-to-complete
Ownership/title	ROCIP extract, annual returns and beneficial owners; share registers; parcel-level land certificates; mortgages, charges, liens and cautions; investor title/share records
Planning/environment	DCA applications and permissions; EIA/EMP; Advisory Committee record; performance bonds; amendments; inspections; enforcement; Fisheries/marine-reserve approvals; occupancy requirements
Public support	Land or asset transfers; tax/duty concessions; infrastructure spending; guarantees; contingent liabilities; Cabinet valuations and public-finance entries
Enforcement/remedies	Default notices; cure plans; revised schedule; security; step-in/replacement rights; investor refund plan; de-certification analysis; investigation referenced in court

Appendix B — Source notes

Sources are identified in numbered footnotes at the point of use. Links were checked against the public record available through the research cut-off; attached copies of the 2019/20 and 2024/25 CIP annual reports were also used for verification.