

EXHIBIT A  
Liberty Trade International, Inc.  
In Receivership

**I. DISCLOSURE OF SUBSTANTIVE ISSUES REGARDING CLAIMS**

Facts Discovered by Receiver Regarding Promissory Notes, Investments, Repayments and Unpaid Obligations.

1. The nature of the transactions between or among Liberty Trade, Mr. Robinson on behalf of Liberty Trade and the claimants was based upon the following scheme:
  - a. Liberty Trade solicited investors for what it called a real estate investment trust. Liberty Trade promised its investors high returns on short-term notes.
  - b. Most claimants executed promissory notes prior to, concurrent with, or shortly after the payment of funds to Liberty Trade. Although some of the promissory notes contain slightly differing terms, all reflect the same core agreement (“Agreement”). Specifically, the Agreement contains Liberty Trade’s acknowledgment of its receipt of funds from the claimant, agreement to repay the amount that was paid by the claimant to Liberty Trade, plus an additional amount. Such additional amount was referred to as interest under the Agreement and the Agreement specified an interest rate, due date for repayment of principal and interest, and typically provided for a late charge and the payment of reasonable attorney’s fees in the event that the note was placed in default.
  - c. Based upon the investigation undertaken by the Receiver, at least 1053 investors advanced money to Liberty Trade. The total amount of investor deposits to Liberty Trade was \$8,013,293. Some investors were compensated or promised to be compensated by Liberty Trade for referring other investors to Liberty Trade. Investors who participated in the early stages of this scheme received payments from Liberty Trade. These payments included principal, interest and referral fees. In some cases the payments were limited to interest (or a portion of the interest) that the claimants had been told they would receive. Some claimants reinvested some of the funds that had been repaid to them. However, a majority of the claimants never received any repayment of principal, interest or fees. The nature of this type of Ponzi scheme is similar to the game of musical chairs. When the music stops (i.e., when Liberty Trade was shut down by the Securities Commissioner), there are not enough chairs for everyone (i.e., there is not enough money for everyone to receive their principal and “promised” investment returns).
2. The Receiver contends, and has submitted an Affidavit to support his beliefs, that shortly

after the commencement of Liberty Trade, Liberty Trade was insolvent, and, thus, every payment made by Liberty Trade to any investor was a fraudulent conveyance. The Receiver believes that it would be inequitable for those investors to benefit from this scheme when others who invested later in the scheme could not benefit by virtue of Liberty Trade's insolvency. Thus, the Receiver believes that all persons who received the return of principal, interest payments and/or fee/referral payments from Liberty Trade should be required to return all funds that were received to the Receiver. This will permit the Receiver to pool those returned monies with all funds that the Receiver collects through the sale of real estate, other assets, and judgments obtained pursuant to actions the Receiver has brought against others. The balance, after the payment of administrative expenses, will be paid to claimants on a pro-rata basis. The Receiver also believes that no investor should receive any interest until all investors have been paid their entire principal. Likewise, no investor should receive any fees until all interest has been paid in full to all claimants.

## II. CLAIMS HANDLING PROCEDURES

These procedures have been developed to ensure that all claimants in the Receivership proceeding are treated equitably and fairly. It has also been established so that all Receivership personnel know their respective roles and are at all times able to identify for the Court, the Receiver, or any third party the status of a claim.

1. Proof of Claim ("POC") is received by mail.
2. Administrative assistant date-stamps POC and enters name of claimant and amount claimed into POC Master Ledger.
3. Claims examiner then establishes an investor identification number and a claim number.
4. Claims examiner creates "Claim File".
5. Claims examiner reviews the POC:
  - a. If information is missing from the POC, claims examiner contacts claimant and requests information to permit the examiner to confirm the accuracy, or lack thereof, of the amounts claimed in the POC.
  - b. Claims examiner enters current status.
6. Claims examiner reviews POC, additional supporting documentation from claimant and books and records of Liberty Trade and adjusts claim. The status of the claim will dictate whether the claim is submitted to the Court for approval. For instance:
  - a. Agreed Claims will be submitted to Court *for approval*.
  - b. Withdrawn or closed claims will *not* be submitted to Court.
  - c. Disputed claims will be submitted to Court for a *Hearing*.

- d. All claims that have been approved by the Court (“Adjudicated Claims”) will be filed appropriately.

### **III. CLAIMS ADJUSTMENT PROCEDURES**

1. Formal Report Memorandum. The claim file will have a “Confirmation Schedule” which is the summary of the examiner’s claim adjustment. The Confirmation Schedule will contain a reconciliation of all payments made by the claimant and all payments, if any, made by Liberty Trade or on behalf of Liberty Trade to the claimant.
2. Adjustment of the Claim. It is the responsibility of the claims examiner to independently adjust every claim.
  - a. The Fixing Date: All rights, obligations and liabilities of the parties are fixed as of March 24, 2006, the date of the Court’s Order establishing the Receivership.
  - b. The Bar Date: The Court has established September 15, 2006 as the last date on which claims can be filed. This means that a claimant must have filed a proof of claim with the Receivership by that date or it will not be considered a claim in the Receivership proceeding.
  - c. Late Claims: The Receiver has received claims filed after the Bar Date (“Late Filed Claims”). The Receiver will present Late Filed Claims to the Court for a determination as to whether the late claim should be permitted even though it has been filed after the Bar Date.
  - d. Amendment or Supplements to the Proof of Claim: These are permitted and encouraged in order to ensure that all timely filed claims are adjusted and adjudicated as fairly and efficiently as possible.
  - e. Review of POC form: Determine that the Proof of Claim form is complete.
  - f. Substantive Review of the Claim: At this stage, the claims examiner determines whether the claim may be allowed on its merits.

The claims examiner will also determine whether there are procedural defenses to the claim (i.e. late notice, lack of documentation, lack of cooperation).

If additional information is needed, the claims examiner will request such additional information from the claimant in order to permit the examiner to confirm accuracy, or lack thereof, of the amounts claimed by the claimant. If the information is not received after a reasonable passage of time, the claims examiner will make an evaluation based upon the materials which have been received. If the materials received, following the examiner's review, are insufficient to allow the claim, the claim will be denied.

3. Notice of Receiver's Determination and Recommendation to Receivership Court

Once the claims examiner has completed the review of a claim, he will send a letter to the claimant advising that the Receiver has determined the value of the claim. He will request that the claimant consent in writing to the adjustment, and the claimant shall so indicate his or her consent with a signature and shall return the approval to the Receiver. If the claimant approves the adjustment, it can be placed on the "next claim approval list" for the Court. If the claimant does not respond after the passage of a reasonable amount of time, the claims examiner will place the claim on the "next claim approval list." The "next claim approval list" is defined as a list to be maintained by Receivership personnel of those claims which have been adjusted and approved by the claimant. At the discretion of the Receiver, such claims will be submitted to the Court for approval.

4. Adjudication of the Claim File

When sufficient claims have been adjusted, the Receiver will submit for the Court's consideration a petition in which the Receiver will request that a hearing date be set for court adjudication of the claims. Notice of the date of the hearing should be sent to each claimant at least 30 days prior to the date of the hearing. The notice will identify the claim and the recommended adjustment. It will also advise that the claimant must object to the Receiver's recommended adjustment of his/her claim, in writing, either to the Court directly or to the Receiver, and that such objection must be received before the date of the hearing. If an objection is received, it will be withdrawn from the claims being presented to the Court for adjudication ("Disputed Claims"). However, should an objection not be received, the proposed adjustment will be adjudicated by the Court in the claimant's absence and the amounts owed to the Receiver by the investor claimant pursuant to the adjudicated claim will be converted into a judgment against the investor claimant in favor of the Receiver, without further action by the Receivership being necessary.

The Disputed Claims will be presented to the Court for adjudication on a case-by-case basis and notice will be provided to the party contesting the recommended adjustment.

5. Closing the Claim File (without Court Approval)

The Claims Examiner may close a file without the approval of the Receivership Court in the following circumstance:

A claim file was opened due to pre-receivership indications of the potential for a claim, but after the Receiver's written request to the claimant for submission of a Proof of Claim and/or additional information concerning the potential claim, no proof of claim was received and in the discretion of the Receiver there is no conclusive proof of the existence of the claim.

**IV. ASSET RECOVERIES**

Since The commencement of the Receivership, the Receiver has made the following recoveries:

			<b>Amount</b>
<b>Date</b>		<b>Description</b>	<b>Received</b>
04/12/06	Michael Cox	Partial repayment of loan	\$2,500.00
09/05/06	Bank of America	Closing of Acct # 4911	\$2,195.00
07/11/06	Petty Cash collected from D. Robinson's briefcase		\$19.07
05/01/06	Spencer Arrington	Settlement for promissory note	\$268,823.39
05/01/06	Barbara Riddick	Loan payment for April and May	\$375.00
05/15/06	Carmelita Hackett	Payment for mattress and box spring	\$200.00
06/02/06	Financial Destination	Repayment for services not rendered	\$121.22
06/05/06	Beverly Thompson	Partial repayment of loan	\$750.00
06/28/06	Davida Robinson	Payment for bedroom set (\$500) and game table (\$200)	\$700.00
07/06/06	Vandel Group, LLC - James Bentley	Partial repayment of loan for \$25,000	\$1,000.00
10/30/06	Vandel Group, LLC - James Bentley	Partial repayment of loan for \$25,000	\$1,200.00
12/01/06	Vandel Group, LLC - James Bentley	Partial repayment of loan for \$25,000	\$600.00

12/01/06	Vandel Group, LLC - James Bentley	Partial repayment of loan for \$25,000	\$600.00
02/14/07	Vandel Group, LLC - James Bentley	Partial repayment of loan for \$25,000	\$1,200.00
02/27/07	Vandel Group, LLC - James Bentley	Partial repayment of loan for \$25,000	\$600.00
03/28/06	Vandel Group, LLC - James Bentley	Partial repayment of loan for \$25,000	\$600.00
01/23/07	Option One Mortgage	Refund of hazard insurance	\$2,678.73
01/25/07	Option One Mortgage	Legal fees and costs	\$6,876.50
09/05/06	Paychex	Tax return from payroll account	\$56.00
09/12/06	Paychex	Returned funds disbursed on 4/12/06	\$7,000.00
07/12/06	3303 Summerbrooke Lane	Sale of lot # 2 from 30 lot subdivision in Summerbrooke	\$7,000.00
09/05/06	3416 Summerbrooke Way	Sale of lot # 41 from 30 lot subdivision in Summerbrooke	\$9,116.62
09/05/06	3403 Summerbrooke Way	Sale of lot # 38 from 30 lot subdivision in Summerbrooke	\$7,000.00
09/05/06	3503 Creekview Drive	Sale of lot # 16 from 30 lot subdivision in Summerbrooke	\$7,000.00
09/12/06	3309 Summerbrooke Way	Sale of lot # 5 from 30 lot subdivision in Summerbrooke	\$11,099.06
09/20/06	3305 Summerbrooke Way	Sale of lot # 3 from 30 lot subdivision in Summerbrooke	\$8,631.47
10/05/06	3307 Summerbrooke Lane	Sale of lot # 4 from 30 lot subdivision in Summerbrooke	\$13,352.71
11/13/06	3311 Summerbrooke Lane	Sale of lot # 6 from 30 lot subdivision in Summerbrooke	\$9,487.81
11/20/06	3501 Creekview Drive	Sale of lot # 15 from 30 lot subdivision in Summerbrooke	\$8,041.78
11/28/06	3300 Summerbrooke Lane	Sale of lot # 14 from 30 lot subdivision in Summerbrooke	\$7,500.00
12/01/06	3505 Creekview Drive	Sale of lot # 17 from 30 lot subdivision in Summerbrooke	\$8,121.24
01/10/07	3308 Summerbrooke Lane	Sale of lot # 10 from 30 lot subdivision in Summerbrooke	\$9,005.47
02/02/07	3306 Summerbrooke Lane	Sale of lot # 11 from 30 lot subdivision in Summerbrooke	\$8,007.80
02/26/07	128 Shadow Creek	Sale of lot # 15 from 22 lot subdivision in	\$18,473.76

		Lovejoy	
03/01/07	3302 Summerbrooke Lane	Sale of lot # 13 from 30 lot subdivision in Summerbrooke	\$8,800.00
03/31/07	Interest from Bay National Checking Acct	Interest earned from 3/29/06 - 3/31/07	\$55,997.81
04/17/07	3406 Summerbrooke Way	Sale of lot # 46 from 30 lot subdivision in Summerbrooke	\$8,495.73
04/20/07	3301 Summerbrooke Lane	Sale of lot # 1 from 30 lot subdivision in Summerbrooke	\$7,578.75
04/30/07	Butler & Associates	Settlement for Parker – Synergy Marketing	\$33,000.00
04/30/07	Interest from Bay National Checking Acct	Interest earned for April	\$4,766.51
05/15/07	Denise Deleaver	Settlement for Denise Deleaver (Partial re-payment)	\$5,000.00
05/17/07	3402 Summerbrooke Lane	Sale of lot # 48 from 30 lot subdivision in Summerbrooke	\$8,237.44
05/17/07	Denise Deleaver	Settlement for Denise Deleaver (Monthly payment)	\$300.00
05/17/07	M&T Bank	Settlement for Parker – Synergy Marketing	\$170.00
05/17/07	M&T Bank	Settlement for Parker – Synergy Marketing	\$32,874.14
05/31/07	Interest from Bay National Checking Acct	Interest earned for May	\$4,901.56
		<b>Total Receipts</b>	<b>\$600,054.57</b>

**V. FUTURE ACTIONS TO BE TAKEN BY THE RECEIVER**

The Receiver will continue to work with the developers of the parcels in Georgia in which Liberty Trade has a security interest to realize value from those parcels as the properties are developed and sold.

Several of the settlements with individuals have repayment terms in which payments will be made over time. The Receiver will monitor the payments of those obligations and will take appropriate action in the event the parties default on their obligations.

The Receiver will be auctioning seven (7) undeveloped parcels in East Point, Georgia. The Receiver attempted to sell the parcels on the open market via a traditional real estate agent arrangement but no offers were received for the properties.

The Receiver has commenced certain legal actions against former Board Member and developer Al Addae and his companies (Fox Street Development and K Asare) for breach of contract and breach of fiduciary duties owed to Liberty Trade.

Proceeds from assets recovered (i) when the Receivership commenced, and (ii) since the commencement of the Receivership, as well as assets to be recovered in the future, will be used by the Receivership to fund the payment of claims adjudicated by the Court.

## **VI. CLASSIFICATION AND PAYMENT OF CLAIMS**

The claims filed by claimants with the Receiver will be paid in accordance with the priorities set forth below:

<b>Class I</b>	<b>Administrative Claims</b>
<b>Class II</b>	<b>Tax Claims</b>
<b>Class III</b>	<b>Vendor and Investor Principal Claims</b>
<b>Class IV</b>	<b>Investor Interest Claims</b>
<b>Class V</b>	<b>Investor Other Claims including attorneys' fees, late fees, postage, etc. and other costs incurred</b>
<b>Class VI</b>	<b>Interests of Stockholders in Liberty Trade</b>

In addition, if there are any claims from persons or entities with filed security interests, such creditors shall be able to realize its debt from the collateral that secures Liberty Trade's obligation.

**All claims of a higher priority class must be paid in full before the Receiver is authorized to pay a junior priority class. For example, the Receiver will not pay any approved Class IV Investor Interest Claims until all Class III Vendor and Investor Principal Claims have been paid in full.**

The Receiver has not yet received a Proof of Claim from the IRS or State taxing authorities. Until such time that the IRS and the Comptroller of the Treasury (Maryland) release the Receivership, a reserve will be maintained.

Late Filed Claims. Certain claims were filed with the Receiver after the Bar Date (i.e., the last date that the Court ordered that claims could be filed). The Court will determine if these late filed claims should be treated as the same priority level as Class III Vendor and Investor Principal Claims.

## **VII. DISPUTED CLAIMS.**

In the event that the Receiver and a creditor/claimant are unable to reach an agreement on the value of the claim filed by the creditor/claimant, the Receiver will request that the Court set a hearing date to resolve the dispute. The creditor/claimant will have the option of appearing in person before the Court or sending written (either hard copy or electronic) documentation and argument advising the Court why the Receiver's recommended adjustment is incorrect. The Court will consider such argument and issue a ruling.

## **VIII. INTERIM DISTRIBUTION.**

After all claims are adjudicated, the Receiver will petition the Court for authority to make an interim or partial distribution to creditors/claimants with approved claims based upon the Court's adjudication of their claims. The amount to be distributed will be based upon the Receiver's best estimate of funds that can be distributed at that time, while leaving reserves for (i) the costs of collecting additional assets, and (ii) any late filed claims or claims or potential claims that could not yet be adjudicated.

## **IX. NOTICE TO CREDITORS.**

The Receiver, in order to save assets of the Receivership, proposes to send creditors/claimants a Summary or Notice of the Petition for Approval of Claims Procedures. The Notice will direct the creditor/claimant to the Receiver's website where a copy of the Petition and this Exhibit will reside. The Notice will also inform the creditors/claimants that if they are unable to access the website, a hard copy of the Petition and this Exhibit will be sent to the creditor/claimant upon a creditor's/claimant's written request to the Receiver.