

LIBERTY TRADE INTERNATIONAL, INC.,
IN RECEIVERSHIP

Raymond J. Peroutka, Jr., Receiver
c/o Invotex Group
1637 Thames Street
Baltimore, MD 21231

September 18, 2006

To: All Claimants and Participants

RE: Liberty Trade International, Inc., in Receivership

Dear Sir or Madam:

As many of you are aware, the Circuit Court for Baltimore County placed Liberty Trade International (“Liberty”) and David M. Robinson (“Mr. Robinson”) into receivership and appointed me as Receiver. The documents that evidence these actions can be found in the [Documents](#) section of this website.

As of September 14, 2006, 1,026 Proof of Claim forms, with claims totaling \$6,545,861, have been received.

As discussed in prior correspondence, the receivership process has several steps. They include:

- 1) Identifying and safeguarding the assets,
- 2) Converting the assets to cash,
- 3) Identifying all claimants,
- 4) Determining the proper amount of each claim,
- 5) Determining the total amount of all claims, and
- 6) Distributing available funds to all claimants in the proper proportion.

Step One is complete. My staff and I have finished our review of the bank records. The only remaining assets to consider will be those that materialize after we evaluate potential actions against individuals and businesses.

Step Two continues and will most likely continue until the final distribution of assets. Some furniture has been sold, and an auction is being planned for the balance. The automobiles in my possession have been sold at auction. The real estate investments, which have mainly comprised unimproved lots, continue to be sold. Improved lots with homes are being marketed and offers are being considered. We have had a set back with a builder who failed to complete several homes as contracted; he is in default and recovery of damages will be sought. As such, I continue to believe it will take several months to close out these investments.

Step Three is substantially complete as **the September 15, 2006 deadline for filing claims set by the Circuit Court of Baltimore County has passed.** This means that any claims received after September 15, 2006 can be rejected, but I will give equitable consideration where good cause exists for a late filing.

Step Four continues as we complete a full reconciliation of Liberty’s bank accounts. This reconciliation requires that we obtain copies of banking records to reconstruct Liberty’s investor transactions. Obtaining copies from Liberty’s bank has been a very slow process, but we have received substantial help from the Maryland Securities Commissioner and her counsel at the Attorney General’s office. To complete this process we will need to

correspond with each claimant to confirm that our reconciliation agrees with their claim and resolve any differences. We will attempt to adjust claims in the order received, but please understand that there is no advantage to being first or last.

Claims adjustment will accomplish two goals:

1. Verification of specific claim amounts and assertions made in the Proof of Claims received, as well as,
2. Prioritizing the claim by the nature of the amount being claim.

The nature of the claim will be characterized into three parts; principal, interest and other cost. The goal of this endeavor is to attempt to repay principal before paying interest and other costs. If funds remain after distribution of principal claims, which appears unlikely, claims for interest would be addressed next, followed by claims for other costs.

Please understand that if you have filed a Proof of Claim your right to assert and prove your claim is secure and reserved and will be fully considered in the claim adjustment process.

Step Five requires us to integrate investor claims with non-investor claims and, if the Court approves, prioritize claims.

Step Six, distribution, requires the completion of all steps one through five before it can commence.

Finally, since my last letter, we have identified payments from Liberty to individuals and companies for which we have no information on the purpose and propriety of the payment. If an address could be found, a letter requesting an explanation of the payment and the filing of a Proof of Claim was sent to the individual or company. Payments that cannot be supported as being reasonable and proper ***will be assumed to be subject to return or repayment to Liberty, and I will take action as needed to recover these payments or ascertain their purpose.***

Claimants may continue to contact the receivership through mail, e-mail or telephone. Please be aware that the telephone requires that you leave a message for my staff to return your call.

Sincerely,

Raymond J. Peroutka, Jr.
Receiver