

MELANIE SENTER LUBIN  
Securities Commissioner  
for the State of Maryland

Plaintiff,

v.

LIBERTY TRADE INTERNATIONAL, INC.,

and

DAVID M. ROBINSON,

Defendants.

RAYMOND J. PEROUTKA, JR., RECEIVER  
FOR LIBERTY TRADE INTERNATIONAL  
INC. and DAVID M. ROBINSON

Petitioner

v.

ALFRED ADDAE  
2511 Highland Golf Course Drive, S.E  
Conyers, Georgia 30013

and

FOX STREET DEVELOPMENT, LLC  
3695F Cascade Road, Suite 176  
Atlanta, Georgia 30331  
Serve on: Alfred Addae, Registered Agent  
3695F Cascade Road, Suite 176  
Atlanta, Georgia 30331

and

K ASARE, LLC  
PO Box 361976  
Decatur, Georgia 30036  
Serve on: Alfred Addae, Registered Agent  
2511 Highland Golf Course Drive, S.E  
Conyers, Georgia 30013

Defendants.

\* \* \* \* \*

\* IN THE  
\* CIRCUIT COURT FOR  
\* BALTIMORE COUNTY  
\*  
\* Civil Action: 03-C-6-003194

## COMPLAINT

Raymond J. Peroutka, Jr., Receiver for Liberty Trade International, Inc. in Receivership (the "Receiver"), by its undersigned counsel, David D. Gilliss, and Niles, Barton & Wilmer, LLP, initiates this civil action against Defendant, Alfred K. Addae ("Addae"), Fox Street Development, LLC ("Fox Street"), and K Asare, LLC ("K Asare"), and, in support thereof, states as follows:

### PARTIES

1. Liberty Trade International, Inc. ("LTI") is a company incorporated in the State of Maryland, which previously maintained its principal place of business at 7208 Bogley Road, Suite 202, Baltimore, Maryland 21244, and at all relevant times was authorized to do business in the State of Maryland and/or subject to an Order entered by the Circuit Court of Baltimore County ("Court") pursuant to which LTI was placed into Receivership.

2. The Receiver, who was appointed by the Court, maintains his principal place of business at 1637 Thames Street, Baltimore, Maryland 21231.

3. Upon information and belief, Addae is an individual who is a citizen of the State of Georgia, residing at 2511 Highland Golf Course Drive, Conyers, Georgia 30013, who at all relevant times transacted business in the State of Maryland.

4. Upon information and belief, Fox Street is a Georgia Limited Liability Corporation owned and operated by Addae that at all relevant times transacted business in the State of Maryland.

5. Upon information and belief, K Asare is a Georgia Limited Liability Corporation owned and operated by Addae that at all relevant times transacted business

in the State of Maryland.

### JURISDICTION AND VENUE

6. On March 24, 2006, the Securities Commissioner for the State of Maryland filed a Complaint against LTI in the Circuit Court for Baltimore County. (*See Complaint* dated March 24, 2006).

7. By Order dated March 24, 2006, the Court ordered that the Circuit Court for Baltimore County retain jurisdiction pursuant to Section 11-702 of the Maryland Securities Act, Md. Code Ann., Corps. & Ass'ns, for the purpose of enabling any party or the Receiver to apply for such orders and directions as may be necessary and appropriate for the construction and enforcement of the Order that granted the Receiver the authority to identify, gather, receive, take control of, manage day-to-day, account to the Court for and liquidate LTI's and Robinson's assets. (*See Order Temporarily Enjoining Defendants, Freezing Assets of Liberty Trade International, Inc. and David M. Robinson, Temporarily Appointing a Receiver and Granting Other Relief* dated March 24, 2006).

8. Jurisdiction and venue are further appropriate under Md. Code Ann. Cts. & Jud. Proc. §§ 6-103 and 6-201 in that Addae (i) served as a corporate director for LTI, and (ii) managed K Asare and Fox Street, both of which conducted business with LTI in this jurisdiction, and some or all of the torts to be described below occurred in Baltimore County, Maryland.

### FACTS COMMON TO ALL COUNTS

9. On March 24, 2006, the Securities Commissioner of the State of Maryland ("Securities Commissioner") filed a Complaint in the Circuit Court for Baltimore County ("Court"), Maryland, against LTI and David M. Robinson ("Robinson"). (*See Complaint* dated March 24, 2006).

10. Simultaneously with its Complaint, the Securities Commissioner filed an *Ex Parte Motion for Temporary Restraining Order, Asset Freeze, Appointment of Receiver and Other Emergency Relief* in which the Securities Commissioner requested that the Court enter an Order directing that all individuals and/or entities that received “goods, other assets or interests in real property paid for out of LTI funds” return said funds or property. (See *Ex Parte Motion for Temporary Restraining Order, Asset Freeze, Appointment of Receiver and Other Emergency Relief* dated March 24, 2006 at p. 3, ¶ 6).

11. As set forth in the Securities Commissioner’s Complaint and related filings, LTI purported to offer less affluent investors the opportunity to invest in “high yield” real estate investments which are typically available only to highly capitalized or risk-tolerant individuals/entities.

12. However, instead of investing in the type of high-yield projects that would have permitted LTI to meet its obligations to its investors, LTI invested its investors’ funds through inappropriate purchases of speculative real property, gifts to friends and family, and other wrongful uses of investor monies.

13. Additionally, LTI violated Maryland Securities laws by failing to register with the State, and sold its investments through unregistered agents. Further, LTI provided false, misleading and incomplete disclosure to its investors.

14. In its Complaint, the Securities Commissioner also identified Addae, Fox Street and K Asare as individuals/entities involved in LTI’s investment program which received “goods, other assets or interests in real property paid for out of LTI funds.” (See *Complaint* dated March 24, 2006 at ¶¶ 16, 48).

15. Specifically, Addae, Fox Street and K Asare, as insiders of LTI, received loans from LTI and failed to fulfill their contractual payment obligations.

16. Additionally, Addae was identified as a member of LTI's Board of Directors, attended meetings of the Board of Directors and served as the agent for LTI at various Georgia real estate settlements.

17. Specifically, Addae, as a corporate director ("Director") and LTI's agent, on behalf of himself, LTI, Fox Street and K Asare entered into (i) contracts to purchase Georgia real estate, and (ii) loans secured by Georgia real estate that LTI alleged would be sold at a profit to fund LTI's obligations to investors. Such properties were primarily unimproved lots or partially improved lots.

18. Further, Addae, in his role as a Director, not only received reimbursement for travel expenses he incurred in connection with his travels to Maryland to attend various LTI Board of Directors' meetings, he materially benefited from the real estate contracts he entered into as an agent for LTI, as did K Asare and Fox Street which are both corporate entities controlled by Addae and both of which are party to contracts with LTI. Such benefits took the form of payments, fees, commissions, gifts, and/or business opportunities

19. Despite LTI's representations that the properties would be sold at a profit, the amounts paid by Addae on behalf of LTI were well in excess of the actual value of the properties, resulting in significant losses to LTI.

20. The history of LTI's financial transactions, which were provided to the Board of Directors, projected the value of LTI's real estate acquisitions well in excess of the amounts the properties were actually worth.

21. Addae, as the Director which coordinated and executed the real estate purchases on LTI's behalf, knew or should have known that the projections being provided to LTI and LTI's investors were significantly overvalued and would necessarily render LTI

undercapitalized and insolvent.

22. As a result of such failures, among others, on the part of Addae, LTI was in fact undercapitalized and rendered insolvent.

23. By engaging in this conduct, the Court concluded that LTI violated Sections 11-301, 11-401 and 11-501 of the Maryland Securities Act, Title 11, Md. Code Ann. Corps. & Ass'ns.

24. Consequently, on April 3, 2006, the Court entered judgment against LTI and the Court appointed Raymond J. Peroutka, Jr. as permanent Receiver for LTI and Robinson and authorized him to continue identifying, gathering, receiving, taking control of, managing day-to-day, accounting to the Court for and liquidating LTI's and Robinson's assets.

25. The Court specified that the Receiver take whatever steps were necessary and appropriate to recover assets for the benefit of the claimants, including the right to file claims against those who were responsible for any loss to claimants, received preferential payments or fraudulent conveyances, might be insiders of the defendants or received claimant funds without legitimate claim to the funds. (*See Order Granting a Preliminary Injunction, Continuing the Receivership for Liberty Trade International, Inc. and David M. Robinson and Granting Other Relief* dated April 3, 2006 at p. 5, ¶¶ 7-8).

26. Thereafter, by Order dated May 10, 2006, the Court afforded the Receiver the discretion to determine the manner and method by which to recover LTI's and Robinson's assets for the benefit of the claimants and authorized the Receiver to take whatever steps were necessary to recover, manage and/or sell LTI's and Robinson's assets. (*See Order Granting Receiver's Petition to Permit Receiver to Marshall and Manage Assets* dated May 10, 2006).

**COUNT I**  
**(Breach of Fiduciary Duty – Addae)**

27. Receiver, Raymond J. Peroutka, Jr., incorporates herein by reference each of the paragraphs set forth above, as though the same were fully set forth at length in this Count of the Complaint.

28. Addae, as a corporate director of LTI, was accountable to LTI and LTI's investors as a fiduciary. As a Director and fiduciary, Addae owed LTI and LTI's investors a duty of care, reasonable inquiry, oversight, supervision and loyalty. Such duty required Addae to act for the benefit of LTI with good faith, without any self-interest or self-dealing.

29. Addae breached his fiduciary duties by (i) materially benefiting in his role as a Director in the form of payments, fees, commissions, gifts, and/or business opportunities, and (ii) misrepresenting the status of LTI's assets and the purpose of the transactions Addae entered into on behalf of LTI, all to the detriment of LTI.

30. By virtue of Addae's breach of his fiduciary duties, LTI has suffered damages, and sustained attorney's fees, that would otherwise not have been incurred had Addae not engaged in the wrongful conduct complained of herein.

**WHEREFORE**, under the authority already granted to the Receiver by the Court, and pursuant to Md. Code Ann., Corporations and Associations, § 11-702 and Maryland Rule 13-102, the Receiver requests that this Honorable Court enter judgment against Addae in the amount of Three Million Dollars (\$3,000,000) plus all attorney's fees and costs incurred as a result of Addae's wrongful conduct.

**COUNT II**  
**(Breach of Contract – Addae and Fox Street)**

31. Receiver, Raymond J. Peroutka, Jr., incorporates herein by reference each

of the paragraphs set forth above, as though the same were fully set forth at length in this Count of the Complaint.

32. Upon information and belief, since such time that the Receiver was appointed, the Receiver has commenced accounting for LTI's assets and liabilities, including documentation evidencing the existence of a loan and other transactions ("Loan") indebteding Addae and Fox Street Developments, LLC to LTI in the amount of \$60,000.00, plus interest in the amount of \$12,000.00.

33. Upon information and belief, Addae's and Fox Street's obligations to LTI as a result of the Loan were secured by real property located at 848 Fox Street, Atlanta, Georgia 30318 and 852 Fox Street, Atlanta, Georgia 30318 pursuant to Deed(s) to Secure Debt, each in the amount of \$36,000.00.

34. Pursuant to the Loan, the principal amount of \$60,000.00, plus interest of \$12,000.00, became due and owing on April 30, 2006.

35. The Receiver, in furtherance of marshalling LTI's assets, has made repeated efforts to obtain from Addae and Fox Street return of the funds owed as a result of the Loan they received from LTI.

36. Accordingly, Addae and Fox Street are in breach of their obligations to LTI.

37. Further, despite being in default of their obligations to LTI, Addae and Fox Street have refused to comply with this Court's March 24, 2006 directive that they return the funds they received from LTI.

38. Consequently, Addae and Fox Street are also in contempt of this Honorable Court.

**WHEREFORE**, under the authority already granted to the Receiver by the Court, and pursuant to Md. Code Ann., Corporations and Associations, § 11-702 and Maryland

Rule 13-102, the Receiver requests that this Honorable Court enter judgment against Addae and Fox Street, jointly and severally, in amount of Seventy Two Thousand Dollars (\$72,000), plus attorney's fees and costs.

**COUNT III**  
**(Breach of Contract – Addae and K Asare)**

39. Receiver, Raymond J. Peroutka, Jr., incorporates herein by reference each of the paragraphs set forth above, as though the same were fully set forth at length in this Count of the Complaint.

40. Since such time that the Receiver was appointed, the Receiver has commenced accounting for LTI's assets and liabilities, including a January 27, 2006 Promissory Note entered into by Addae on behalf of K Asare, LLC which indebts Addae and K Asare to LTI in the amount of \$100,000.00, plus interest of \$20,000.00 (the "Note").

41. Under the Note, the principal amount of \$100,000.00, plus interest of \$20,000.00, became due and owing on April 30, 2006.

42. Addae's and K Asare's obligations under the Note were secured by real property located at Lots 3 and 4 of the O'Callagan Park Subdivision, Dekalb County, Georgia pursuant to Deeds to Secure Debt dated February 7, 2006.

43. The Receiver, in furtherance of marshalling LTI's assets, has made repeated efforts to obtain from Addae and K Asare return of the funds owed pursuant to the Note.

44. To date, Addae and K Asare have failed to remit the Receiver the amounts due and owing under the Note.

45. Accordingly, Addae and K Asare are in breach of their obligations under the Note.

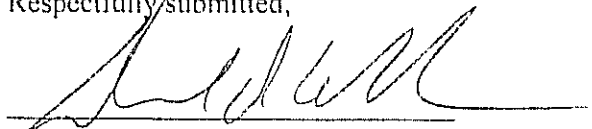
46. Further, despite being in default of their obligations under the express terms

of the Note, Addae and K Asare have refused to comply with this Court's March 24, 2006 directive that they return the funds they received from LTI.

47. Consequently, Addae and K Asare are also in contempt of this Honorable Court.

**WHEREFORE**, under the authority already granted to the Receiver by the Court, and pursuant to Md. Code Ann., Corporations and Associations, § 11-702 and Maryland Rule 13-102, the Receiver requests that this Honorable Court enter judgment against Addae and K Asare, jointly and severally, in amount of One Hundred Twenty Thousand Dollars (\$120,000), plus attorney's fees and costs.

Respectfully submitted,



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