

MELANIE SENTER LUBIN,  
Securities Commissioner  
for the State of Maryland  
200 St. Paul Place,  
Baltimore, Maryland 21202

Plaintiff,

v.

LIBERTY TRADE INTERNATIONAL, INC.,  
2 East Rolling Crossing Rd., #251  
Baltimore, MD 21228

and

DAVID M. ROBINSON  
9331 Owings Choice Ct.,  
Owings Mills, MD 21117

Defendants.

\* IN THE  
\* CIRCUIT COURT FOR  
\* BALTIMORE COUNTY

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\* Case No.

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## COMPLAINT

### SUMMARY OF THIS ACTION

1. Plaintiff Melanie Senter Lubin, Securities Commissioner for the State of Maryland (the “Commissioner”), by her attorneys J. Joseph Curran, Jr., Attorney General, and Assistant Attorneys General Lucy A. Cardwell and Katharine M. Weiskittel, complains that defendants Liberty Trade International, Inc. (“LTI”) and David M. Robinson (“Robinson”) (collectively the “defendants”) engaged in a scheme to defraud in connection with the real estate investment trust or REIT that they claim to operate through LTI.

2. LTI describes itself as a private real estate investment group. LTI purports to offer to small investors the opportunity to invest in “high yield” real estate investments previously only accessible to those who are more affluent. It promises large returns in “reasonably short periods of

time” through investing in a so-called REIT.

3. According to a financial history, other documents provided by LTI and Robinson’s own testimony, LTI has about 400 investors with active accounts, has raised about \$7.3 million between September 2004 and February 16, 2006, and owed about \$4.5 million in principal in mid February 2006. These monies are allegedly invested in real estate that generates sufficient returns to permit LTI to offer high returns to its investors. LTI held more than \$1.8 million in bank accounts at the end of February 2006 and \$1.46 million on March 23, 2006.

4. Records that LTI provided to the Maryland Securities Division (the “Division”) establish that LTI does not have substantial real estate holdings, that LTI has lent money to insiders at rates that cannot generate the returns promised to investors, and that LTI has spent substantial sums on such things as cars, jewelry, a mink coat, bedroom and patio furniture, and home mortgages or rent for Robinson and his friends. In effect, LTI has structured its investment program so that it inevitably must be a Ponzi scheme, using funds raised from new investors to repay investors who withdraw interest and/or principal.

5. LTI has not registered its real estate investment trust or promissory note investments and sells these investments through unregistered agents. LTI provides misleading, false and incomplete disclosure to its investors.

6. By engaging in the conduct described in this Complaint, defendants have violated Sections 11-301, 11-401, 11-402 and 11-501 of the Maryland Securities Act, Title 11, Md. Code Ann, Corps. & Ass’ns. (1999 Repl. Vol. and Supp. 2005) (the “Act”). Pursuant to Section 11-702 of the Act, the Commissioner brings this action to seek injunctive relief, a freeze of assets, appointment of a receiver, an order of restitution, and civil monetary penalties.

7. The Commissioner deems it appropriate and in the public interest that this action be instituted to seek the requested relief.

### **JURISDICTION AND VENUE**

8. This Court has jurisdiction over the subject matter of this action pursuant to Section 11-702 of the Act, which authorizes the Commissioner, in her discretion, to bring an action to enjoin any act or practice that constitutes a violation of any provision of the Act or any rule or order under the Act, and to enforce compliance with the Act. Section 11-702(b) of the Act authorizes the Commissioner to seek a temporary restraining order, a preliminary and permanent injunction, a freeze of assets, appointment of a receiver, an order of restitution, civil monetary penalties and such other relief as the Court deems just.

9. This Court has personal jurisdiction over the defendants pursuant to Md. Code Ann., Cts. & Jud. Proc. §6-102(a) (2005 Repl. Vol.). Venue is properly in this Court pursuant to Md. Code Ann., Cts. & Jud. Proc. §6-201.

### **PLAINTIFF**

10. Plaintiff is the Securities Commissioner for the State of Maryland, acting pursuant to the authority granted her under Sections 11-101 *et seq.* of the Act to administer and enforce the Act's provisions.

### **DEFENDANTS**

11. Liberty Trade International, Inc. is a Maryland corporation organized on April 8, 2003. *See* Exhibit A to Affidavit of Frank Barlow, attached as Exhibit 1. Its initial principal office was located at 7208 Bogley Road, Suite 202, Baltimore, Maryland 21244. On about March 1, 2006, LTI a second office at 2 East Rolling Crossing Road, Suite 251, Baltimore, Maryland 21228.

12. David M. Robinson is a Maryland resident and appears to reside at 9331 Owings Choice Ct., Owings Mills, MD 21117. Before purchasing the townhouse at 9331 Owings Choice Ct., Robinson resided at 4319 Flint Hill Dr., #202, Owings, Mills, MD 21117. He maintains a place of business at the LTI office. He is LTI's resident agent, one of its incorporators and the original director of LTI. He is the sole owner, President and CEO of LTI. He is or was a member of the "Parker Mortgage Team" with Newport Shores Mortgage.

#### **OTHER PERSONS INVOLVED IN LTI'S INVESTMENT PROGRAM**

13. Beverly Joyce Thompson resides in Baltimore, Maryland and was Corporate Secretary for LTI until she was fired in late February or early March 2006.

14. Carmelita Hackett signed LTI's Articles of Incorporation as Executive Secretary. According to Robinson, Hackett is Robinson's fiancée. LTI's primary place of business until about March 1, 2006, was located at Hackett's home.

15. Financial Destination, Inc. ("FDI") is a New Hampshire-based company that promises to help its members "save money, make money and create wealth!" FDI's website promotes its program by claiming that "the sky is the limit with FDI's incredibly lucrative compensation plan!"

16. Kweku Swanzy Parker ("Parker") is a Maryland resident and, until recently, maintained a place of business at 9017 Red Branch Road, Suite G, Columbia, Maryland 21045. He was Vice President of LTI and is Finance Agent of Synergy Marketing Associates, LLC. Upon information and belief, he is either Chief Financial Officer or Chief Operating Officer of Newport Shores Mortgage and founded the Parker Mortgage Team. According to LTI's documents, both Newport Shores Mortgage and Synergy Marketing Associates, LLC do business with LTI.

17. Spencer Arrington lives at 9 Wood Valley Court, Reisterstown, MD 21136.

18. Michael Cox is described as LTI's CPA and lives in Hagerstown, Maryland.

19. Alfred Addae of 2511 Golf Course Drive, Se, Conyers, GA 30013, owns real estate in Georgia and appears to own or operate two real estate development companies in Georgia: Fox Street Development and K. Asare, LLC. He is a member of the Board of Directors of LTI and represents LTI at real estate settlements in Georgia.

20. Tamiko MacDonald is a friend of Robinson and lives in Pikesville at the Estates, 8 Estates Court, #5101, Pikesville, MD 21208.

21. Denise Deleaver is a friend of Robinson.

22. Ruby Robinson is David Robinson's ex-wife and lives at 3715 Ednor Rd., Baltimore, MD 21218.

23. Davida Robinson is David Robinson's daughter and lives at 9331 Owings Choice Ct., Owings Mills, MD 21117.

## **STATEMENT OF FACTS**

### **Investments in Liberty Trade International**

24. LTI solicits investors for a real estate investment trust ("REIT"). LTI offers its potential investors a Mission Statement describing its investment program, a biographical description of its founder and an application form with instructions. A copy of the Mission Statement is attached as Exhibit 1, B; the biographical sketch is attached as Exhibit 1, C; and the application form is attached as Exhibit 1, D.

25. There is no indication that Robinson or LTI ever created a trust or that investors are protected by any of the formalities of a trust. Because Robinson is LTI's sole owner, he indirectly owns all the assets of LTI.

26. According to its Mission Statement, LTI's goal is to offer small investors an opportunity to invest in "high-yield" real estate investments previously available only to the well-to-do, focusing on strategies that will produce large returns within "reasonably short periods of time."

27. During Phase I of LTI's investment program, LTI was to provide "gap financing" to home buyers and homeowners who were buying or refinancing their homes. The Mission Statement gives an example of this gap financing where LTI gave a 60 day loan at 20% interest to a home buyer, in order to assist with her closing costs.

28. During this first phase, LTI offered its investors high returns on short term notes. The application form provides:

WHAT'S YOUR CHOICE	AMOUNT INVESTED	RATE OF RETURN	CONTRACT PERIOD	TOTAL RETURN
1.	\$2,500	20%	60 days	\$500
2.	\$5,000	25%	90 days	\$1,250
3.	\$10,000	30%	120 days	\$3,000

29. Phase I was originally projected to end on November 1, 2005, but was extended to allow investors to continue with the Phase I rates by rolling over their investments for one year from the date of their initial investments. Phase I was further extended to end on February 1, 2006, including the right to roll over investments for one year from the initial investment.

30. In Phase II, the "Trust" plans to buy single family homes. The Mission Statement states that LTI will purchase single family homes to be leased with an option to buy within one year. According to Robinson, however, LTI has purchased pre-construction homes or lots and will resell the properties immediately after construction on the homes is complete. He estimates that

construction will take about 60 to 90 days to complete and that LTI will make a 35 to 40% profit on the investment in the 60 to 90 days, relying on a hot real estate market.

31. Starting in February 2006, LTI began to offer Phase II investments for a nine month term at a 25% return. LTI's newsletter for December 2005 and January 2006 promises annual returns of 30% for all investors who are members of FDI and 23% for non-members. *See Exhibit 1, E.*

32. During Phase III, beginning October 31, 2006, LTI plans to purchase commercial real estate.

33. In Phase IV, LTI plans to establish its own bank called Liberty Trade International Bank & Trust Co.

34. LTI solicits investors through conference calls. LTI holds monthly conference calls during which either Robinson or another representative speaks about the LTI program.

35. LTI also solicits investors through FDI. FDI appears to be a multilevel marketing firm that pays its members "residual income" based upon sales generated by others whom its members introduce to the program. FDI offers seminars, workshops and conference calls in Maryland and elsewhere on such topics as "Real Estate and Equity Creator," "Opportunity/Real Estate/Cashflow," and "FDI Business Presentation Combine with Real Estate Deals on Table." Persons who pay to join FDI obtain access to what it describes as various investment and educational opportunities. FDI introduces its members to the "investment opportunity" offered by LTI.

36. The LTI application form and its instructions inform potential investors that LTI is not sponsored by FDI "at this time" and states that:

All investments are contractual transactions with Liberty Trade International, Inc.,

evidenced by a promissory note signed by the CEO. Investments are secured by placing liens against real estate that have an existing equity value of at least \$75,000. In addition, all investments are secured by a separate reserve account own [sic] by the Trust, and established for the purpose of making timely repayments of principle [sic] and interest to each investor.

37. The application form asks for the name and FDI Rep number of the person who referred the investor.

38. According to LTI documents, more than 80% of its investors are also members of FDI. *See* Exhibit 1, E. Some LTI documents appear to require all LTI investors to be FDI members. A variation on LTI's application form in Exhibit 1, F identifies Beverly Thompson, LTI's former Corporate Secretary, as affiliated with Financial Destination, Inc./The BIT Group, and states that "all NEW investors MUST BE a FDI Rep." Communications with investors also show the close connection between FDI and LTI. *See* Exhibit 1, G.

39. Potential LTI investors had an incentive to be an FDI member. At least during the early part of Phase I, LTI paid a higher rate of interest to FDI members than it did to non-members. As recently as the December 2005 to January 2006 newsletter, LTI promised higher returns to FDI members in Phase II.

40. Not surprisingly, most investors invest multiples of \$2,500 for periods of 60 days so that they benefit both from compounding and from the higher annual rate of return. According to Robinson, about 80% of all investors choose the 60 day investment of \$2,500 earning 20% return. About 90% of investors roll over their investments.

41. Most investors wire their money to a Bank of America account where the funds are pooled in an LTI account. More than eight million dollars was deposited into that account between September 1, 2004 and February 28, 2006. The balance in LTI accounts on February 28, 2006 was



about \$1,819,400.

42. After LTI receives the funds, it issues a promissory note setting out the contract period and rate of return. The note is signed electronically by David Robinson on behalf of Liberty Trade International, Inc. *See* Exhibit 1, H. Robinson also signed individually as personal guarantor.

43. Spreadsheets that LTI provided to the Division show approximately 359 investors who invested in 2005 and until about February 15, 2006, with a principal balance of \$5,840,736.99. LTI represented to its Board of Directors on February 18, 2006, that it owed its investors \$4,532,673.10 in principal alone. Additional investments in the second half of February 2006 and late 2004, not included on the spreadsheets, increase the investment total. Robinson estimates that LTI has about 400 investors, Exhibit 1, DD at Tr. p.50, who live in AL, CA, CT, DC, DE, FL, GA, IL, MA, MD, MI, MS, NC, NJ, NV, NY, PA, SC, TN, TX, and VA.

44. LTI has held two meetings of its Board of Directors. At the second meeting held on February 18, 2006 at the Inner Harbor Hyatt Regency, LTI gave its board members a two page History of Financial Transactions from April 8, 2003 to February 16, 2006. *See* Exhibit 1, I. According to this summary, LTI began accepting investment money in September 2004, has raised a total of \$7,302,336.99 by February 16, 2006, and has repaid principal plus interest totaling \$2,769,663.89. The summary also states that it owes investors \$4,532,673.10 in principal.

45. Robinson's behavior is particularly egregious because he uses investors' religious faith as part of his message and to encourage further investments. *See, e.g.*, Exhibit 1, D-F.

#### Investments by Liberty Trade

46. In order to meet its obligations to investors, LTI must invest in projects that will produce profits of more than 20% every 60 days. To the extent that LTI has expenses and other

demands on investor funds, its profits must exceed 20% in 60 days.

47. Instead of investing in such high yield projects – to the extent they exist – LTI has invested in projects that earn far less. Robinson represents that LTI has made about 17 short term loans during Phase I, each earning 20% interest in thirty days. In fact, LTI documents show that the two largest loans earn 12% interest per year rather than 20% in thirty days. Only three of the loans are supported by contracts. The others, Robinson states, have been repaid. According to Robinson and documents provided by LTI, LTI has made the following documented loans:

- (a) On November 22, 2005, LTI lent \$200,000 to Spencer Arrington, of Baltimore County, Maryland, at an annual rate of 12%, to be repaid on or before February 15, 2006. According to the promissory note, LTI has a security interest in the equipment, fixtures, inventory and accounts receivable of the Medical & Physical Therapy Group business of Spencer Arrington. The Medical & Physical Therapy Group is not licensed to do business in Maryland. Arrington lives in a recently constructed house, a picture of which is attached, Exhibit 1, GG.
- (b) On November 8, 2005, LTI lent \$65,000 to Synergy Marketing Associates, LLC, of Columbia, Maryland, at an annual rate of 12%, to be repaid on or before February 15, 2006. According to the promissory note, LTI has a security interest in the equipment, fixtures, inventory and accounts receivable of Synergy Marketing Associates, LLC. Kweku Parker, who signed the promissory note as Finance Agent for Synergy Marketing Associates, LLC, and guarantor, was Vice President of LTI.
- (c) LTI lent \$10,000 to its accountant Michael Cox, in late February 2006.

48. Robinson estimates that LTI has lent less than \$300,000 to short term borrowers during Phase I. Only about \$25,000 of this total was lent before November 1, 2005. This “gap financing” of Phase I ostensibly is designed to produce the returns to investors who are promised 20% return on their investments in 60 days. Robinson estimates that this gap financing will produce interest of about \$55,000. The three largest borrowers, however, Spencer Arrington, Synergy

Marketing Associates, LLC and Michael Cox, had not repaid their loans as of March 13, 2006. Nor is the principal lent or the interest promised adequate to generate the needed cash flow to support the returns promised to investors.

49. In addition to these loans, LTI appears to have lent money to Alfred Addae and his companies. Addae is a developer who is on LTI's Board of Directors and with whom LTI does business in Georgia. The loans are at 20% interest for two to three months each and are expected to produce earnings of \$26,000.

50. LTI may also have purchased or have contracts to purchase several properties in the state of Georgia that will be resold when residential construction is complete. The first of these properties is projected to be complete at the end of March 2006. The history of LTI's financial transactions provided the Board of Directors on February 18, 2006, optimistically projects the value of this real estate, including property that LTI has not yet purchased, at \$3,711,013, but Robinson testified that LTI had invested at most about \$1.75 million in real property.

51. These investments by LTI cannot produce returns adequate to pay LTI investors their principal and promised 20% returns every 60 days. The \$1.46 million cash on hand on March 23, 2006 plus the illiquid real estate investments are insufficient to pay even the estimated \$4.5 million principal due on the short term promissory notes. With interest accumulating at 20% every 60 days for most investors, LTI is dangerously insolvent and will collapse if investors start to withdraw their funds.

#### Personal Use of Investor Funds

52. Robinson emphasizes to investors and the LTI Board of Directors and testified that he has never received a salary or other compensation from LTI. Instead, he says, he invested

\$27,000 of his own money as start-up capital and made contributions to a reserve fund established to protect LTI investors of one-third of the commissions he earned as a mortgage loan officer.

53. LTI has not invested in income generating projects all the funds provided to it by its investors. Robinson transferred \$112,000 from an LTI bank account to his personal account and has used the corporate credit card to pay substantial personal expenses. The following selected payments and transactions, exclusive of cash transfers, total \$285,000:

- (a) Over \$134,000 for automobile-related expenses. Robinson purchased a 2005 Chrysler 300 in March 2005, making a \$18,500 down payment with LTI funds. Four months later, in July 2005, he traded in the Chrysler for a 2006 Mercedes. He traded in that Mercedes just nine months later on February 6, 2006 for a 2006 model SL 500, paying \$32,536. Again, merely a month later on March 8, 2006, he traded the SL 500 for a 2007 Mercedes model S550 V, paying \$24,977. LTI makes regular lease payments for a Mercedes-Benz. He spent \$21,804.25 for a 2001 Jeep in November 2005.
- (b) Cash withdrawals totaling almost \$417,000, of which more than \$112,000 went to Robinson's personal account.
- (c) Over \$10,000 for clothing, not including furs.
- (d) Over \$30,000 in jewelry and furs. He celebrated Christmas 2005 by purchasing \$8,825 in jewelry. On Valentine's Day this year, Robinson paid \$765 for a Mikimoto pearl pendant and \$1,360 for a Mikimoto pearl and diamond pendant, together with other items that day totaling \$3,294.38. Robinson bought Carmelita Hackett a mink coat for \$5,244.75 on January 16, 2006. Robinson signed the credit card for the mink coat.
- (e) \$42,000 as a down payment on his townhouse in Owings Mills and almost \$15,000 in mortgage payments;
- (f) Over \$5,300 to opticians and eye care for himself and a female friend;
- (g) Over \$45,000 in furniture and furnishings. He rented such things as a dresser, mirror, night stand, headboard and mattress for a woman friend; similar apartment furnishings for an apartment he rented in about May 2005; and office furniture for Newport Shores Mortgage offices. For his town house, he purchased patio furniture and fireplace accessories, and such things

as a night stand, stools, table, dresser, dressing chest, bed and fireplace accessories; and

(h) He spent almost \$3,700 on statuary collectibles.

54. Investors were never told that their investment funds would be used for these and other personal expenses.

The Investment Program is a Ponzi Scheme.

55. LTI's investment program is inevitably a Ponzi scheme because it is unable to repay investors their principal plus interest without drawing upon funds from new investors. Robinson admits that he has repaid investors with money that comes from other investors. Exhibit 1 at Tr. p. 234-36. Not only do LTI's own investments in real estate earn insufficient returns to make it possible to pay investors the promised returns, but Robinson has treated LTI's bank account as his personal account, further draining LTI's resources.

56. During Phase I of LTI's program, LTI has lent at most \$300,000 for "gap financing," and will earn interest on these loans of about \$55,000. \$275,000 of these loans were lent after November 1, 2005, more than one year after the investment program started, and have not yet been repaid.

57. Except for the small amount of interest that may have been earned from gap finance loans of \$25,000, LTI has repaid investors who withdraw principal or interest only by using funds from other investors.

58. According to Robinson, LTI has spent about \$1.75 million to buy interests in real property starting in November 2005. LTI had \$1.46 million in the bank on March 23, 2006. Therefore, LTI's assets approximate \$3.2 million. These assets are far too small to meet LTI's

obligations to investors of \$4.5 million in principal alone plus interest.

#### Robinson's Misrepresentations

59. LTI uses an information sheet "About the Founder." That sheet identifies Robinson as "Dr." and describes him as serving as Staff Counsel for the Congress of the United States of America and Associate Tax Attorney for Commercial Credit Corporation in Baltimore City. He boasts of being the Senior Finance Specialist for the Maryland State Department of Economic and Employment Development. He claims to be certified by the National Development Council as an Economic Development Finance Professional and to have served as President and Managing Partner of his own real estate investment and financial planning firm known as Financial Diversified Services, Inc.

60. LTI's information on its information sheet about its founder is replete with errors, misrepresentations and material omissions:

- (a) Most notably, the material entirely omits any reference to Robinson's convictions. Robinson pled guilty on May 9, 1989, in Anne Arundel County Circuit Court to Fraudulent Misappropriation by a Fiduciary and Misconduct in Office. He was sentenced on July 3, 1989, to 5 years with all but one suspended on the first count and 10 years with all but one suspended on the second count, and ordered to pay \$59,500 in restitution. *See Exhibit 1, K.*

Robinson was indicted in federal court on July 20, 1995, and pled guilty on December 11, 1995 to two counts of mail fraud. On December 20, 1996, he was sentenced to 21 months on each count to run concurrently, and ordered to pay \$23,000 in restitution. *See Exhibit 1, L.*

Robinson was indicted in federal court on December 7, 1995, and pled guilty on August 13, 1996, to two counts of mail fraud. On December 20, 1996, he was sentenced to 60 months on the first count and 25 months on the second count, to run consecutively and to run consecutively to the sentence imposed in the case indicted on July 20, 1995, and ordered to pay \$953,255.31 in restitution. *See Exhibit 1, M.*

- (b) The material states that Robinson served as staff counsel for the Congress of the United States and as a tax attorney at the corporate headquarters in Baltimore of Commercial Credit Corporation. Robinson was never admitted to practice law in Maryland. *See Exhibit 1, T.*
- (c) The material states that Robinson was the Senior Finance Specialist for the Maryland State Department of Economic and Employment Development, but fails to state that he would have been terminated if he did not resign immediately, as a result of serious and credible allegations of criminal conduct in connection with his employment when he asked for fees for services that should have been without cost. *See Exhibit 2.* He was subsequently convicted for these activities.
- (d) The material describes Robinson as “certified by the prestigious National Development Council as an Economic Development Finance Professional (CEDFP).” He was never certified by the National Development Council as an Economic Development Finance Professional. *See Exhibit 4.*
- (e) The material boasts that Robinson was President and Managing Partner of his own real estate investment and financial planning firm known as Financial Diversified Services, Inc., without saying that he defrauded Financial Diversified Services, Inc. and its founder, that he was convicted and was sentenced to an 85 month term for that scheme, that the scheme involved purported real estate investments, and that he was ordered to pay restitution in the amount of \$953,255.31 for the scheme. Financial Diversified Services, Inc. and its founder obtained a judgment against Robinson for \$462,094.89.

61. LTI has been a member of BBB of Greater Maryland since March 4, 2005. In the application, Robinson states that he started the business on January 1, 1980, and identifies himself as its principal, and an “attorney.” *See Exhibit 1, Q.* In fact, Robinson founded LTI on April 8, 2003, just four days after he was released from federal prison. *See Exhibit 1, A and N.* Robinson admitted at his deposition that he is not an attorney.

62. LTI promised investors that it holds a reserve account for the purpose of making timely repayments of principal and interest to each investor. Robinson stated that the reserve fund holds about \$50,000 that he personally deposited into the account with earnings from his mortgage

loan business. Robinson opened an account at the Bank of America only on February 13, 2006, with \$50,000 transferred from the main LTI account.

63. The disclosure material provided to FDI members about LTI promises investors that LTI will become a “Qualified” REIT in its second year when it expects to have at least 100 members, and will then issue shares of stock to its members and the public. According to the document, “Qualified REITS are entitled to trade stock officially on Wall Street.” The various stock exchanges, however, determine the listing standards for each exchange, such that there is no such thing as a “Qualified REIT” having an entitlement to list its stock on an exchange.

#### Securities Transactions

64. LTI pools investors’ funds into one or more accounts and uses those funds to pay personal and business expenses. It promises to use those funds to purchase real estate or to make loans in connection with real estate transactions.

65. LTI’s investors do not have an ownership interest in particular pieces of property. They have unsecured promissory notes issued by LTI and sometimes guaranteed personally by Robinson.

66. During Phase I, the promissory notes were generally for sixty days. The notes in Phase II appear to be for nine month periods. In either case, the notes are intended for the general use of a business enterprise and to finance substantial investments. Investors or the note buyers are interested primarily in the profit the notes are expected to generate. The notes are offered and sold to a broad segment of the public. They have the character of an investment, and the solicitation material specifically refers to investments and reinvestments. The notes promise a guaranteed rate of return. The notes are uncollateralized and uninsured. They are not subject to substantial



regulation under federal banking law, ERISA, or other financial regulatory schemes. Other than LTI's representations, there is no guarantee that payment under the notes will be made. There is no regulation of these notes apart from the securities laws.

67. Investors' funds are pooled. Robinson makes all the decisions on investing in real estate or other use of those investor funds. Thus, LTI's investment offering is for an investment of money in a common enterprise with profits to come solely from the efforts of others.

#### Registrations

68. LTI's promissory notes are not registered with the Division; nor has a claim of exemption from registration or a claim that the securities are federal covered securities been filed with respect to the offerings. *See* Exhibit 5.

69. None of the persons associated with LTI is registered with the Division to sell securities or to provide investment advice. In particular, LTI, Robinson, Beverly Thompson and Carmelita Hackett are not registered with the Division as broker-dealer, broker-dealer agent, issuer agent, investment adviser or investment adviser representative. *See* Exhibit 3; Exhibit 5.

#### **EMERGENCY RELIEF**

70. LTI is actively raising and spending money. LTI's primary bank account had the following deposit and withdrawal totals and balances between September 2005 and March 1, 2006:

<b>Dates</b>	<b>Deposits for month</b>	<b>Withdrawals for month</b>	<b>Balance</b>
9/30/05	\$602,700.00	\$218,156.28	\$1,012,498.92
10/31/05	\$195,063.95	\$289,508.80	\$918,054.07
11/30/05	\$259,886.00	\$1,046,011.24	\$131,928.83

12/31/05	\$1,480,953.00	\$732,332.13	\$880,549.70
1/31/05	\$2,839,311.05	\$734,367.21	\$2,985,493.54
2/28/06	\$826, 439.64	\$2,292,457.72	\$1,519,475.46

In addition to the balance held in the main LTI account, LTI has two other accounts with balances totaling approximately \$300,000 on February 28, 2006.

71. According to Robinson, LTI undertook a “special project” to raise emergency funds in late 2005 until February 2006, and was highly successful. This fund raising effort came immediately after LTI’s account balance fell to \$131,928 at the end of November and in the face of substantial liabilities. LTI sent out an emergency e-mail to investors offering 20% return in 60 days even though Phase I was originally supposed to close on November 1, 2005, and in spite of the fact that LTI had no prospect of earning 20% in 60 days on these funds.

72. None of the LTI investors are told that LTI’s owner, President and CEO has been convicted in both state and federal courts for fraud involving real estate ventures and loans for start-up capital, and that he formed LTI just days after he was released from federal prison after serving approximately nine years.

73. Robinson continues to use the LTI credit card for personal uses. On March 11, 2006, he purchased furniture from at least two stores for delivery to a friend’s apartment, as well as furniture for the new LTI office. On March 8, 2006, he leased a 2007 Mercedes.

74. By LTI’s calculation, it owed investors more that \$4.5 million on February 16, 2006, in principal alone. In addition, it owed interest at 20% every 60 days on most of those funds.

75. LTI and its associated persons continue to solicit funds from investors to keep the Ponzi scheme afloat. It holds weekly telephone conference calls touting its investment activity.

Robinson, on an FDI-sponsored conference call on March 8, 2006, spoke about real estate negotiations for property in Hawaii, North Carolina and Las Vegas. Persons who solicit for LTI, including persons associated with FDI, are sending out urgent messages urging their “Team” to invest more and solicit investments by family, friends and associates. *See Exhibit 1, J.*

76. Robinson testified that LTI is about to settle on a property in Georgia for \$800,000. Settlement on this property should be stopped before placing investor funds into an illiquid and perhaps unprofitable investment.

77. Some investors are having trouble getting their money out of the program or even getting a reply from the LTI office. *See Exhibit 1, FF.*

78. The Commissioner has serious concerns that LTI is operating a Ponzi scheme. LTI has no apparent means to repay investors. LTI makes loans to insiders at rates well below the rates needed to meet the promised returns to investors. It uses investor funds for personal expenses. Even if it has some interests in real property, those interests are too small and too illiquid to make it possible to repay investors.

## **COUNT I**

### **OFFER AND SALE OF UNREGISTERED SECURITIES**

The allegations contained in paragraphs 1 through 78 are realleged and incorporated by reference herein.

79. LTI and Robinson issued, offered and sold investments in the form of promissory notes.

80. These investments are “securities” as defined in sections 11-101(r) of the Act both because they are notes and investment contracts.

81. Under section 11-501 of the Act and regulations promulgated thereunder, Code of Maryland Regulations ("COMAR") 02.02.03.01 *et seq.*, it is unlawful for any person to offer or sell in this State a security that is not registered as required by the Act unless the security or transaction is exempt from registration under subtitle 6 of the Act or is a federal covered security.

82. The Division's files contain no record that the securities issued by LTI are registered, as required by section 11-501 of the Act. *See* Exhibit 5.

83. The Division's files contain no record that the defendants filed for the securities a notice of claim of exemption from the registration requirements of section 11-501. *See* Exhibit 5.

84. The securities offered and sold by defendants are not federal covered securities.

85. Defendants effected the offer and sale of securities in violation of the registration requirements of sections 11-501 *et seq.* of the Act.

## **COUNT II**

### **OFFER AND SALE OF SECURITIES BY UNREGISTERED BROKER-DEALER AND UNREGISTERED AGENTS**

The allegations contained in paragraphs 1 through 85 are realleged and incorporated by reference herein.

86. Section 11-101(c) of the Act defines "broker-dealer" to include a person engaged in the business of effecting transactions in securities for the account of others or for his own account.

87. Section 11-101(n) of the Act defines "person" to mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a government, or a

political subdivision of a government.

88. Section 11-401 of the Act makes it unlawful for any person to transact business in the offer or sale of securities in this state as a "broker-dealer" unless that person is registered pursuant to the Act.

89. The Division's files contain no record that LTI was registered in this state as a broker-dealer or that David M. Robinson, Beverly J. Thompson or Carmelita Hackett was registered as a broker-dealer agent, pursuant to section 11-401 of the Act. *See* Exhibit 3.

90. LTI and Robinson engaged in securities transactions in Maryland in violation of section 11-401 of the Act.

### **COUNT III**

#### **EMPLOYMENT OF UNREGISTERED PERSONS FOR THE SALE OF SECURITIES**

The allegations contained in paragraphs 1 through 90 are realleged and incorporated by reference herein.

91. Under section 11-101(k) of the Act, an "issuer" is defined as a person, including a corporation, that issues or proposes to issue a security.

92. Under section 11-101(b) of the Act, an "agent" is defined as an individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect the purchase and sale of securities.

93. Under section 11-402 of the Act, and the regulations promulgated thereunder, COMAR 02.02.02.01 *et seq.*, it is unlawful for any broker-dealer or issuer to employ or associate with an agent unless the agent is registered pursuant to the Act.

94. Agents of LTI offered to sell and sold securities in and from Maryland that were issued or sold by LTI.

95. The Division's files contain no record of the registration of LTI's agents David M. Robinson, Beverly J. Thompson and Carmelita Hackett in this state, pursuant to the Act and COMAR. *See* Exhibits 3 and 5.

96. LTI employed unregistered agents to offer and sell securities in violation of section 11-402 of the Act.

#### **COUNT IV**

#### **VIOLATION OF THE ANTIFRAUD PROVISIONS**

The allegations contained in paragraphs 1 through 96 of the Complaint are realleged and incorporated by reference herein.

97. Under section 11-301 of the Act, it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to:

- (1) Employ any device, scheme or artifice to defraud;
- (2) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (3) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on any person.

98. LTI and Robinson have made untrue statements and omissions of material fact in connection with the offer and sale of securities, have employed a device, scheme or artifice to defraud, and have engaged in an act, practice or course of business which operates or would

operate as a fraud and deceit.

99. LTI and Robinson knowingly, intentionally and to investors' detriment, employed a device, scheme or artifice to defraud in violation of section 11-301(1) of the Act.

100. LTI and Robinson made misstatements of fact and omissions of material facts in violation of section 11-301(2) of the Act.

101. LTI and Robinson engaged in an act, practice or other course of business which operated as a fraud or deceit on investors in violation of sections 11-301(3) of the Act.

### **PRAYER FOR RELIEF**

The Commissioner respectfully requests that an Order be issued granting the following relief:

A. An injunction, containing findings of fact and conclusions of law, temporarily and permanently restraining and enjoining defendants Liberty Trade International, Inc. and David M. Robinson, and their officers, directors, agents, servants, employees, successors and assigns and all persons in active concert or participation with them who receive actual notice of such Order by personal service or otherwise, from directly or indirectly engaging in acts and practices that violate sections 11-501, 11-401, 11-402, and 11-301 of the Act.

B. An injunction, containing findings of fact and conclusions of law, temporarily and permanently restraining and enjoining defendants Liberty Trade International, Inc. and David M. Robinson and their officers, directors, agents, servants, employees, successors and assigns and all persons in active concert or participation with them who receive actual notice of such Order by personal service or otherwise, from receiving, investing, attempting to invest, transferring, or otherwise using or disbursing in any manner whatsoever, any funds or other assets of Liberty

Trade International, Inc. and David M. Robinson held on behalf of investors including, but not limited to, books, computers and records; assets in bank and brokerage accounts received directly or indirectly from investors or now being held on behalf of those investors by defendants, the corporate defendant's officers, directors, agents, servants, employees, successors and assigns, and any other person who received such purchased with investor funds; and real estate or any interest in real property now being held on behalf of those investors by defendants and the corporate defendant's officers, directors, agents, servants, employees, successors and assigns, except by transferring such funds or other assets to the plaintiff or receiver appointed in this proceeding.

C. An injunction, containing findings of fact and conclusions of law, permanently barring defendants Liberty Trade International, Inc. and David M. Robinson from transacting securities or investment advisory business for the account of others in this State.

D. An Order, containing findings of fact and conclusions of law, requiring defendants Liberty Trade International, Inc. and David M. Robinson and their officers, directors, agents, servants, employees, successors and assigns and all persons in active concert or participation with them who receive actual notice of such Order by personal service or otherwise, to turn over to the receiver appointed in this proceeding all funds and other assets of Liberty Trade International, Inc. or purchased with funds from Liberty Trade International, Inc. or held on behalf of Liberty Trade International, Inc. and its investors, including, but not limited to, books, computers and records, assets in bank and brokerage accounts received directly or indirectly from investors or now being held on behalf of those investors by defendants and the corporate defendants' officers, directors, agents, servants, employees, successors and assigns, and all real estate or any interest in real property now being held on behalf of those investors by defendants



and the corporate defendant's officers, directors, agents, servants, employees, successors and assigns.

E. An Order, containing findings of fact and conclusions of law, requiring persons who received any goods, interests in real property or other assets paid for out of funds from Liberty Trade International, Inc.'s investors to turn over to the receiver appointed in this proceeding all such funds, interests in real property or other goods and assets, including but not limited to Synergy Marketing Associates, Inc., Kweku Swanzy Parker, Newport Shores Mortgage, Spencer Arrington, Alfred Addae, Fox Street Development, K. Assare, Michael Cox, Carmelita Hackett, Ruby Robinson, Davida Robinson, Tamiko MacDonald and Denise Deleaver.

F. An Order, containing findings of fact and conclusions of law, requiring defendants Liberty Trade International, Inc. and David M. Robinson to make restitution to all investors in a REIT or promissory notes offered or sponsored by Liberty Trade International, Inc. and David M. Robinson.

G. An Order appointing a receiver for Liberty Trade International, Inc. and David M. Robinson with all authority granted to a receiver under Title 13 of the Maryland Rules, Md. Code Ann. (2006) and specifically the authority immediately to identify, gather, receive, take control of, manage day-to-day, account to the Court for and liquidate Liberty Trade International, Inc.'s assets and the right to file claims against any persons and entities responsible for any loss to investors or who received preferential payments or fraudulent conveyances from Liberty Trade International, Inc.

H. An Order freezing Liberty Trade International, Inc.'s and David M. Robinson's assets, wherever located, subject to the administration of a receiver, until further order of this

Court.

I. An Order staying all actions against Liberty Trade International, Inc., David M. Robinson and the Receiver, until further order of this Court.

J. An Order, containing findings of fact and conclusions of law, requiring defendants Liberty Trade International, Inc. and David M. Robinson to pay civil monetary penalties of up to \$5,000 per violation of the Act.

K. An Order requiring Robinson to provide an accounting within 5 days setting forth the identity and location of all goods, services and assets purchased with Liberty Trade International, Inc. funds for his benefit or the benefit of his friends and family.

L. An Order waiving any requirement that plaintiff or the receiver post a bond in this matter.

M. Such other and further equitable relief as this Court may find just and appropriate.

Respectfully submitted,

J. JOSEPH CURRAN, Jr.  
Attorney General of the State of Maryland

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Maryland Securities Commissioner

Dated: March 24, 2006