

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT**

AWANO FOOD GROUP PTE LTD
and BAALI INTERNATIONAL INC.,

Plaintiffs,

v.

FAIRTRADE INTERNATIONAL, INC. and
RODRIGO ECHEVERRIGARAY,

Defendants.

Civil No. 20-1383

JURY TRIAL DEMANDED

COMPLAINT

Plaintiffs Awano Food Group Pte Ltd (“Awano”) and Baali International Inc. (“Baali”) and together with Awano, “Plaintiffs”), by and through their undersigned counsel, hereby state their complaint against Defendants FairTrade International, Inc. (“FairTrade”) and Rodrigo Echeverrigaray (“Rodrigo” and together with FairTrade, “Defendants”), and alleges as follows:

INTRODUCTION

1. The backdrop for this action is the international meat importing industry, in which financiers and importers work together to acquire large quantities of meat produced in foreign countries and sell it to customers throughout the United States.

2. These are large-scale transactions. The meat is shipped by boat in massive shipping containers that can contain upwards of \$100,000 worth of meat, or more. The entire process—from the moment an order is placed with the “producer” to the ultimate sale to a customer—can take several months, and the supply chain involves numerous participants.

3. Awano and FairTrade entered into a financing agreement whereby Awano (as the financier) agreed to extend to FairTrade (as the importer) a \$10 million line of credit to purchase

beef sourced from various countries, including Uruguay, New Zealand, Australia, Brazil and Argentina, to be imported and sold by FairTrade to U.S. customers.

4. Awano also acquired 50% of FairTrade's stock. The other 50% was owned by Rodrigo, who single-handedly controlled every aspect of FairTrade's day-to-day operations and who had exclusive access to FairTrade's internal business and financial records. Rodrigo also had key personal relationships with other players in the supply chain, such as the beef producers and U.S. customers.

5. Under the Agreement, FairTrade would use the \$10 million credit line to acquire beef. After FairTrade made a sale to a customer, Rodrigo was required to wire funds to Awano's account so that the credit line was replenished, and so that Awano and FairTrade would split any profit or loss 50/50. For more than a year, the wire transfers from FairTrade to Awano were consistent, and the business was profitable.

6. However, Rodrigo then used his complete control over FairTrade to: (a) make fraudulent transfers from FairTrade to his other company, Fairfield's M.EAT Organic Beef, LLC ("M.EAT"); and (b) upon information and belief, used FairTrade's funds for countless personal expenditures. Because Rodrigo had exclusive access to FairTrade's internal records, these improper transfers and personal expenditures were hidden from Awano.

7. Ultimately, the \$10 million line of credit from Awano disappeared completely, despite FairTrade continuing to make sales of beef to customers in the U.S.

8. Awano sought answers from Rodrigo. Eventually, in June of 2019, Rodrigo admitted that FairTrade had sold beef it had acquired with Awano's funds, but, in breach of the Agreement, had not wired the appropriate funds to Awano's account.

9. Also, upon information and belief, Rodrigo had for years been using FairTrade's funds and corporate accounts to make personal purchases having no relationship to the business.

10. The parties agreed to a payment plan whereby FairTrade would make small weekly payments to Awano with the goal of replenishing the \$10 million line of credit that had been extinguished. FairTrade failed to make the agreed upon payments.

11. As a direct result of FairTrade's breach of the Agreement, Awano lost its entire \$10 million line of credit, plus interest and other costs. FairTrade's breach was perpetrated by Rodrigo as part of a fraudulent scheme that benefitted Rodrigo personally and to the detriment of Awano.

PARTIES

12. Awano is a Singapore Private Limited Company with a principal place of business in Singapore. Awano is in the pork/beef trading business.

13. Plaintiff Baali is a Taiwan corporation with a principal place of business in Taiwan. Baali is the assignee of an accounts receivable constituting the debt owed by FairTrade to Awano.

14. Defendant FairTrade is a Delaware corporation with a principal place of business in Connecticut. FairTrade is a meat importer.

15. Defendant Rodrigo Echeverrigaray ("Rodrigo"), upon information and belief, is a citizen of Uruguay. Rodrigo is the part owner and President of FairTrade.

JURISDICTION AND VENUE

16. This Court has subject matter jurisdiction over this dispute pursuant to 28 U.S.C. § 1332, because there is complete diversity of citizenship between Plaintiffs and Defendants and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

17. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b)(2) because a substantial part of the events giving rise to Plaintiffs' claims occurred in this District. Alternatively, venue is proper in this Court pursuant to 28 U.S.C. § 1391(b)(3) because Defendants are subject to this Court's personal jurisdiction with respect to this action.

OVERVIEW OF THE INTERNATIONAL MEAT IMPORTING INDUSTRY

18. Awano and FairTrade operate in the United States / international meat importing industry.

19. In general, that industry operates as follows:

- a. Meat importers place orders for meat with meat producers, which can exist anywhere in the world.
- b. Producers put their product in large containers to be shipped to the United States on a cargo ship.
- c. Because of the high cost of each order (upwards of \$100,000 or more), a financier—rather than the importer itself—pays the producer for its product, and the producer releases the container to the importer.
- d. The importer then seeks to sell the product to various buyers in the United States.
- e. The importer then pays back the financier according to whatever business arrangement is made between the importer and financier.
- f. The entire process outlined above takes months to complete.

20. Because the price of meat (such as beef or pork) fluctuates on a daily basis, the price can vary greatly between the time the importer orders the meat from the producer, and the time the importer ultimately sells the meat to customers in the United States.

21. Whether an order results in a profit or loss for the importer and financier, therefore, depends upon the prices paid by the United States customers several months after the initial order is placed from the producer.

**AWANO ENTERS INTO A FINANCING AGREEMENT
WITH FAIRTRADE AND BECOMES A 50% SHAREHOLDER**

22. Awano began doing business with FairTrade (then known as Cibus North America Inc.) in 2016.

23. Awano and FairTrade entered into an Agreement, pursuant to which they agreed to do business as follows:

- a. Awano agreed to act as financier.
- b. FairTrade agreed to act as importer, sourcing beef from Cibus SouthAmerica S.A. (“Cibus”), a Uruguay based broker that acquires meat from producers throughout the world.
- c. Awano extended to FairTrade a revolving line of credit of approximately \$10 million with interest at a rate of 6% per annum.
- d. Awano, as financier, would purchase beef from Cibus.
- e. FairTrade would, in turn, purchase the beef from Awano using its line of credit.
- f. Cibus, after being paid by Awano, would release the containers of beef to FairTrade, which would then seek to sell the product to various United States customers.
- g. Within 90 days after Awano’s purchase of beef from Cibus, FairTrade was required to wire to Awano’s account the funds FairTrade received from its sales to U.S. customers, replenishing the \$10 million credit line.

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