

FILED

SEP 10 2010

ROBERT J. HARRIS, CLERK
U.S. DISTRICT COURT, WESTERN DISTRICT OF OKLA.
BY _____, DEPUTY

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA**

Case No. CIV-09-1284-R

U.S. Commodity Futures Trading Commission and Oklahoma Department of Securities,
Plaintiffs, vs Prestige Ventures Corp., Federated Management Group, Inc., Kenneth Wayne Lee
and Simon Yang, Defendants

Response to Plaintiffs' Objection of Yang's Proposal

Defendant Simon Yang respectfully submits this response to Plaintiffs' objection of Yang's Proposal filed on August 20, 2010.

The basis of Yang's Proposal is this: a gifted trader like Ken Lee would not engage in any Ponzi scheme or fraudulent business for making a living when he has traded those financial products of commodity futures markets over 20 years with skills of producing an average monthly return of 2.00%, even up to 20.00%, over 12-month period.

Plaintiffs have taken their belief based on the limited information and many twisted even false statements that Ken Lee has operated a Ponzi scheme against public investors since 2003. This belief has not been proved to the Court, and Plaintiffs may be wrong at the first place because of the limited information. Many businesses have experienced difficulties and lost big money even bankruptcy since 2007 due to the financial storm, not because those businesses operated fraudulently.

Response to "(1) Yang's Proposal is based on flawed logic"

Why should a citizen of the United States operated a fraudulent business or Ponzi scheme when he has skills to make a good living within the law of this land? What is the reason that Ken Lee would operate a Ponzi scheme since 2003 when in his proposal Ken Lee has asked Plaintiffs for him to demonstrate his skills openly of producing monthly gains for returning all funds of investors of Prestige Ventures? With skills of producing 10.00% to 25.00% monthly gains Ken Lee will be able to produce gains for Prestige investors with helps of funds from his extended

family members and friends like Simon Yang and wisdom of avoiding previous business mistakes.

In the proposal of Ken Lee to Plaintiffs (Lee's Proposal, Ken Lee's email to Receiver Mr. Moriarty on December 15, 2009), Ken Lee will trade the commodity futures markets with starting funds of \$15,000 from family friends to produce profits for returning capitals of the investors over three years, and 65% of monthly profits of trading will be returned to the investors through the Court, and 35% of monthly profits of trading will retained in the trading account for compound growth.

End of month 1	\$9,000 profit paid to investors (monthly return 90%)
End of month 2	\$20,000 profit paid to investors (monthly return 155%)
End of month 3	\$40,000 profit paid to investors (monthly return 201%)
End of month 6	\$140,000 profit paid to investors (monthly return #####)

Let us just take 50% monthly return for calculation of growing \$15,000 with Lee's Proposal:

End of the first year	$\$15,000 \times (1 + 35\% \times 50\%) = \$15,000 \times 1.175^{12} = \$103,883$
End of the second year	$\$15,000 \times 1.175^{12} \times 1.175^{12} = \$719,449$
End of the third year	$\$15,000 \times 1.175^{12} \times 1.175^{12} \times 1.175^{12} = \$4,982,582$
End of the fourth year	$\$15,000 \times 1.175^{12} \times 1.175^{12} \times 1.175^{12} \times 1.175^{12} = \$34,507,131$

According to its accounting file of Prestige Ventures, its investors invested capitals of about \$5,000,000 and withdrew about \$2,500,000 from 2003 to 2009, and the remaining capitals of the investors are about \$2,500,000. Total balance of the investors on October 2009 is around \$23,000,000 excluding Lee's funds (Yang's estimate). Therefore according to Lee's Proposal Ken Lee will be able to return all funds of the investors in three to four years with a condition of the projected average monthly return of 50%. Of course financial market conditions change over time and consequently the monthly trading returns of a gifted trader will vary over time.

The central question is "Does Ken Lee possess skills of producing such 'wonderful' monthly gains over 6, 12 or even longer periods by trading the commodity futures markets?" A simple

solution to the question is: "let all of us watching Ken Lee trading openly over 6 or 12 month period on a test trading account".

Response to "(2) Yang's proposal fails to account for the responsibilities of the Commission and ODS."

As one of public investors Simon Yang honors the watchdog government agencies to protect public investors against evildoers. However, a person makes mistakes from time to time and suffers losses consequently, and so does a business. Similarly a government agency would make mistakes from time to time, and U.S. history demonstrates such mistakes. Clearly Plaintiffs have been wrong on charging Simon Yang as one of Defendant in this case after Simon Yang provided all information of his possession in 2009 to Plaintiffs. Consequently in June 2010 Mr. Holl of Plaintiffs contacted Simon Yang several times by phone and email for a proposed settlement without Simon Yang's admitting or denying of guilt but a fine on Simon Yang. Mr. Holl became angry over the phone when Simon Yang refused to accept the unjust settlement offer. Mrs. Bonnell of Plaintiffs leaves settlement open to Simon Yang with a condition that Simon Yang would not ask for compensation of losses or damages from Plaintiffs. Why will Plaintiffs not admit making mistakes and drop Simon Yang out this lawsuit simply without any condition? There is a good likelihood that Plaintiffs are wrong on their belief of Ken Lee operating a Ponzi scheme, and consequently investors of Prestige Ventures suffer more unnecessarily from this lawsuit.

Response to "(3) Yang's proposal undermines the law and judicial system".

Everyone in this land is equal under the law of this land, including the U.S. President and all governments. Why do Plaintiffs not charge Ming Yu and Jian Yue but Simon Yang for telling friends of this investment while Ming Yu and Jian Yue admitted doing the same to Plaintiffs in their Declarations? Why do Plaintiffs not charge Ming Yu and Jian Yue of willful misrepresentations to Plaintiffs while they provided many twisted and false statements in their Declarations to Plaintiffs? Why do Plaintiffs not apply the same law to all individuals equally? Because of such misconducts of Plaintiffs Simon Yang have reported to the U.S. Congress for investigation on the abuse of power by Plaintiffs. Plaintiffs have built this case with the limited information and many twisted / false statements against Defendants; therefore Plaintiffs may be

wrong on their charges. Plaintiffs are supposed to protect public investors against evildoers and serve justice to all individuals, but experience of Simon Yang with those government watchdog agencies is very different.

To my knowledge of investments, most new traders, over 90%, lose part or all of their capitals by trading the commodity futures markets in the first 6 to 12 months. According to MAR Futures (the futures Managed Account Report on professional traders of commodity futures markets), fewer than 1 out of 100 traders make 2.00% average monthly gains over a long period.

According to my personal knowledge, Ken Lee is a gifted trader with a ranking of top one out of 1,000 professional traders, and Ken Lee is able to produce such wonderful monthly returns. This has been the reason that Simon Yang entrusted all his capital to Prestige Ventures and Simon Yang has proposed a test trading account with his own savings to prove Ken Lee openly. If Simon Yang is right on Ken Lee's trading skills, Simon Yang will be able to withdraw all his funds with Prestige Ventures, which is over \$5,000,000 in November 2009. If Simon Yang is wrong on Ken Lee's trading skills, then Simon Yang will lose this \$5,000 of the test trading account and the remaining capitals of about \$380,000.

Simon Yang heard of Lee's proposal to Receiver and Plaintiff in December 2009, but his proposal was objected by Plaintiffs on the belief that Ken Lee operated a Ponzi scheme for years and Ken Lee did not know how to trade the commodity futures markets. Consequently his proposal was never reached the Court in a writing form for consideration. Simon Yang found those details of Lee's Proposal through other file of Receiver Mr. Moriarty. Simon Yang asked Mrs. Driscoll and Mrs. Bonnell of Plaintiffs twice over months for copies of Depositions of Ken Lee, but Plaintiffs refused to give any copy of Depositions of Ken Lee to Simon Yang. Are Plaintiffs and Defendants supposed to exchange the case documents of their possessions? Why did Plaintiffs choose to do so to Defendant Simon Yang?

Why do Plaintiffs not want to see whether Ken Lee can trade to produce the consistent and high returns over 6 or 12 months? Because Plaintiffs know well that such wonderful trading results will disqualify their charges to people with a common sense. If Ken Lee fails to produce those good returns by trading and consequently the very good returns of Prestige Ventures are proved

to be doubtful, will Ken Lee be able to escape the just punishments on crimes like operating a Ponzi scheme? Will this lawsuit bring returning all funds of investors of Prestige Ventures with funds of around \$3,000 from Defendants? Who benefit or suffer the most from this lawsuit: Plaintiffs, the investors or Defendants? People with a common sense would easily know answers to those questions.

Ken Lee accepted Yang's Proposal after reading the proposal without suggestion or condition. Ken Lee has stated his commitments of returning all funds to all investors over the years and to Plaintiffs and the Court. The average monthly return of 2.00% in Yang's Proposal is very conservative in comparison with the projected monthly return of over 50% in Lee's Proposal. Ken Lee told Simon Yang several times and other investors before the lawsuit that he gained over 15.00% monthly returns in 18 months by trading commodity futures with all his time and talent. Since 2007 Ken Lee has been forced by the margin calls to improve skills of trading commodities and consequently his trading has improved dramatically by this time.

Shall all existing investors of Prestige Ventures be consulted on Yang's Proposal and Lee's Proposal for their responses? Most those investors have waited patiently for Prestige Ventures / Ken Lee to overcome the historical financial storm from 2007 to 2009 and expected to withdraw all their funds of the original capitals and gains on their account statements. Many investors suffered financial hardships during this period. With skills and Doctor of Philosophy in life science Simon Yang was forced to work as waiter in restaurants for meeting financial needs of his family since 2007. Most investors have little information on this lawsuit since they do not receive.

For justice and benefits of all those investors, Simon Yang, one of investors of Prestige Ventures, respectfully and sincerely requests that Yang's Proposal be granted.


Simon Yang

September 8, 2010

CC: J. Holl, T. Bonnell, and K. Lee

Simon James
1912 NW 176th Terrace
Edmond, OK 73012

OKLAHOMA CITY OK 731

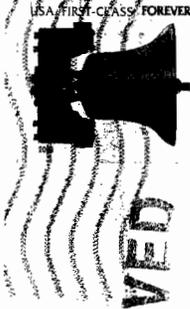
09 SEP 2010 PM 5:11

RECEIVED

SEP 10 2010

Clerk, U.S. District Court
WEST. DIST. OF OKLA.

U.S. Courthouse
200 NW 4th St.
Oklahoma City, OK 73102



7310253025

