

**IN AN INTERNATIONAL ARBITRATION UNDER
THE UNCITRAL 1976 RULES**

MR. CARLOS ESTEBAN SASTRE,

MR. RENAUD JACQUET

Ms. MARÍA MARGARIDA OLIVEIRA AZEVEDO DE ABREU

MR. EDUARDO NUNO VAZ OSORIO DOS SANTOS SILVA

MR. GRAHAM ALEXANDER

Ms. MÓNICA GALÁN RÍOS

Claimants,

V.

THE UNITED MEXICAN STATES,

Respondent.

WITNESS STATEMENT OF MÓNICA GALÁN RÍOS

31 March 2021

1. I, Monica Galan Rios, make this statement in support of the Counter Memorial served in this arbitration proceeding.

I. BACKGROUND

2. I was born in Coatzacoalcos, Mexico, in [REDACTED].

3. In 2001, I graduated from the Instituto Politécnico Nacional (Polytechnic University), in Mexico City, with a degree in international commerce. Since then I have been self-employed.

4. Between 2000 and 2004, I was a partner in Proyectos Regionales Del Istmo, S.A. de C.V. (“PREDISA”), a company located in Coatzacoalcos, Mexico, that distributed industrial equipment for oil and gas, and other companies.

5. In 1994 or 1995, I briefly met Graham Alexander (“Mr. Alexander”), to whom I was later married, for approximately a decade. Mr. Alexander was born in [REDACTED]. Because his father was a Canadian citizen, Mr. Alexander is a Canadian citizen by birth.¹

6. In the summer of 2003, I became re-acquainted with Mr. Alexander and in the early fall of 2003 I visited him in Canada. At that time, we visited a property in Canada for a possible development project. Later that year, Mr. Alexander acquired this lot and we envisioned subdividing it into 32 lots for sale.

¹ Canadian Certificate of Registration of Birth Abroad for Graham Alexander, MG-0001; *see also* Canadian Passport for Graham Alexander, C-0009; British Columbia Voter Identification Card for Graham Alexander, MG-0002.

Other than sporadic extended visits to Mexico for business reasons, my ex-husband, Mr. Alexander, grew up in Canada and has lived there since then. He graduated in 1992 from the University of British Columbia with a degree in electrical engineering. In January 1994, he began working as an electrical engineer in Canada. He eventually became a real estate developer in Canada and Mexico. I know all of this from what I have learned after our about ten years of marriage. We continue to keep in close contact because we have a daughter together.

7. In the summer of 2004, I moved permanently to British Columbia to be with Mr. Alexander, and have lived there ever since. Mr. Alexander and I were married on [REDACTED]

[REDACTED].² On 22 February 2007, I became a permanent resident of Canada.³ I have been a Canadian citizen since 26 June 2015.⁴ My Canadian passport was issued on 3 July 2015 and is current.⁵

II. PURCHASE AND DEVELOPMENT OF LAND IN TULUM

8. In around December 2003, Mr. Alexander spoke with me about acquiring property in Mexico. In January 2004, he told me he visited a beachfront lot in Tulum for a possible development and the following month, he took me to visit the lot.

9. The lot was surrounded by a deserted and wild beachfront land. It was 8 kilometers from the nearest town and accessible only by a dirt road. Palm trees sprouted all over one side of the road (toward the beach). The other side of the dirt road was filled with mangroves. It was hot, muggy and had no direct access to sewer, municipal water, or electricity. Nonetheless, the beauty of the location was mesmerizing and we saw a great potential for tourism.

10. Assessing the area, we concluded it had several attractive features. The rustic, tranquil and secluded beachfront was appealing. The abundance of natural habitats would lure eco-tourism enthusiasts. The beautiful fresh water cenotes, which included the world's second largest underground river system, would attract divers. The biological reserves and Mayan ruins in the outskirts would entice hikers. Notwithstanding the potential, it was clear that it would require

² British Columbia Certificate of Marriage, [REDACTED], MG-0003.

³ Citizenship and Immigration Canada, Confirmation of Permanent Residence, Monica Alexander a/k/a Mónica Galán Ríos, 22 February 2007, MG-0004.

⁴ Certificate of Canadian Citizenship, Monica Alexander, 26 June 2015, MG-0005.

⁵ Canadian Passport, Monica Alexander, 3 July 2015 – 3 July 2025, C-0010.

monumental efforts to develop this lot, but we decided it would be a worthwhile investment. The area could follow the path of Cancun, which became a global tourist destination.

11. Subsequently, Mr. Alexander and I acquired this beachfront lot from Rogelio Novelo Balam (“Mr. Balam”). The lot was in the Ejido Jose Maria Pino Suarez (the “Ejido”) in Solidaridad, Quintana Roo, Mexico. On 28 April 2004, Mr. Balam and I signed a Transfer of Rights Agreement.⁶ We signed it at the office of the public Notary after the attorney from his staff drafted the contract. As I understood it, the Notary made sure it met all legal formalities. At the time, the Notary’s assistant read it aloud to all present. Prior to that Mr. Alexander and I had paid an initial deposit for the lot to Mr. Balam, and pursuant to this contract, Mr. Alexander paid the balance through his real estate development company’s bank account in Canada.

12. Prior to signing the contract, Mr. Balam explained to us that he acquired the lot from the Ejido after it acquired the land through a Mexican government land grant. Mr. Balam presented us with his Certificate of Agrarian Rights signed by the President of Mexico, which confirmed the lot belonged to him.⁷ This was consistent with the information we obtained (about two or three days before) from Maria Isabel Caro Cetina (“Ms. Caro”), the Treasurer of the Ejido Commissariat, and Francisco Moreno Perez, President of the Ejido Commissariat, who confirmed Mr. Balam was the only person who had an interest in this land. Around the same time, at least two people at the city hall told us there were no other persons occupying the lot according to their records.

⁶ Contrato Privado de Cesión de Derechos (Transfer of Rights Agreement), 28 April 2004, C-0023.

⁷ Certificado de Derechos Agrarios (Certificate of Agrarian Rights), 25 July 1990, MG-0006.

13. Prior to signing the agreement, we also had a topographical survey prepared. To check if there were any problems with the lot or the area, we also spoke with the lot's neighbors, such as Nicolas Malleville (from Coqui Coqui hotel), Larissa (from Tanga Manga), and Tita (from Tita Tulum). Nobody mentioned any problems and all of them told us they were paying taxes. We also confirmed this by reviewing the property tax registry documentation at city hall.

14. A month later, on 28 May 2004, Mr. Alexander formed Rancho Santa Monica Developments, Inc. ("RSM"), a Nevada corporation. On 29 November 2004, he (on behalf of RSM) and I entered into a contract where I transferred the western half of the lot to RSM.⁸ However, after further conversations with Mr. Alexander and I agreed to rescind this agreement with RSM and continued to manage and operate our respective interests in the hotel.

15. From the latter part of 2004 until about 2006, Mr. Alexander and I dedicated most of our time to the development of the property in Canada, while also coordinating construction of the hotel on the Mexican lot.

16. In late 2005, while we were in Canada we received a call from our property caretaker and security guard who said the Ejido was going to conduct a topographical survey of possessors of Ejido lots. Right after that, we traveled to Tulum to figure out what was happening, and checked with Ms. Caro, the Treasurer of the Ejido Commissariat. She then told us the Ejido was conducting a census of lot possessors to update its records. She told us a government authority would identify the current possessors, locate and measure the properties with a topographer, and update the drawings in the National Agrarian Registry. She also told us the Ejido would issue a

⁸ Purchase Agreement between Rancho Santa Monica Developments Inc. and Monica Galan Rios, 29 November 2004, MG-0007.

Certificate of Possession, after the assessment, to those it determined were the current possessors. She invited all of other possessors to apply to obtain this Certificate.

17. We later attended two meetings with the Ejido representatives who explained the process and we applied. Sometime later, a team of about two representatives from the Ejido (the Commissariat and another person who I had seen at prior meetings) came to the property with a topographer and two members who appeared to be government representatives. They told me they were going to measure the lands in the area and identify the occupants. I briefly met with them and I saw them proceed to measure the property. They spent about an hour or less there.

18. After about a yearlong process, on 25 June 2006, the Ejido issued the Certificate of Possession to me acknowledging my lot holding, and identified the lot as Ejido lot 1192.⁹

19. The next month, my hotel caretaker called me when I was in Canada, to let me know that the Certificate of Possession was ready to be picked up. I then spoke with Ms. Caro who said I could pick-up the document from Polo Betancourt, the Ejido's attorney. She gave me his phone number, and within days, I called his office and they gave me his address. Mr. Alexander and I then traveled to Tulum, and on about 1 August 2006, we visited Mr. Betancourt's office, met with him, picked up the Certificate of Possession, and paid a fee of 42,000 Mexican pesos to him. Mr. Betancourt indicated this Certificate of Possession was approved by the Ejido's General Assembly and meant the Ejido recognized my right to this lot.

20. Between that time and 2016, we developed the lot into a hotel known as *Hotel Parayso*. During each phase, we hired expert architects (including Ricardo Enrique Cruz Jimenez, and Fernando Vázquez Castillo), and construction personnel. Early on, we had several dozens of construction workers. We also obtained the necessary permits and licenses from the Tulum

⁹ Certificate of Possession (Constancia), 25 June 2006, C-0060.

Municipality, the State of Quintana Roo, and the Mexican Federal Government. During parts of the project, we also hired Irma Pulido to assist with environmental issues. At the initial stages, I would contact city hall very often to determine which requirements had to be followed.

21. We started by building a structure with four rooms, stairs, and a cafeteria. To obtain the city's approval of that construction, I submitted an application to Tulum's Urban Development Office with construction drawings, various other documents, and the Transfer of Rights Agreement demonstrating my lot. The inspectors from Urban Development Office came to my property, spent several hours, inspected every portion of the construction, and took measurements. On 8 March 2006, it issued a Construction Regularization license to me approving this construction.¹⁰ It also issued a Certificate of Land Use to me permitting the use of the property for tourist lodging.¹¹

22. As a next step, we wanted to have access to the beach area in front of our hotel, which we understood to be in a restricted federal zone. This involved submitting an application, with the Transfer of Rights Agreement, drawings, and pictures, to SEMARNAT (the federal government's Secretary of the Environment and Natural Resources). As required, we also submitted a substantial environmental impact study. This raised potential environmental issues, which we addressed with the advice of our environmental consultant, and, after about a year, we successfully resolved this.

23. As part of this process, SEMARNAT sent approximately three inspectors to the lot about six times to inspect every detail of the property. Ultimately, on 13 February 2007, the Mexican federal government granted me a Concession Title giving me the rights to use this area

¹⁰ Regularizacion de Obra (Construction Regularization License), 8 March 2006, MG-0008.

¹¹ Constancia de Uso de Suelo (Certificate of Land Use), 8 March 2006, MG-0009.

and stated the hotel project complied with Mexican environmental law.¹² However, it was not until 2009, after speaking with José Luis Gutiérrez Miranda, the General Director of the Federal Maritime Zone (within SEMARNAT), that I learned the Concession Title document had been ready for pick up. We then picked up the Concession Title from their office.

24. In July 2007, *Hotel Parayso* opened for business, welcoming its first guest in August 2007. We were excited to see our vision taking shape.

25. We then proceeded to another construction phase, again hiring architects, construction workers, and having to manage and oversee the project. We did so mostly from Canada with some travel to the lot. By September 2011, we added a reception area, bathroom area, an area for multiple uses, additional guest units, a terrace, a bar, and a pool. Again, we went through the same process noted above. To obtain the city's approval of the construction, I again submitted an application to Tulum's Urban Development Office. I again presented the construction drawings, various other documents, and the Transfer of Rights Agreement to show I was in possession of my lot. Again, the Urban Development Office inspected every portion of the construction and conducted measurements. As a result, on 9 September 2009, it approved this phase of the construction and issued a Construction Regularization license to me.¹³ It also issued a Land Use License to me noting the structures we built on the lot.¹⁴ It further issued two Commercial Land Use Licenses authorizing me to use the land for *Hotel Parayso*, as a hotel and

¹² Título de Concesión (Concession Title), 13 February 2007, MG-0010.

¹³ Regularización de Obra (Construction Regularization License), 11 September 2009, MG-0011.

¹⁴ Licencia de Uso de Suelo (Land Use License), 11 September 2009, MG-0012.

a restaurant with the sale of beer, wine, and liquor.¹⁵ The latter license permitted me to run the business on the lot.

26. In the midst of this, in around 2008 or 2009, I heard the Ejido was involved in litigation and that some hotel owners hired a lawyer named Álvaro López Joers. Although we did not hire Mr. López Joers, in 2012 Mr. Alexander told me that he was murdered by gunshot in his law office. That was a shock to me, Mr. Alexander, my family and the Tulum community. I could not believe this happened in a location that had been peaceful. From then on, I feared more violence could erupt. I began fearing for my life and my safety since then. Nonetheless, we continued with the development.

27. In 2011, we added a store within the hotel. Again, I went through an application process, and on 2 February 2011, the Urban Development Office issued a Commercial Land Use License authorizing me to open a commercial space within the hotel. It was a convenience store with sundries for the tourists.

28. Continuing with the expansion, by October 2015, we made extensive additions. Again, we went through the same process noted above and presented the construction drawings, various other documents, and the Transfer of Rights Agreement to show that I was in possession of my lot. Again, the Urban Development Office's inspectors inspected every portion of the construction and conducted measurements. As a result, on 14 October 2015, it approved the construction, issuing a Construction Regularization license authorizing me to use the property for

¹⁵ Licencias de Uso de Suelo Comercial (Commercial Land Use Licenses), 10 September 2009, MG-0013.

tourism use.¹⁶ It also issued a Land Use License to me noting the structures we had built and authorizing it for tourism use.¹⁷

29. In addition to the above, during the time we were in operation we had other licenses, such as:

- The Operating Licenses issued by the municipality permitting me to operate the hotel and the restaurant.¹⁸ The application for this license required me to submit drawings of the hotel property and explain how I acquired the property (through the Transfer of Rights Agreement). Before issuing the license, both state and federal inspectors came to my hotel, confirmed my business and my identity, checked the documentation I submitted, and verified thoroughly that I met the requirements.
- The Operating Licenses issued by the state government of Quintana Roo for the restaurant with authorization to sell liquor.¹⁹
- Liquor License issued by the state of Quintana Roo, permitting the sale of alcoholic beverages at the hotel, the restaurant, and the store.
- Permanent Signage License issued by the Urban Development Office permitting the “Parayso” sign on the property.²⁰

30. Every time I applied for licenses and permits, I submitted the Transfer of Rights Agreement as proof that I was in possession, and the government office never rejected it. Instead, the relevant government offices always accepted it and subsequently issued a license or permit.

¹⁶ Regularización de Obra (Construction Regularization License), 14 October 2015, MG-0014.

¹⁷ Constancia de Uso de Suelo (Land Use Certificate), 14 October 2015, MG-0015.

¹⁸ E.g., Municipio de Tulum Licencias de Funcionamiento (Tulum Municipality Operating Licenses), 29 November 2010, and 19 August 2015, MG-0016.

¹⁹ E.g., Licencia de Funcionamiento, Bebidas Alcohólicas (see Operating License permitting sale of alcoholic beverages), 31 January 2011, MG-0017.

²⁰ E.g., Licencia de Anuncio Permanente (Permanent Signage License), 9 August 2010 – 9 August 2011, MG-0018.

31. We also paid property taxes every year in connection with this lot in the form of *aportaciones* (property tax contributions).²¹

32. We conducted the business under the commercial name of *Hotel Parayso*. I registered this name with the State of Quintana Roo's Secretaria de Hacienda del Estado (State Tax Office), the office that issues business licenses.

33. Mr. Alexander and I paid for the construction and improvements from the profits derived from Mr. Alexander's Canadian land development company and from the profits of the hotel operation. As a married couple, we had a mutual understanding that we owned and managed the *Hotel Parayso* business jointly.

34. By 2016, *Hotel Parayso* grew to include: (a) eleven ocean front rooms, (b) thirteen cabanas, (c) two public bathrooms, (d) two retail spaces, (e) two bars/restaurants, (f) an outdoor grill, (g) a studio/office, (h) a gated entrance with a security post, (i) a pool and spa, (j) a 24-camera remote monitoring system and (k) paved parking. To create a power supply, sewer systems and sanitary water access, early on we also added: (a) a ten-battery bank and solar panels with a supporting structure, (b) two 60,000 watt generators, (c) a 20,000 liter septic tank, (e) a water reservoir with 20,000-liter capacity, (d) a water pump, and (e) a wind power turbine.²²

35. Throughout the time the hotel was open, we hired employees for the hotel. In 2015, for example, we employed two housekeepers, two maintenance workers, two caretakers, three receptionists, a security guard, a plumber, and a driver. Throughout the development, we hired attorneys to help assess and deal with legal issues that came up.

²¹ E.g., Municipal Treasury receipt for payment of *aportaciones*, 26 January 2015, MG-0019.

²² Sample photographs of the property, MG-0020, and a sample of architectural drawings of the property, MG-0021.

36. All of this development required a great deal of effort. It required us to travel to Mexico to supervise the construction and address the ongoing improvements and issues that arose. The initial phase through 2007 required heavy travel from Canada to Mexico, sometimes requiring us to spend several days to months in Mexico to attend to the supervision of the preparations and construction.

37. Once the hotel was operational, in large part we operated the hotel remotely from Canada while we attended to other projects in Canada. We also had employees onsite in Mexico to take care of the hotel and our hotel guests. We used an electronic booking system and the remote camera system to monitor and operate the hotel from Canada. However, we continued to travel to Mexico about two or three times per year when our physical presence was needed.

38. The hotel grew to be profitable and drew celebrity guests, such as [REDACTED] [REDACTED], who made reservations through other individual agents. It also attracted wedding parties. We did much of our marketing on-line. As time went on, the Tulum beach area grew from a wild deserted area into a world-class eco-tourism hotspot, with other similar hotels dotting the area around *Hotel Parayso*. We were pioneers in what became one of the most exclusive tourism destinations in the world.

39. On [REDACTED], Mr. Alexander and I separated and entered into a separation agreement.²³ As part of the agreement, we agreed to divide the lot in half. I kept the north half of the property and Mr. Alexander kept the south half. In addition, we included a clause confirming our understanding that the sale to RSM of the lot's western half was null and void. The separation agreement stated, "the sale of a portion of the Property as per an agreement between Monica and

²³ Monica Galan Rios and Graham Alexander Separation Agreement (redacted) ("Separation Agreement"), [REDACTED], C-0024-Resubmitted. The divorce was finalized in Canada, British Columbia. Certificate of Divorce, [REDACTED] MG-0023.

Rancho dated November 29th, 2004 [shall] be considered null and void. The proper document will be provided to Monica that confirms this.”²⁴ Mr. Alexander provided me with the RSM Director Resolution confirming this.²⁵

40. Thereafter, we continued to operate the hotel in similar fashion in every other respect. From then on, I began using the name “Amelie Tulum” for marketing of my half of the hotel. Mr. Alexander used the commercial name “Villas Alex” for his half. However, the physical buildings did not change.

III. THE SEIZURE OF HOTEL PARAYSO BY MEXICAN AUTHORITIES

41. We continued to operate the hotel in this way until 17 June 2016. In the morning of that day, I happened to have been at the hotel when Pablo, one of my employees, approached me. He explained to me that he was late to work because about two hundred people were outside of the hotel with machetes and sticks, seemingly going from property to property. I looked out the balcony and saw one man was punching another. Fearing for our lives, I collected my two-year-old daughter. Moments later a female who claimed to be an *actuaria de la corte* (“court representative”), broke through a fence and appeared at the hotel’s entrance. She was wearing a red shirt with the words *Poder Judicial* (Judicial Branch) written in white letters on her shirt. I then confirmed the court representative was accompanied by about two hundred armed Mexican police and other men who carried machetes and sticks. A soldier was next to her with a long shotgun and a helmet, and a skinny man next to him had a taser and a gun on his waist.

42. The court representative asked to confirm that this was *Hotel Parayso*. She asked for my identification and told me that I, and everybody in the hotel, had to leave the premises

²⁴ Separation Agreement at 5, C-0024-Resubmitted.

²⁵ RSM Sole Director Resolution, 21 September 2015, MG-0024.

because she had a court order giving her the power to remove everybody from the hotel. She said she could not give me any other information. She did not show me any documents naming the hotel or me. She would not answer my questions and did not want to hear anything I had to say. I was stunned and shocked.

43. Instead, the people who accompanied the court representative swarmed the premises in different directions into the different rooms. They tried to take cell phones away from everyone there to prevent witnesses from taking pictures. The court representative's men removed the hotel's business property and the guests' personal belongings, tossing the property and belongings to the side of the street, and loading them on trucks. I panicked and ran with my daughter to the third floor to hide. I saw the police and men removing mattresses from the rooms. The men dressed in black who appeared to be security attempted to remove the wind turbine, but it collapsed and crashed to the floor. Then it started raining. At one point, one of my employees came to me and said it was safe to leave. He suggested taking me to the housekeeper's house, but I feared doing so. Instead, I attempted to go to the hotel next door, but a similar situation was going on there. I tried to return to my hotel, but saw men trying to remove the solar panels. So, my employee, my daughter, and I went across the street to hide briefly in another home. Later on, my employee took my daughter and me to the housekeeper's house. Later that day, we went to a friend's place in Cancun where we spent the night.

44. Because I feared for my daughter and myself, I was unable to attend to the guests and manage the employees in my hotel. Instead, in the middle of the commotion, my employees had to deal with the hotel guests. All of my hotel guests left that day. I saw them panicking. Mr. Alexander was not in Tulum the day of the seizure, but he quickly learned of the event.

45. Two of my employees returned to the hotel in the afternoon to try to retrieve our documents, but they told me they were unable to do so because guards on the premises prevented entry into the hotel. The majority of the documents relating to the hotel were lost in the seizure.

IV. AFTERMATH OF THE SEIZURE

46. After staying at my friend's place in Cancun, my daughter and I flew to my parents' home and stayed with them for two months. During this time, I dealt with the aftermath of all of this, cancelling guest reservations, returning deposits, paying severance to my employees, unwinding other hotel matters, and trying to figure out how we could recover the business.

47. I had to continue paying my receptionist for two weeks after this so she could help me cancel future reservations and refund the deposits for all of the guests who had future reservations. She did this work from home or coffee shops. I also had to cancel the credit card machine, booking services, and related items. In September 2016, we flew back to our home in Canada, after losing everything we had built for more than a decade of our lives.

48. Prior to the seizure, we did not receive any notice of any court proceedings, lawsuit, hearing or any eviction order directed at Mr. Alexander or me. I was stunned and caught by surprise. I felt powerless amidst the chaotic environment. From here, we were suddenly unable to access or control the property at all. We lost the property and the facilities, equipment, materials, and documents – everything contained in the hotel.

49. With the seizure, we lost our income and I had to spend legal fees. For one year, I had to attend a food bank in Canada to keep my daughter and me alive. This was devastating emotionally and economically.

50. After the seizure, Mr. Alexander and I decided to retain an attorney collectively. Mr. Alexander and I then filed separate *amparo* (constitutional protection) actions with the courts

in Mexico, asking for protection of our due process rights. But the courts would not even recognize that for us. We were shocked at the way the Mexican authorities treated us. They ignored us, our business, and the more than twelve years of work that we had done to build our business.

51. During this process, we learned that the purported lawsuit that was the basis for the seizure was between two unrelated parties that never included or even mentioned us. I did not personally know the parties to this purported lawsuit or that they were in possession of any lot or facility in the area.

V. RECENT STATUS OF LOT

52. Around August 2017, a friend who passed by the area told me that the *Hotel Parayso* facilities were demolished. All traces of the structures on the lot disappeared except the pool. Mr. Alexander told me he visited the property in around 2018, and La Rosa Negra, a high-end restaurant, was built on a portion of the site of our hotel. Past neighbors told me this as well.

VI. STATEMENT OF TRUTH

53. Except as otherwise stated, I make this statement on the basis of my personal knowledge or on the basis of documents that I have reviewed in preparing this statement. All of the matters set out in this witness statement are true to the best of my knowledge and belief.

54. This statement has been prepared in English. While I understand and speak English, if I am called to testify at an evidentiary hearing in this arbitration, I anticipate I will do so in Spanish.

Signed: _____
Monica Galan Rios
[REDACTED]
[REDACTED]

[REDACTED]