

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No.: 1:24-cv-20511

Mid-Castle Development Limited,

Plaintiff,

v.

Liqueous LP and Jacob Fernane,

Defendants.

VERIFIED COMPLAINT

Plaintiff Mid-Castle Development Limited, a British Virgin Islands corporation (“Mid-Castle” or “Plaintiff”), by and through its undersigned counsel, asserts its complaint against Defendants, as follows:

INTRODUCTION

1. Plaintiff files suit against Defendants Jacob Fernane (“Fernane”) and Liqueous LP (“Liqueous”, and with Fernane, “Defendants”) for their transfer of 2.5 million shares of stock owned by Plaintiff to an account under Defendants’ control without Plaintiff’s knowledge or consent.

PARTIES

2. Plaintiff Mid-Castle is a British Virgin Islands corporation with its principal place of business in China.

3. Defendant Fernane is an individual residing in North Miami Beach, Florida.

4. Defendant Liqueous is a limited partnership registered in the State of Delaware, with its principal place of business in North Miami Beach, Florida. Upon information and belief,

Defendant Fernane is the founder and managing partner of Liqueous.

JURISDICTION AND VENUE

5. The Court has jurisdiction over these claims pursuant to 28 U.S.C. § 1332, as complete diversity exists among all parties to the litigation, and the amount in controversy exceeds \$75,000.00.

6. The Court has general personal jurisdiction over all Defendants, because they all reside, have their principal place of business, or conduct significant business within the geographic jurisdiction of the Court.

7. Venue is appropriate in this Court pursuant to 28 U.S.C. § 1391.

FACTUAL BACKGROUND

The Unauthorized Share Transfer

8. Plaintiff is the registered owner of 3.648 million shares in Shengfeng Development Limited (“SF”), a foreign private issuer whose shares are listed and traded on the Nasdaq under the ticker SFWL.

9. Sometime in November to early December 2023, Plaintiff began considering selling some of its SF shares via a private off market block sale.

10. Through a mutual contact named Liang Chen (“Liang”), Plaintiff was introduced an individual named Alex Chen (“Alex”), whom Liang described as a capital market professional.¹

11. Liang claimed that Alex could broker a sale Plaintiff’s behalf.

12. At Liang and Alex’s request, on or around December 10 and 11, 2023, Plaintiff’s sole shareholder and director, Qing Lin (“Lin”), provided various identification documents to

¹ To avoid confusion, Plaintiff uses first names for the individuals who share the same last name.

Liang, on the understanding that those documents would be conveyed to Alex for the purposes of preparing documentation for Plaintiff's potential private share sale.

13. These documents included Lin's passport, driver's license, national identity card, a pre-signed "Direct Registration System" or "DRS" transfer instruction form addressed to SF's stock transfer agent Vstock transfer, as well as a pre-signed Vstock account statement.

14. On information and belief, Plaintiff understands that these identification documents were conveyed to Alex.

15. A few days later, on December 13, 2023, unbeknownst to Plaintiff, 2.5 million of Plaintiff's 3.648 million SF shares were suddenly withdrawn from Plaintiff's account at Vstock.

16. Starting the next day, the price of publicly traded SF shares began a precipitous collapse. The unusual price movement raised suspicions of mass dumping, short selling, or possible market manipulation.

17. It was only in conducting an inquiry in response to the massive market movements, that SF and Plaintiff learned from SF's transfer agent, of the out-going transfer of 2.5 million SF shares on December 13, 2023.

18. From Vstock, they further found out the unidentified transferor had opened a brokerage account at Citibank, purportedly in Plaintiff's name, and transferred the shares there.

19. Plaintiff immediately demanded an explanation from Alex, and was told by Alex that the 2.5 million shares had been "mistakenly" transferred out of Plaintiff's account by a Florida investment firm named Liqueous LP, run by an individual named Jacob Fernane.

20. Alex explained that he had previously been trying to facilitate some kind of deal for the shares with Defendants, and had sent Lin's identification documents to them ahead of time.

21. Of course, no deal was reached since Plaintiff did not authorize any transfer.

However, Defendants appeared to have used the identification documents to open the brokerage account at Citibank, and transfer Plaintiff's shares into its own custody.

Defendants Establish Communications But Refuse To Return The Shares

22. On December 21, 2023, Liqueous suddenly sent an e-mail to SF, claiming to have been “engaged in a third-party block transaction with a shareholder of [SF]” and expressing the desire to “speak with a senior officer of the company to explain our role and to gain clarity on the transaction.”

23. But when SF's Chief Financial Officer responded on December 23, 2023 seeking more details, there was no further response.

24. On January 5, 2024, SF staff managed to contact Defendant Fernane over the WhatsApp chat application.

25. Fernane admitted that he had transferred the shares, and that the share transfer “was done in connection with a block trade transaction with our firm and representative Alex Chen.”

26. However, Fernane consistently sidestepped further discussion on the 2.5 million shares themselves.

27. On January 13, 2024, Plaintiff, through the undersigned counsel, contacted Fernane.

28. During numerous text message exchanges, Fernane confirmed that, while no contract had been entered into over the 2.5 million shares, Defendants transferred and continued to hold Plaintiff's 2.5 million shares.

29. While suggesting an interest in concluding some kind of deal with Plaintiff, Fernane also stated that Defendants intended to, and could, return the shares to Plaintiff.

30. In particular, on January 13, 2024, Fernane said, “[w]e can unwind the transaction and return the 2.5M shares to the shareholder ...”

31. On January 17, 2024, Fernane stated, “[i]f [shareholder] want to cancel any transaction we aren’t refusing them anything?”

32. Again, on January 19, 2024, Fernane further stated that, “I really don’t care if this transaction happens or not anymore. I’ll send the shares back to the [transfer agent] today.”

33. However, these statements and promises appear designed to delay.

34. On January 19, 2024, in response to requests for proof that the shares had not been transacted and were still in Fernane’s custody, Fernane told Plaintiff’s counsel, “I’ll send you a statement today so you can show your client.”

35. The statement never came. In the following days, despite repeated requests to return the shares and provide proof he still had them, Fernane fell silent and ignored Plaintiff’s counsel’s communications.

36. On around January 24, 2023, Fernane finally appointed counsel at Plaintiff’s urging to facilitate communications. But the delays continued.

37. On January 26, 2024, Plaintiff’s counsel wrote to reiterate Plaintiff’s concerns.

38. On January 30, 2024, Fernane’s counsel sent over a one-page, oddly formatted document with redactions, intended to serve as proof that the shares were still in Fernane’s possession.

39. But this document only raised more alarm bells. Among other issues, the document was dated: “As at 13/12/2023,” not January 30, 2024.

40. Moreover, the document was redacted and bare, showing no information about the holding account or institution.

41. The document also stated that the shares were transferred-in “[p]ursuant to third party *contract*.” But to Plaintiff’s knowledge, no such contract has ever been signed.

42. It remains unknown whether the shares are still held by Defendants, or have already been disposed of by Defendants in whole or in part.

FIRST COUNT

DECLARATORY JUDGMENT

43. Plaintiff adopts and realleges the allegations contained in the above paragraphs as if set forth fully herein.

44. The question of rightful ownership of securities is a proper case or controversy for solution by a declaratory judgment claim pursuant to 28 U.S.C. § 2201.

45. Plaintiff is the registered owner of the 2.5 million shares.

46. Defendants have knowingly and intentionally transferred the 2.5 million shares to their own custody, without Plaintiff's knowledge and authorization.

47. Plaintiff therefore seeks a declaration that Plaintiff is the only lawful owner of the 2.5 million shares and Defendants are unlawfully holding the shares.

SECOND COUNT

CONVERSION

48. Plaintiff adopts and realleges the allegations contained in the above paragraphs as if set forth fully herein.

49. Plaintiff has ownership in the 2.5 million shares over which Defendants have exercised dominion or interference in derogation of Plaintiff's right.

50. Defendants should not be permitted, in equity and good conscience, to retain for themselves what rightfully belongs to Plaintiff.

THIRD COUNT

UNJUST ENRICHMENT

51. Plaintiff adopts and realleges the allegations contained in the above paragraphs as if set forth fully herein.

52. Defendants have enriched themselves unjustly at the expense and to the detriment of Plaintiff to retain the 2.5 million shares belonging to Plaintiff.

53. Defendants should not be permitted, in equity and good conscience, to retain for themselves what rightfully belongs to Plaintiff.

PRAYER OF RELIEF

54. WHEREFORE Plaintiff respectfully requests that judgment be entered in its favor and against Defendants, jointly and severally, and that it be awarded:

- a. Injunctive relief as requested per the motion filed concurrently;
- b. Return of the 2.5 million shares to Plaintiff;
- c. Damages in an amount to be determined at trial, including compensatory damages, consequential, punitive, or other damages to the fullest extent allowed by law;
- d. Pre-judgment and post-judgment interest at the maximum rate permitted by law;
- e. Its attorneys' fees and costs to the fullest extent by law; and
- f. Such other and further relief as this Court deems just and proper.

Respectfully submitted this 9th day of February, 2024.

/s/ Daniel B. Ravicher

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