

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA

U.S. COMMODITY FUTURES)
TRADING COMMISSION and)
OKLAHOMA DEPARTMENT OF)
SECURITIES *ex rel.* IRVING L.)
FAUGHT,)

Plaintiffs,)

v.)

PRESTIGE VENTURES CORP., a)
Panamanian corporation, FEDERATED)
MANAGEMENT GROUP, INC., a Texas)
corporation, KENNETH WAYNE LEE,)
an individual, and SIMON YANG (a/k/a)
XIAO YANG a/k/a SIMON CHEN), an)
individual,)

Defendants.)

Civil Action No. 09-CV-1284 (DLR)

**PLAINTIFFS' MOTION, AND
BRIEF IN SUPPORT, FOR AN
ORDER FINDING KENNETH
WAYNE LEE, SIMON YANG,
DAVID LEE, AND DARREN LEE
IN CONTEMPT OF COURT**

I. SUMMARY

For the protection of Defendants' pool participants, this Court entered an *Ex Parte* Statutory Restraining Order ("SRO") and Consent Orders of Preliminary Injunction against Defendants Kenneth Wayne Lee and Simon Yang ("Lee Preliminary Injunction" and "Yang Preliminary Injunction," respectively) (collectively, "Orders"). The Orders prohibit the dissipation of Defendants' assets, the destruction of documents that relate to the business of Defendants, and further violations of the Commodity Exchange Act ("Act"), 7 U.S.C. § 1 *et seq.* (2006), and the Oklahoma Uniform Securities Act of 2004 ("OUSA"), Okla. Stat. tit. 71, §§1-101 through 1-701 (Supp. 2004). In addition, the Orders require Defendants to: provide the Receiver and the Commission with a full accounting of all of their assets owned during the relevant period; allow the Commission and the Receiver to inspect all of Defendants' documents; and cooperate fully with and assist the Receiver including, but not limited to, by providing any information that the Receiver deems necessary to exercise his authority.

In flagrant disregard for the Orders, Lee has dissipated assets; destroyed records; is fraudulently soliciting existing and new pool participants with promises that his trading of new funds will be profitable and old funds will be returned; has not provided an accounting; and has not turned over his books and records. In similarly flagrant disregard, Yang is fraudulently soliciting existing pool participants with promises that their funds will be returned and has failed to provide an accounting.

The SRO also requires that any person served with it must turn over to the

Receiver all of Defendants' assets in that person's possession. Having been served with the SRO and in possession of Defendants' assets, third parties David and Darren Lee have violated the SRO by refusing the Receiver's written request to turn over those assets.

Lee, Yang, and David and Darren Lee's blatant disregard for the Court's Orders imposes a risk of harm to existing pool participants in the Prestige Enterprise and harm to persons Lee is currently soliciting. Accordingly, Plaintiffs U.S. Commodity Futures Trading Commission ("Commission") and Oklahoma Department of Securities *ex rel.* Irving L. Faught ("ODS"), respectfully move the Court for an order of contempt against Lee, Yang, David Lee, and Darren Lee.¹

II. FACTS

A. Lee's Violations

1. *Dissipation of Assets*

After the SRO was entered on November 20, 2009, Lee received \$6,000 or \$7,000 from his son, David Lee. Declaration of Katherine S. Driscoll ("Driscoll"), filed concurrently herewith, Ex. 1 at 93:9-94:19. Lee has not delivered these funds to the Receiver but, instead, used the funds to pay bills in violation of Section I.14 of the SRO. Driscoll Ex. A at 93:11-25; Driscoll Ex. B at 211:18-25.

¹ Plaintiffs have filed concurrently herewith a Motion for Leave to File First Amended Complaint and Motion to Amend *Ex Parte* Statutory Restraining Order to add David Lee, Darren Lee, and Lee's wife, Sheila Lee, as relief defendants to this action.

2. *Destruction of Documents*

Subsequent to the entry of the SRO and service of the SRO on Lee and before turning his laptop computer over to the Receiver, Lee deleted emails he sent to and received from pool participants during the time period November 30, 2009 through December 7, 2009, among others. Declaration of Nathan D. Johnson, filed concurrently herewith, at ¶¶5 and 6. Lee did not produce the emails to the Receiver or Plaintiffs before deleting them. Declaration of Stephen J. Moriarty (“Moriarty”), filed concurrently herewith, ¶5.

Lee also deleted a PFG Best trading platform he used to trade futures and/or forex for the Prestige Enterprise from his computer before turning the computer over to the Receiver in violation of Section IV.23 of the SRO. Driscoll Ex. B at 93:18-94:8. The trading platform, according to Lee, contained account information for trading accounts in the name of Prestige Ventures Corporation. Lee deleted the trading platform after he learned of the SRO “because if anyone had opened it, they could tamper with the account.” Driscoll Ex. B at 93:18-22; 177:1-4.

3. *Fraudulent Solicitation*

Lee is perpetuating Defendants’ fraudulent scheme with regard to existing pool participants and is fraudulently soliciting new pool participants in violation of Sections 4b(a)(2)(i) and (iii) and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) and 6o(1) (2006), and Sections 4b(a)(1)(A) and (C) of the Act, as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC

Reauthorization Act of 2008 (“CRA”)), § 13102, 122 Stat. 1651 (enacted June 18, 2008), to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), and Section 1-501 of the OUSA, and, thereby, in violation of Section II of the Lee Preliminary Injunction.

Lee is perpetuating Defendants’ fraudulent scheme by telling pool participants that he will return their principal and profits. For example, in email correspondence, Lee has told participants that, “Yes, you will receive your money back” (Driscoll Ex. C); “I can do it and I shall do it. That was the plan before and it is still the plan, I just had a big bump in the road and have to get over it. Tell all concerned that it will work out, and to just be patient” (Driscoll Ex. D); “We WILL get it done, but you must trust me and stay calm” (Driscoll Ex. E); and “I never said when or how funds would be returned. I just know that the capitals will be returned” (Driscoll Ex. F).

These are baseless promises and Lee knows that. Lee knows that his trading and bank accounts are frozen. Lee knows that his trading of futures and foreign currency has been wholly unsuccessful. Lee also knows that the Prestige Ventures Corp. trading and bank accounts are virtually empty. Therefore, even if Lee had been a successful trader with potential to earn profits, he cannot trade in frozen accounts and has no funds left with which to do so. Yet, instead of giving pool participants this information, Lee continues to mislead pool participants into thinking that their investments are safe.

In addition to making fraudulent misrepresentations to existing pool participants, Lee has, by and through his sons, been fraudulently soliciting funds from new pool participants. Indeed, with Lee’s knowledge, his sons have solicited funds from

approximately seven of their friends for Lee to trade on their behalf. Driscoll Ex. B at 186:7-196:1; Driscoll Ex. G. With this amount, Lee represents, he can earn back all of the pool participants' lost capital. Driscoll Ex. B at 184:7-18. Indicative of Lee's flagrant disregard for this Court's orders, Lee has even provided the Commission with the names of the individuals he has been soliciting for this new investment. Driscoll Exs. H and I.

Lee continues to represent that he is so successful at trading that he can use the \$15,000 he hopes to solicit to earn \$5,000,000 or \$6,000,000 to repay pool participant claims. Driscoll Ex. B at 183:12-187:1; Moriarty Ex. D. According to Lee, three of his sons' friends have agreed to invest for this purpose at least \$15,000 to be pooled and used to trade futures and/or forex by Lee. Moriarty Ex. D.

4. *Failure to Provide an Accounting*

In violation of Section II.16 of the SRO, Lee also has not provided the Receiver with a *full* accounting of the assets owned by him and/or the Prestige Enterprise during the time period January 1, 2003 through November 20, 2009. Moriarty ¶3. On December 1, 2009, Lee did produce what he claims he believed to be an accounting. Moriarty ¶4; Initial Rpt. Receiver ¶4 (Doc. No. 31). But, rather than identifying assets or pool participants, the "accounting" consists of only nondescript designations of dollar amounts invested and dollar amounts returned. Driscoll Ex. B at 181:8-13.

On the same day, the Receiver asked Lee for the information underlying the threadbare accounting. Moriarty ¶4, Ex. B; Initial Rpt. Receiver ¶5. Although Lee did

respond to the Receiver's request (Moriarty Ex. C), the Receiver does not believe the information Lee provided to be a full and complete accounting nor fully responsive to his request for information as set forth on December 1st. Moriarty ¶4.

On January 21, 2010, counsel for the Commission reminded Lee that the SRO requires Lee to provide a full accounting of all of his assets including the sources that they came from and the recipients of such assets. Driscoll Ex. B at 182:4-183:5. To date, Lee has not produced a full accounting. Moriarty ¶3.

5. *Failure to Turn Over Books and Records*

Lee also has not provided all the books, records, and other documents of Defendants to the Receiver or the Commission, in violation of Sections V.24, V.25, and VI.B.28 of the SRO. Lee operated the Prestige Enterprise for over six years. Yet, to date, Lee has turned over a mere handful of documents that includes, but is not limited to, only 46 emails all of which were created during the time period January 4, 2010 through January 19, 2010. Moriarty ¶5. Lee has not provided the Receiver or the Commission with any emails between himself and pool participants dated prior to January 4, 2010, despite email being the primary method of communication between Lee and them. Moriarty ¶5. For example, two of the documents Yang produced in response to the SRO are emails between Lee and him, dated March 10, 2008 and December 4, 2009, respectively. Driscoll Exs. J and K. Despite being party to both, Lee has not produced his own copies of these emails.

One of the documents Lee has provided to the Commission is a list of customer

names and account numbers. Driscoll Ex. G. Lee created the list in response to questions asked of him in a deposition on January 21, 2010, and clearly in reliance on Defendants' documents in his possession or under his control. Driscoll Ex. B at 348:5-350:16. Indeed, in his deposition, Lee testified that he could use "some old paperwork," "some old handwritten notes," or "something that [he] may have from [investors]" to match investors' names to account numbers. Driscoll Ex. B at 348:12-13 and 349:16-19. Lee has not turned over any of these documents.

B. Yang's Violations

1. *Fraudulent Solicitation*

Yang is perpetuating Defendants' fraudulent scheme by misrepresenting to pool participants that Prestige Ventures Corporation will return pool participant principal and purported profits. In email correspondence, Yang told pool participants "PVC is still committed to return all funds to all investors ... PVC will return the net principal capitals first to all investors, then the rest gains later" (Driscoll Ex. L); "Just be patient, we all investors ... will receive all our funds at the end" (Driscoll Ex. M); "PVC is not a Ponzi scheme, but a real business with a real hardship" (Driscoll Ex. N).

These statements are false and Yang knows they are false. Yang knows that the Prestige trading and bank accounts are frozen pursuant to the Court's SRO. Yang also knows and has evidence that Lee's trading was unsuccessful. Yet, instead of giving pool participants this information, he continues to mislead pool participants into thinking that their investments are safe and, thereby, inducing them to not ask Lee to return their

investments.

2. *Failure to Provide an Accounting*

Yang has also violated, and continues to violate, the SRO and the Yang Preliminary Injunction by not providing an accounting of his assets to the Receiver as required by Section II.16 of the SRO. Moriarty ¶7.

C. *David Lee and Darren Lee's Violations*

David Lee and Darren Lee are Lee's sons and are not parties to this lawsuit. However, they are subject to Section VI.B.28.a of the SRO by virtue of service of the SRO upon them.

1. *Failure to Turn Over Defendants' Assets*

Darren Lee testified during a deposition on December 9, 2009, that: he owns a home located in Mt. Pleasant, South Carolina; he received payments and other benefits from Prestige Ventures Corporation from 2003 through 2009; and he and his brother co-own a 17-foot boat. Driscoll Ex. O at 19:9-22; 76:10-19; 81:18-82:3; 83:10-86:2. The Receiver determined that each of the aforementioned items was paid for, or funded with, funds of Prestige Ventures Corporation. Moriarty ¶8.

On December 14, 2009, the Receiver sent, via certified and regular mail, a letter to Darren Lee notifying him that all monies in his bank account and all property described above constitute property, claims or assets of Prestige Ventures Corporation. Moriarty Ex. E. The letter also demanded that such items be turned over to the Receiver immediately. The copy of the letter mailed to Darren Lee via certified mail was signed

for by David Lee on December 18, 2009, at the residence shared by Darren and David Lee. Moriarty Ex. E. A copy of the SRO was enclosed with the letter. Darren Lee has not surrendered these items. Moriarty ¶8.

David Lee testified during a deposition on December 9, 2009, that: he recently sold a home in Mt. Pleasant, South Carolina, received proceeds from the sale and deposited the proceeds in his bank account; approximately \$15,000 from the sale of his home was being held in escrow for his benefit; he received insurance proceeds from an insurance claim arising out of his ownership of a GMC Sierra and deposited the proceeds into his bank account; he received payments and other benefits from Prestige Ventures Corporation from 2003 through 2009; and he and his brother co-own a 17-foot boat. Driscoll Ex. A at 9:9-10:24; 65:14-23; 67:14-25; 68:21-22; 70:16-72:18; 106:20-25; 107:6-108:1; 114:8-115:18. The Receiver determined that each of the aforementioned items was paid for, or funded with, funds of the Prestige Enterprise. Moriarty ¶9.

On December 14, 2009, the Receiver sent, via certified and regular mail, a letter to David Lee notifying him that all monies in his bank account and all property described above constitute property, claims or assets of the Prestige Enterprise. Moriarty Ex. F. The letter also demanded that such items be turned over to the Receiver immediately. The copy of the letter mailed to David Lee via certified mail was signed for by David Lee on December 18, 2009. Moriarty Ex. F. A copy of the SRO was enclosed with the letter. David Lee has not surrendered the items. Moriarty ¶9.

III. ARGUMENT

A. **Defendants Lee and Yang, and David Lee and Darren Lee Should Be Held in Civil Contempt and Compelled to Comply with This Court's Orders**

Courts have the inherent authority “to enforce compliance with their lawful orders through civil contempt.” *Shillitani v. U.S.*, 384 U.S. 364, 370 (1966) (citing *U.S. v. United Mine Workers*, 330 U.S. 258, 330-332 (1947)). “To prevail in a civil contempt proceeding, the plaintiff has the burden of proving, by clear and convincing evidence . . . that a valid court order existed, that the defendant had knowledge of the order, and that the defendant disobeyed the order.” *Reliance Insurance Co. v. Mast Constr. Co.*, 159 F.3d 1311, 1315 (10th Cir. 1998) (citing *Roe v. Operation Rescue*, 54 F.3d 133, 137 (3d Cir. 1995)); see *FTC v. Kuykendall*, 371 F.3d 745,756-757 (10th Cir. 2004). The factors set forth in *Reliance Insurance Co.* are met in this case.

1. **The Orders Are Valid and in Existence**

On November 20, 2009, Plaintiffs filed a Complaint against Defendants Lee, Yang, Prestige Ventures Corporation and Federated Management Group, Inc., alleging violations of the Act and OUSA. On the same date, the Commission filed an *ex parte* motion for the issuance of the SRO, pursuant to Section 6(c) of the Act which explicitly authorizes the Court to issue an *ex parte* restraining order freezing assets, appointing a temporary receiver, and prohibiting any person from destroying Defendants' records or denying Commission officials access to Defendants' records. See 7 U.S.C. § 13a-1 (2006).

Congress authorized district courts to issue restraining orders in Commission enforcement cases on an *ex parte* basis in order to “prevent possible removal or destruction of potential evidence or other impediments to legitimate law enforcement activities and to prohibit movement or disposal of funds, assets and other property which may be subject to lawful claims of customers.” H.R. Rep. 6 No. 97-565, Part I, 97th Cong., 2d Sess. 53-54, 93 (1982), reprinted in 1982 U.S.C.C.A.N. 3871, 3902-03, 3942. After considering the Commission’s motion, brief in support thereof, and all other evidence presented by the Commission, hearing the arguments of counsel, and finding good cause, the Court issued the SRO on November 20, 2009, pursuant to Section 6(c) of the Act.

The Court’s authority to issue appropriate relief under the Act is very broad. *See CFTC v. IBS*, 113 F.Supp.2d 830, 852 (2000 W.D.N.C.) (citing *CFTC v. Hunt*, 591 F.2d 1211 (7th Cir. 1979)). Such authority allows for the recovery of fraudulently obtained proceeds from third-party recipients. *Id.* at 852-3; *see* 7 U.S.C. § 13a-1 (authorizing the issuance of an *ex parte* restraining order that “prohibits *any person* from withdrawing, transferring, removing, dissipating, or disposing of any funds, assets, or other property” and an *ex parte* order “ appointing a temporary receiver to administer such restraining order and to perform such other duties as the court may consider appropriate.” Emphasis added.)

Utilizing the authority granted to it, the Court directed the Receiver to “take exclusive custody, control, and possession of all the funds, property, mail and other assets

of, in the possession of, or under the control of the Defendants, wherever situated,” in Section VI.A.27.b of the SRO. The Court also required Defendants and “any other person or entity served with a copy of this Order” to deliver assets of the Defendants to the possession and custody of the Receiver, in Section VI.B.28 of the SRO. In light of the broad authority of the Court, Sections VI.A.27.b and VI.B.28 of the SRO are valid. To date, the SRO remains in full force and effect.

The Lee Preliminary Injunction and the Yang Preliminary Injunction are valid orders, which Lee and Yang consented to, and remain in full force and effect.

2. Defendants Lee and Yang Had Knowledge of the Orders, and David Lee and Darren Lee Had Knowledge of the SRO

Lee had knowledge of the SRO and the Lee Preliminary Injunction by virtue of the facts that he was personally served with the SRO on November 23, 2009 and consented to the entry of the Lee Preliminary Injunction on December 2, 2009. Yang had knowledge of the SRO and the Yang Preliminary Injunction by virtue of the facts that Yang was personally served with the SRO on November 20, 2009, consented to the entry of the Yang Preliminary Injunction and was present when the Court entered such order on December 2, 2009.

Darren Lee and David Lee were aware of the SRO as they were served with it at least three times. They each received a copy of the SRO, via FedEx, along with subpoenas requiring them to appear for depositions on December 9, 2009. They each testified during their depositions that they received the Fed Ex delivery of the SRO.

Driscoll Ex. A at 27:2-12; Driscoll Ex. O at 13:2-18. In addition, the Receiver sent a copy of the SRO to David Lee and Darren Lee via regular mail, as authorized by Section X.38 of the SRO, and via certified mail on December 14, 2009. The return receipts for the certified mail were signed by David Lee on December 18, 2009, at the residence of David Lee and Darren Lee. Moriarty Exs. E and F. At 37, David Lee is of proper age to accept service on behalf of Darren Lee.

3. Defendants Lee and Yang and David Lee and Darren Lee Violated the Orders

As Plaintiffs have detailed above, Lee has violated the SRO and the Lee Preliminary Injunction by: (1) dissipating assets, in violation of Section I.14 of the SRO; (2) destroying documents in violation of Section IV.23 of the SRO; (3) continuing to fraudulently solicit existing pool participants and fraudulently soliciting new pool participants in violation of the Act and OUSA and, thereby, in violation of Section II of the Lee Preliminary Injunction; (4) failing to provide to the Receiver a full accounting; and (5) failing to turn over all the books, records, and other documents of Defendants to the Receiver or the Commission, in violation of Sections V.24, V.25, and VI.B.28 of the SRO.

Yang has violated the SRO and the Yang Preliminary Injunction by: (1) continuing to fraudulently solicit existing pool participants in violation of the Act and OUSA by telling pool participants that Prestige Ventures Corporation will return pool participants' principal and purported profits to them; and (2) failing to provide an

accounting of the assets owned by him for the time period January 1, 2003, to November 20, 2009, as required by Section II.16 of the SRO.

David Lee and Darren Lee have violated Section VI.B.28.a of the SRO by not surrendering to the Receiver assets of the Prestige Enterprise in their possession or under their control.

IV. CONCLUSION

The situation for the Prestige Enterprise and its pool participants is critical. If Defendants Lee and Yang, and third parties David and Darren Lee are not brought into compliance with the Court's Orders, there is a very real risk that assets and information will be lost forever. Accordingly, Plaintiffs respectfully request that the Court issue an Order:

1. Finding Lee in contempt of the SRO and the Lee Preliminary Injunction;
2. Compelling Lee to:
 - a. provide a full and accurate accounting of the receipt and expenditure of all funds he received from his sons on or after November 20, 2009, and turn over any funds remaining in his possession, custody or control to the Receiver;
 - b. deliver to the Receiver a full accounting of all of his assets and the assets of Prestige Ventures Corporation and Federated Group Management Inc. owned during the time period January 1, 2003, until November 20, 2009, and the underlying information to support the accounting;
 - c. deliver to the Receiver all books, records, and documents of Defendants Lee, Prestige Ventures Corporation and Federated Group Management Inc.;
 - d. provide the Receiver with a list and description of all documents,

relating to the business practices or business or personal finances of Defendants, that he destroyed on or after November 20, 2009;

- e. obtain, if possible, from the Prestige Ventures' domain host, and deliver to the Receiver, all emails, relating to the business practices or business or personal finances of Defendants, he deleted on or after November 20, 2009; and
 - f. provide the Receiver and Plaintiffs with the name, address, and telephone number of all persons whom he, or someone on his behalf, has solicited funds from since November 20, 2009;
3. Finding Yang in contempt of the SRO and the Yang Preliminary Injunction;
 4. Ordering Yang to provide the Receiver with a full accounting of all of his assets owned during the time period January 1, 2003, until November 20, 2009;
 5. Finding Darren Lee in contempt of the SRO;
 6. Ordering Darren Lee to deliver the following to the possession, custody or control of the Receiver within five (5) days of the date of the order:
 - a. all monies in his bank account;
 - b. deed to his home located at 2676 Palmetto Hall Boulevard; and
 - c. the 17-foot boat owned by David and Darren Lee;
 7. Finding David Lee in contempt of the SRO; and
 8. Ordering David Lee to deliver the following to the possession, custody or control of the Receiver within five (5) days of the date of the order:
 - a. all monies in his bank account;
 - b. funds received for sale of his home at 3230 Heathland Way; and

c. the 17-foot boat owned by David and Darren Lee.

Dated: March 3, 2010

Respectfully Submitted,

ATTORNEYS FOR THE PLAINTIFF
U.S. COMMODITY FUTURES TRADING
COMMISSION

/s/ Katherine S. Driscoll

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James H. Holl, III
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OKLAHOMA DEPARTMENT OF SECURITIES
Irving L. Faught, Administrator

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Facsimile: (405) 280-7742

CERTIFICATE OF SERVICE

I hereby certify that, on March 3, 2010, I caused one copy of **PLAINTIFFS' MOTION, AND BRIEF IN SUPPORT, FOR AN ORDER FINDING KENNETH WAYNE LEE, SIMON YANG, DAVID LEE, AND DARREN LEE IN CONTEMPT OF COURT** and exhibits to be served by Federal Express on:

Simon Yang
1912 NW 176th Terrace
Edmond, OK 73012

Kenneth Wayne Lee
1660 Jorrington Street
Mt. Pleasant, SC 29466

and to be served by Certified Mail/Restricted Delivery/Return Receipt on the following:

David Lee
2676 Palmetto Hall Blvd
Mt. Pleasant, SC 29466

Darren Lee
2676 Palmetto Hall Blvd
Mt. Pleasant, SC 29466

/s/ Katherine S. Driscoll
Katherine S. Driscoll

**DECLARATION OF STEPHEN J. MORIARTY
PURSUANT TO 28 U.S.C. § 1746 AND 12 O.S. § 426**

I, Stephen J. Moriarty, hereby declare and state the following:

1. I am an attorney and am duly admitted to practice before this Court. I make this declaration on personal knowledge and if called as a witness I could and would testify competently as follows.

2. On November 20, 2009, this Court entered an order appointing me as the temporary receiver ("Receiver") of Prestige Ventures Corporation, Federated Management Group, Inc., Kenneth Wayne Lee ("Kenneth Lee"), and Simon Yang in *CFTC v. Prestige Ventures Corp.*, W.D. Okla. Case No. 09-CV-1284, (Docket # 9) (the "Order").

3. On December 1, 2009, Kenneth Lee provided an accounting to me pursuant to the Order. A true and correct copy of the accounting is attached hereto as Exhibit "A". The accounting fails to identify pertinent information. I do not believe Exhibit "A" to be a full accounting of the assets owned by Kenneth Lee, Prestige Ventures Corporation, and/or Federated Group Management Inc., during the time period January 1, 2003 through November 20, 2009. To date, I have not received a full accounting from Kenneth Lee.

4. On December 1, 2009, I requested that Kenneth Lee provide me with the underlying information supporting his accounting. A true and correct copy of my e-mail to Kenneth Lee, dated December 1, 2009, is attached hereto as Exhibit "B". On December 7, 2009, Kenneth Lee responded by e-mail; a true and correct copy of the e-mail and attachment is attached hereto as Exhibit "C". I do not believe Exhibit "C" to be a full and complete accounting. I do not believe that Exhibit "C" is fully responsive to my request for information as set forth in Exhibit "B".

5. I have received approximately 46 emails that were turned over by Kenneth Lee pursuant to the Order. Other than an e-mail exchange with Simon Yang (see Exhibit "C") and e-mail communications with me, Kenneth Lee has not provided me with any emails dated prior to January 4, 2010.

6. A true and correct copy of an email I received from Kenneth Lee on December 15, 2009, is attached hereto as Exhibit "D".

7. Simon Yang has not provided me with an accounting of his assets owned from January 1, 2003 to November 20, 2009.

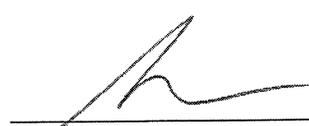
8. Darren Lee testified during a deposition on December 9, 2009, that: (a) he owns a home located at 2676 Palmetto Hall Boulevard in Mt. Pleasant, South Carolina; (b) he received payments and other benefits from Prestige Ventures Corporation from 2003 through 2009; and (c) he and his brother co-own a 17-foot boat. I have determined that each item described in (a) through (c) above was paid for, or funded with, monies of Prestige Ventures Corporation. On

December 14, 2009, I sent, via certified and regular mail, a letter to Darren Lee notifying him that all monies in his bank account and all property described in (a) through (c) above constitute property, claims or assets of Prestige Ventures Corporation. The letter also demanded that all items described in (a) through (c) above be turned over to me immediately. A true and correct copy of the letter and the signed return receipt for the certified mail is attached hereto as Exhibit "E". Darren Lee has not turned over the items.

9. David Lee testified during a deposition on December 9, 2009, that: (a) he recently sold a home at 3230 Heathland Way, received proceeds from the sale and deposited the proceeds in his bank account; (b) approximately \$15,000 from the sale of his home was being held in escrow for his benefit; (c) he received insurance proceeds from an insurance claim arising out of his ownership of a GMC Sierra and deposited the proceeds into his bank account; (d) he received payments and other benefits from Prestige Ventures Corporation from 2003 through 2009; and (e) he and his brother co-own a 17-foot boat. I have determined that each item described in (a) through (e) above was paid for, or funded with, monies of Prestige Ventures Corporation. On December 14, 2009, I sent, via certified and regular mail, a letter to David Lee notifying him that all monies in his bank account and all property described in (a) through (e) above constitute property, claims or assets of Prestige Ventures Corporation. The letter also demanded that all items described in (a) through (e) above be turned over to me immediately. A true and correct copy of the letter and the signed return receipt for the certified mail is attached hereto as Exhibit "F". David Lee has not turned over the items.

I declare under penalty of perjury under the laws of the United States of America and the State of Oklahoma that the foregoing is true and correct.

Executed on this 2nd day of March, 2010, in Oklahoma City, Oklahoma.



Stephen J. Moriarty, OBA # 6410
FELLERS, SNIDER, BLANKENSHIP,
BAILEY & TIPPENS, P.C.
100 North Broadway, Suite 1700
Oklahoma City, OK 73102
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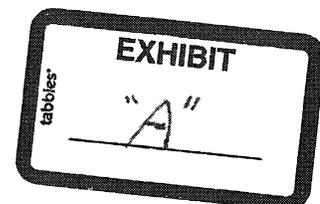
RECEIVER

From: Ken <klee88@prestigeventures.com>
To: <smoriarty@fellerssnider.com>
Date: Tue, Dec 1, 2009 2:11 PM
Subject: Financial breakdown.

Mr. Moriarty,

The attached Excel spreadsheet is a very very close breakdown of funds handled by Prestige Ventures and Federated Management. There was some missing data from the very early part of 2008 that I can not locate or determine if it is accurate. If I locate it I will get it to you.

Thank you,



	IN		OUT
	\$5,128,822.81	Returned	\$8,500.00
Invested	-\$220,000.00	Returned	\$30,000.00
Invested	-\$7,000.00	Returned	\$12,000.00
Invested	-\$39,000.00	Returned	\$7,667.86
Invested	-\$75,000.00	Returned	\$96,167.00
Invested	-\$450,000.00	Returned	\$80,000.00
Invested	-\$53.00	Returned	\$5,000.00
Invested	-\$400,000.00	Returned	\$13,800.00
Invested	-\$500,000.00	Returned	\$10,000.00
Invested	-\$518,627.22	Returned	\$5,908.05
Invested	-\$42,089.82	Returned	\$2,000.00
Invested	-\$16,000.00	Returned	\$52,858.45
Invested	-\$32,000.00	Returned	\$3,000.00
Invested	-\$67,000.00	Returned	\$8,000.00
Invested	-\$35,000.00	Returned	\$6,000.00
Invested	-\$290,000.00	Returned	\$17,000.00
Invested	-\$675,000.00	Returned	\$2,500.00
Invested	-\$318,000.00	Returned	\$30,000.00
Invested	-\$244,380.00	Returned	\$2,494.48
Invested	-\$218,900.00	Returned	\$5,000.00
Invested	-\$24,570.00	Returned	\$86,000.00
Invested	\$36,000.00	Returned	\$24,000.00
Invested	-\$774,500.00	Returned	\$7,000.00
Invested	-\$9,700.00	Returned	\$6,900.00
Invested	-\$27,800.00	Returned	\$2,000.00
Invested	-\$80,000.00	Returned	\$226.88
Invested	-\$3,000.00	Returned	\$30,000.00
Invested	-\$115,000.00	Returned	\$2,000.00
		Returned	\$6,000.00
		Returned	\$10,000.00
		Returned	\$103,490.00
		Returned	\$12,500.00
		Returned	\$15,000.00
		Returned	\$1,700.00
		Returned	\$30,000.00
		Returned	\$41,120.00
Unaccounted	-\$17,797.23	Returned	\$9,645.36
		Returned	\$973.10
Invested	\$5,146,620.04	Returned	\$19,670.00
		Returned	\$33,081.18
		Returned	\$13,037.00
		Returned	\$12,000.00
		Returned	\$650.46
		Returned	\$17,231.29
		Returned	\$4,836.00
		Returned	\$21,000.00
		Returned	\$665.29
		Returned	\$131,000.00
		Returned	\$80,000.00
		Returned	\$40,000.00
		Returned	\$140,000.00

Returned	\$15,000.00
Returned	\$11,500.00
Returned	\$10,000.00
Returned	\$1,000.00
Returned	\$7,500.00
Returned	\$15,000.00
Returned	\$43,896.00
Returned	\$36,000.00
Returned	\$144,000.00
Returned	\$86,000.00
Returned	\$75,000.00
Returned	\$140,000.00
Returned	\$40,000.00
Returned	\$18,000.00
Returned	\$5,000.00
Returned	\$6,000.00
Returned	\$22,700.00
Returned	\$15,000.00
Returned	\$10,000.00
Returned	\$10,000.00
Returned	\$64,000.00
Returned	\$60,000.00
Returned	\$117,000.00
Returned	\$177,000.00
Returned	\$49,750.00
Returned	\$29,000.00
Returned	\$46,450.00
Returned	\$54,800.00
TOTAL	\$2,609,218.40

Invested = Sent to investment firms
Returned = Returned to investors

Some funds were sent to investment firms that were my personal fun

In Coming

-\$17,797.23

Out Going

\$2,609,218.40

In
\$ 5,128,822.81

Out
\$ 2,609,218.40

Losses
\$ 2,519,604.41

From: STEPHEN MORIARTY
To: Ken
Date: Tue, Dec 1, 2009 3:04 PM
Subject: Re: Financial breakdown.

The attached is not very helpful.

I assume that you did not pull numbers out of the air and that you relied on underlying documents to prepare this (bank statements, trading account statements, investor notes, etc.). **You have not provided me with any of those documents to date. Please provide all relevant documentation to me immediately.**

On the money in, I need information on when it came in and where and from whom it came.

On the money invested, I need information on where and when it was invested and what it was invested in.

On the money returned, I need to know who it was returned to, how much was returned and when it was returned.

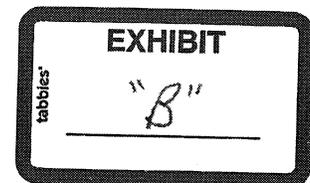
This request in no way should be construed as the totality of information I believe necessary to prepare a complete accounting in this matter.

Stephen J. Moriarty, Esq.
Fellers, Snider, Blankenship,
Bailey & Tippens, P.C.
100 N. Broadway Ave., Suite 1700
Oklahoma City, OK 73102
Main: 405/232-0621
Direct : 405/239-7251
Fax: 405/232-9659

e-mail: smoriarty@fellerssnider.com

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>>> Ken <klee88@prestigeventures.com> 12/1/2009 2:11:04 PM >>>
Mr. Moriarty,

The attached Excel spreadsheet is a very very close breakdown of funds handled by Prestige Ventures and Federated Management. There was some missing data from the very early part of 2008 that I can not locate or determine if it is accurate. If I locate it I will get it to you.

Thank you,

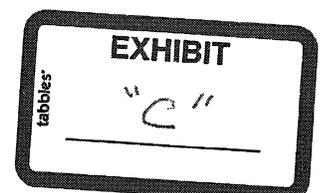
From: Ken <klee88@prestigeventures.com>
To: "STEPHEN MORIARTY" <SMoriarty@fellerssnider.com>
Date: Mon, Dec 7, 2009 10:00 AM
Subject: Re: Fw: case update

I am sure some of the ones who have not replied will do so later. I will send the information when I receive it.

----- Original Message -----

From: "STEPHEN MORIARTY" <SMoriarty@fellerssnider.com>
To: "Ken" <klee88@prestigeventures.com>
Sent: Monday, December 07, 2009 10:20 AM
Subject: Re: Fw: case update

> I am not a party to the case. The depositions are sought by CFTC. Only
> they can release your wife and sons from the depositions.
>
> There was no information of value on the computer you previously
> delivered.
>
> To date, you have not provided a list of investors, though you
> obviously have such a list (as you are contacting investors directly).
> It is inconceivable that there are no records presently in place that
> can identify amounts invested and amounts returned. I do not understand
> why you would need to reconstruct that information.
>
> Please deliver the laptop as agreed.
>
> Stephen J. Moriarty, Esq.
> Fellers, Snider, Blankenship,
> Bailey & Tippens, P.C.
> 100 N. Broadway Ave., Suite 1700
> Oklahoma City, OK 73102
> Main: 405/232-0621
> Direct : 405/239-7251
> Fax: 405/232-9659
>
> e-mail: smoriarty@fellerssnider.com
>
>
>
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>
>
>>>> Ken <klee88@prestigeventures.com> 12/7/2009 9:01:06 AM >>>
> Mr. Moriarty,
>
> I have asked all investors to reply to an email indicating the amount
> invested and received back from PVC or FMG. Some have complied and
> some
> have not. I sent the request Friday and have received back 34 replies
>
> indicating amounts. The numbers are close to the ones I sent you last
> week,
> the amounts sent in are close to the number I indicated and the amounts
>
> returned are higher than I thought.
>
> As I have signed the agreement (Consent of Preliminary Injunction and
> Other
> Equitable Relief) is there a way that my sons and wife do not have to
> sit
> through a deposition. We have no other assets and are not holding any
>
> property or other items of value from the court. This is an expense to
> the
> government as well as my family right now. They will sign any
> affidavit you
> propose indicating they hold no documents or items of value related to
> me,
> PVC or FMG, and that they have never spoken to Simon Yang or done any
> business with him.
>
> Also, if I have to give up this small laptop I will not be able to work
> with
> investors on getting any amounts they invested or have received back.
> This
> laptop hold the same information that was on the other one except I
> have the
> emails from the customers who have replied.
>
> I am ready to move forward on this and start with some resolution to
> the
> matter.
>
> Thank you and I hope we can do this.
> ----- Original Message -----
> From: "STEPHEN MORIARTY" <SMoriarty@fellerssnider.com>

> To: "Ken" <kleee88@prestigeventures.com>
> Cc: "Katherine Driscoll" <kdriscoll@cftc.gov>
> Sent: Friday, December 04, 2009 1:04 PM
> Subject: Re: Fw: case update

>

>

>> Thanks.

>>

>> Stephen J. Moriarty, Esq.
>> Fellers, Snider, Blankenship,
>> Bailey & Tippens, P.C.
>> 100 N. Broadway Ave., Suite 1700
>> Oklahoma City, OK 73102
>> Main: 405/232-0621
>> Direct : 405/239-7251
>> Fax: 405/232-9659

>>

>> e-mail: smoriarty@fellerssnider.com

>>

>>

>>

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>>

>>

>>>> Ken <kleee88@prestigeventures.com> 12/4/2009 12:03:36 PM >>>

>> Thank you, I am gathering those forms now and will send laptop as
>> well.

>>

>>

>> ----- Original Message -----

>> From: "STEPHEN MORIARTY" <SMoriarty@fellerssnider.com>

>> To: "Ken" <klee88@prestigeventures.com>

>> Cc: "Katherine Driscoll" <kdriscoll@cftc.gov>

>> Sent: Friday, December 04, 2009 12:59 PM

>> Subject: Re: Fw: case update

>>

>>

>>> During your deposition you agreed to give me (1) the second laptop

>> and

>>> (2) copies of you tax returns.

>>>

>>> It is my understanding that your wife's deposition is being taken

> on

>>> 12/8. Please send the laptop and copies of your 2003-2008 tax

>> returns

>>> with her to be delivered to Katherine Driscoll.

>>>

>>> Thank you in advance for your cooperation.

>>>

>>> Stephen J. Moriarty, Esq.

>>> Fellers, Snider, Blankenship,

>>> Bailey & Tippens, P.C.

>>> 100 N. Broadway Ave., Suite 1700

>>> Oklahoma City, OK 73102

>>> Main: 405/232-0621

>>> Direct : 405/239-7251

>>> Fax: 405/232-9659

>>>

>>> e-mail: smoriarty@fellerssnider.com

>>>

>>>

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>>>
>>>>> Ken <kleee88@prestigeventures.com> 12/1/2009 10:19:50 AM >>>
>>> BlankThis is the othert email. I had to forward them to my self to
>> get
>>> them to go out.
>>>
>>> I printed them yesterday before I went to the deposition and do
> have
>>> hard copies.
>>>
>>> Thank you,
>>>
>>> ----- Original Message -----
>>> From: Ken
>>> To: smoriarity@fellerssnider.com
>>> Sent: Tuesday, December 01, 2009 11:13 AM
>>> Subject: Fw: case update
>>>
>>>
>>> Mr. Moriarty,
>>>
>>> This one of the emails I received from Simon. I will forward the
>>> second one in just a minute.
>>>
>>> I thought there were three, but only two.
>>>
>>>
>>> ----- Original Message -----
>>> From: Ken Lee
>>> To: Simon Yang
>>> Sent: Saturday, November 28, 2009 4:43 PM
>>> Subject: Re: case update
>>>
>>>
>>> Simon, you are truly a man of God. I will tell you this, I prayed
>> that
>>> The Lord would let me know if you were one of his chosen ones to
>> spread
>>> the word to the world. The answer came to me within 10 seconds and
>> I
>>> was very happy.

>>>
>>> I am as you say, honest and have a place to serve The Lord as well.
>> It
>>> was also confirmed to me that I am going to get through this and
>>> continue and get everyone's account closed.
>>>
>>> The Lord does work in mysterious ways they say, and it appears that
>> we
>>> all have some task to do for Him.
>>>
>>> I am shutting down now, I am exhausted as you can understand.
>>> ----- Original Message -----
>>> From: Simon Yang
>>> To: Ken Lee
>>> Sent: Saturday, November 28, 2009 2:27 PM
>>> Subject: Re: case update
>>>
>>>
>>> Victory belongs to the overcomes, we are overcomes.
>>>
>>> After I first read that "criminal record" paragraph, I did not
> know
>>> any thing about, and had a little concern. When I prayed next
>> morning,
>>> the Lord told me to ask you. But I did not do that Sunday, I felt I
>>> should read all materials before doing any thing. Afar days
>> receiving
>>> help from the Lord, I knew what were about. I just like to be
>> confirmed
>>> on this.
>>>
>>> Really I found some good info on you from their investigations.
>>>
>>> As I told people before in the record, I say again "you are good
>> and
>>> honest as well as very smart."
>>>
>>> Keep doing your good work for the Lord!
>>>
>>> Thanks
>>> ----- Original Message -----
>>> From: Ken Lee
>>> To: Simon Yang
>>> Sent: Saturday, November 28, 2009 12:57 PM
>>> Subject: Re: case update
>>>
>>>
>>> Thank you Simon, I have been comforted as well and have received
>>> confirmation from The Lord.
>>>
>>> I will assume responsibility in this matter and do everything I
>> can
>>> to show you had nothing to do with any thing.
>>>
>>> I will sign the consent order as I have discussed it with Ms.
>>> Driscoll. I will discuss it more with her on Monday.

>>>
>>> I know many of the facts have been twisted and turned to make
>>> things look terrible. Keep me in your Prayers as I have been doing
>> for
>>> you and all.
>>>
>>> I do not care to discuss any of the other matters as they are
>>> totally twisted.
>>> ----- Original Message -----
>>> From: Simon Yang
>>> To: Ken Lee
>>> Sent: Saturday, November 28, 2009 11:29 AM
>>> Subject: case update
>>>
>>>
>>> Ken,
>>>
>>> Have you received any paper of the lawsuit to this time? Now I
>>> understand why Commodity Futures Trading Commission chose this way.
>>>
>>> With The Holy Spirit, Comforter and Counselor and Power, I
> have
>>> become known how to defend myself for the lawsuit: just telling the
>>> actual events and facts to the court, not twisted facts or false
>>> statements (many with those witnesses unfortunately).
>>>
>>> I am making very good advance on their charges. I sent an
> email
>>> to CATCH lawyer Catherine Driscoll that I will tell the court the
>> whole
>>> and detailed story of this case, and I have been chased by credit
>>> companies/ collection agents and working as a waiter in Chinese
>>> restaurant. obviously, she was surprised with my respond and
>> attitude,
>>> then worked next two days and sent me this yesterday: "proposed
>> consent
>>> order of preliminary injunction and other equitable relief." I do
> not
>>> understand this order, but I do know that I am wining. The Lord
> told
>> me
>>> yesterday mooring clearly.
>>>
>>> This is just update for you.
>>>
>>> Simon
>>>
>>>
>>>
>>
>>
>>
>>
>
>
>

>
>

Cust First Name	Cust Last Name	Cust Email Address
Simon	Yang	simonyang@cox.net
Haifeng	Ji	jihafeng@hotmail.com
Feng Fa	Huang	fengfa@yahoo.com
Xihai	Zhang	xzhang2002@hotmail.com
David	Lu	luhongwen@hotmail.com
Ing	Yang	ingyangc21@yahoo.com
Wenxin	Wu	wenxin3508@yahoo.com
May	Lu	maylu1015@gmail.com
Ruyan	Bryan	simonyang@cox.net
Lingling	Zhang	llzgao@yahoo.com
Wenjun	Liu	wenjunliu@hotmail.com
Chuan	Liu	simonyang@cox.net
Lijuan	Zhang	lzhang32@cox.net
Tom	Sun	haiwangsun@yahoo.com
Vickie	Huang	jhuang88888888@yahoo.com
Anlu	Hou	lclori@yahoo.com
Mingxuan	Chen	mxc888@gmail.com
Yong	Lang	ylang@panam.edu
Chunfeng	Liu	cliu@comentis.com
Jerry	Wang	gr3849@yahoo.com
Gin	Lin	gingingerly@yahoo.com
Jundong	Lan	janetbai@yahoo.com
Wei	Xiong	weixng1970@hotmail.com
Lisa	Cheng	lzc123@yahoo.com
Qing	Yang	yangq9988@yahoo.com
Holly	Han	hollyh88@gmail.com
Te-Chao	Wu	ingyangc21@yahoo.com
Minnie	Cao	minniecao_2000@yahoo.com
Yan	Su	yansu13@yahoo.com
Yu	Han	yu_e_han@yahoo.com
Wenzhi	Lu	wenxiuusa@yahoo.com.cn
Yujun	Liu	liuyujun415@hotmail.com
Cindy	He	hexin98@yahoo.com
Li	Zhang	lilian42@optonline.net
Yong	Miao	yong_miao@yahoo.com
Weiwen	Pan	wwp8n@yahoo.com
Xuezhen	Ma	xuezhen_ma@yahoo.com
Ching	Loh	chingloh@yahoo.com
Bihu	Huang	bihu.huang@gmail.com
Shiow Feng	Chou	pilotbear@pchome.com.tw
Keith	Luo	wel98568@yahoo.com
Haifeng	Zhou	hfzhou@hotmail.com
Kung-Sing	Ting	kung_singt@hotmail.com
Xiaomei	Guo	guo_xiaomei@hotmail.com

Alex	Wei	liusenli@yahoo.com
Ze	Tu	pchaput@verizon.net
Jiaosheng	Jiang	jiang@math.utexas.edu
Hsi-Ling	Huang	hsiling_huang@yahoo.com
Wenzhi	Lu	dlu66061@yahoo.com
Yeen Kuen	Wu	wu_yk@yahoo.com
Cherry	To	cherryto.88@gmail.com
Lulin	Hu	huzhangzhengjiejake@gmail.com
Rong	Ma	j_huangma@hotmail.com
Zheng	Zhou	zhengok@yahoo.com
Thomas	He	Thomas.He@frx.com
Van	Nguyen	thuanvn@yahoo.com
Bingzhao	Li	bingguang@yahoo.com
Changjiang	Zhu	cjzhu2003@yahoo.com
Pao	Chou	iceocean73072@yahoo.com

Name	Invested	Returned
Aiping Qiu	1,000.00	1,251.04
Akira Yukawa	0.00	6,900.00
Alaron	0.00	2,225,000.00
Bihu Huang	307,000.00	94,000.00
Bingguang Li	62,451.96	6,000.00
Chanjiang Shu	1,000.00	0.00
Ching Loh	142,000.00	0.00
Chungfeng Liu	285,000.00	5,000.00
Deqing Tao	0.00	8,500.00
Dorothy Cheng	540,000.00	248,000.00
Eric Kuo	0.00	665.29
Feng Wang	10,000.00	17,231.29
Fenglai Jiang	0.00	4,836.00
Fu-Long Liu	0.00	21,000.00
FXCM	0.00	1,250,000.00
Haifeng Ji	0.00	13,037.00
Haifeng Zhou	0.00	12,000.00
Holly Han	423,000.00	32,000.00
Hsi-Ling Huang	53,670.28	1,538.70
Hua Chen	0.00	650.46
Ing Pool	1,095,400.60	452,129.84
Ing Yang	0.00	33,081.18
Jerry Wang	0.00	19,670.00
Jiaosheng Jiang	0.00	11,000.00
Jing Huang	0.00	8,184.98
Jing Wang	29,500.00	5,000.00
Jungdong Lan	0.00	41,120.00
Kaiqing Ji	0.00	9,645.36
Kaiyu Jiang	0.00	973.10

Ken Peterson	60,000.00	40,000.00
Kevin Yuan	0.00	12,500.00
Kui Teng	0.00	61,637.50
Kung Sing Ting	15,000.00	12,850.00
Lijuan Zhang	90,000.00	15,000.00
Lisa Cheng	219,700.00	112,490.00
Liusen Li	167,000.00	29,500.00
Lori Yang	100,000.00	6,000.00
Lulan Hu	36,281.20	3,954.98
Mark Li	823,525.87	9,275.98
May Lu	500,000.00	10,000.00
Minnie Cao	0.00	2,000.00
Office Space	0.00	51,760.00
Pan Zhi	0.00	226.88
Peng Feng	208,974.98	0.00
PFGBest	0.00	350,000.00
Qing Yang	238,000.00	0.00
Quote System	0.00	59,000.00
RCG	0.00	100,000.00
Robert Lee	8,000.00	5,000.00
Ruyan Bryan	0.00	2,000.00
Shu-Fang Cheng	0.00	24,000.00
Susi Young	0.00	2,484.48
Szu-Hsien Wu	0.00	5,000.00
Tom Sun	11,000.00	0.00
Trade Station	0.00	150,000.00
van Tuan Hgyuen	36,700.71	0.00
Wei Xiong	0.00	6,000.00
Wenjun Liu	94,000.00	53,000.00
Wenzhi Lu	0.00	2,500.00

Xiaomer Guo	100,001.00	0.00
Xihai Zhang	100,000.00	56,000.00
Yan Su	232,344.00	3,000.00
Yeen-Kuen Wu	20,000.00	0.00
Yong Lang	51,000.00	0.00
Yong Miao	32,000.00	8,000.00
Yu Han	20,000.00	22,700.00
Yuan-Jung Huang	0.00	10,000.00
Yufeng Xu	0.00	5,908.05
Yunjun Liu	30,000.00	0.00
Ze Tu	5,000.00	0.00
Zhou Haifeng	32,000.00	0.00

Terra Bonnell

From: Ken Lee [klee88@prestigeventures.com]
Sent: Friday, December 18, 2009 1:59 PM
To: STEPHEN MORIARTY
Subject: Re: Repay

I do not know how, they traded separate accounts in Alaron and earned their pay. They know this the way it was and had good earnings. I think each account was up over \$375,000 at one time and then they purchased their houses and continued to trade their separate accounts. I did not trade in them and they did not trade in mine.

----- Original Message -----

From: "STEPHEN MORIARTY" <SMoriarty@fellerssnider.com>
To: "Ken Lee" <klee88@prestigeventures.com>
Cc: "Katherine Driscoll" <kdriscoll@cftc.gov>; "Patty Labarthe" <plabarthe@securities.ok.gov>
Sent: Friday, December 18, 2009 2:49 PM
Subject: Re: Repay

Your statement conflicts with David and darren's sworn deposition testimony.

Stephen J. Moriarty, Esq.
Fellers, Snider, Blankenship,
Bailey & Tippens, P.C.
100 N. Broadway Ave., Suite 1700
Oklahoma City, OK 73102
Main: 405/232-0621
Direct : 405/239-7251
Fax: 405/232-9659

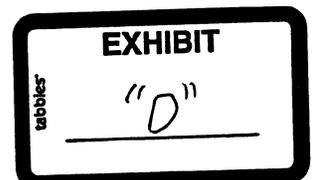
e-mail: smoriarty@fellerssnider.com

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>>> Ken Lee <klee88@prestigeventures.com> 12/18/2009 1:47:44 PM >>>
I placed a large amount of funds into PVC in the beginning and allotted funds to each David and Darren to trade for their benefit.

They each earned enough to purchase their houses and pay their wages. They earned the funds themselves and did not have anything to do with PVC's



funds.

I CAN earn the needed funds to repay the investors, but need the chance to do so. It is possible, but I need the chance.

----- Original Message -----

From: "STEPHEN MORIARTY" <SMoriarty@fellerssnider.com>
To: "Ken Lee" <klee88@prestigeventures.com>
Cc: "Katherine Driscoll" <kdriscoll@cftc.gov>; "Patty Labarthe" <plabarthe@securities.ok.gov>
Sent: Friday, December 18, 2009 2:41 PM
Subject: Re: Repay

As I noted in my prior e-mail, I do not consider your plan a realistic proposal to repay investor claims.

I have been authorized by the Court to pursue and collect all claims that may exist in favor of any of the defendants. With regard to your sons, I have determined that their houses and the boat were paid for directly by Prestige and those assets must be returned to Prestige.

Stephen J. Moriarty, Esq.
Fellers, Snider, Blankenship,
Bailey & Tippens, P.C.
100 N. Broadway Ave., Suite 1700
Oklahoma City, OK 73102
Main: 405/232-0621
Direct : 405/239-7251
Fax: 405/232-9659

e-mail: smoriarty@fellerssnider.com

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>>> Ken Lee <klee88@prestigeventures.com> 12/18/2009 12:51:16 PM >>>
I have not heard from you about working a repay plan out. My sons just called and said they had received letters from you.

I hope that we can work out a repay plan and get this behind us.

I invested lots of cash into this investment as well and my sons worked with that to make their purchases just as I did for myself.

Please let us work this out and let me start making repayments on this.

----- Original Message -----

From: "STEPHEN MORIARTY" <SMoriarty@fellerssnider.com>

To: "Ken Lee" <klee88@prestigeventures.com>

Sent: Tuesday, December 15, 2009 11:11 AM

Subject: Re: Repay

> Where would the \$15,000 come from?

>

> I do not have the authority to "unfreeze" the accounts and make them
> available to you.

>

> It is not feasible that \$15,000 can be turned into \$5,000,000 to
> \$6,000,000. I do not consider this a realistic proposal to repay
> investor claims.

>

> Stephen J. Moriarty, Esq.
> Fellers, Snider, Blankenship,
> Bailey & Tippens, P.C.
> 100 N. Broadway Ave., Suite 1700
> Oklahoma City, OK 73102
> Main: 405/232-0621
> Direct : 405/239-7251
> Fax: 405/232-9659

>

> e-mail: smoriarty@fellerssnider.com

>

>

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>

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> not intended, and cannot be used, for the purpose of avoiding tax
> related penalties or promoting, marketing or recommending any tax
> related matter to another person.

>

>

>>>> Ken Lee <klee88@prestigeventures.com> 12/15/2009 9:29:15 AM >>>

> Mr. Moriarty,

>

>

>

> I will have approximately \$15,000 made available to me to trade in a
> futures trading account if this plan is approved. I would prefer to
> use 2448D with PFGBest which I was using until the accounts were frozen
> last month. The reason for this is that the margins are better at

> PFGBest and allows for more contracts in trading. Also, I would like to
> keep account number 2445D open to transfer funds to when they are ready
> to be transferred to the distribution source. It is easier to wire
> funds that way as PFGBest has a policy that no funds can be sent out
> until settlement for the days trading. I would have to stay out of
> trades for a day if I had to use only 2448D.

>
>
> I would need Prestige Ventures Corp's bank account with Bank of America
> opened for use as well. PFGBest has the account set up with Prestige
> Ventures Corp bank information on the account and funds have to go from
> the trading account back to the bank account on record. I would also
> have to send the funds to PFGBest from Bank of America.

>
>
> Profits from trades will be sent to Bank of America and distributed to
> whom ever you or the Court designates to distribute to investors. I
> would like to retain 35% of the profits for growth as this would allow
> for faster increases in the number of contracts that could be traded.
> These profits would remain in the trading account with PFGBest. By
> doing this the earnings would provide faster payback as the account
> would compound providing higher earnings for distribution. Without
> this, the time to payback would be years rather than months.

>
>
> Distribution would be slow in the beginning, but increase much faster
> due to the retained earnings; however, if the number of contracts were
> kept the same during the payback phase then it will take a very long
> time to work through the entire amount owed. The retained earnings can
> also be applied to the payback when they reach a point where the amount
> added to the amount paid would equal the amount needed for total
> payback.

> An example of the above would be something like shown below:

>
>
> End of month 1: \$9,000.00 Paid
>
> End of month 2: \$20,000.00 Paid
>
> End of month 3: \$40,000.00 Paid
>
> End of month 6: \$140,000.00 Paid

>
>
> If allowed to payback on a quarterly basis I feel the return would be
> even greater as more funds would be available for added contracts. I
> have based everything on monthly payments and feel very comfortable with
> the schedule I have worked out. I have traded this way in the past and
> done very well and feel I can do the same again.

>
>
> Thank you,
>
>
>
>



FELLERS SNIDER
ATTORNEYS AND COUNSELLORS AT LAW
FELLERS SNIDER BLANKENSHIP BAILEY & TIPPENS, P.C.

OKLAHOMA CITY ■ TULSA

STEPHEN A. MORIARTY
SHAREHOLDER
ATTORNEY AT LAW

smoriarty@fellerssnider.com

December 14, 2009

(VIA CERTIFIED MAIL AND REGULAR MAIL)

Mr. Darren Lee
2676 Palmetto Hall Blvd.
Mt. Pleasant, SC 29466

Re: *CFTC, et al. v. Prestige Ventures Corp., et al.*,
United States District Court, Western District of Oklahoma
Case No. 09-1284-R

Dear Mr. Lee:

As you are aware, I am the Court-appointed Receiver in the above referenced matter. A copy of the Order is enclosed herewith.

During your deposition on December 9, 2009, you testified that (1) you own a home located at 2676 Palmetto Hall Blvd., (2) from 2003 through 2009 you received payments and benefits from Prestige Ventures Corp., and (3) you are a co-owner, with your brother, of a 17 ft. boat (in storage at StowAway).

As Receiver, I have a claim to the items described in (1) through (3) above, as I have determined that each item was paid for, or funded with, funds of Prestige Ventures Corp. At this time, my investigation is ongoing and there may be other assets or claims that may exist against you.

ALL MONIES IN YOUR BANK ACCOUNT AND ALL PROPERTY DESCRIBED IN (1) THROUGH (3) ABOVE CONSTITUTE PROPERTY, CLAIMS OR ASSETS OF PRESTIGE VENTURES CORP.

THIS IS TO ADVISE YOU THAT YOU SHOULD NOT MAKE ANY TRANSFER OF ANY OF THE PROPERTY DESCRIBED IN (1) THROUGH (3) INCLUDING, BUT NOT LIMITED TO, ANY PAYMENT OUT OF YOUR BANK ACCOUNT. ALL ITEMS DESCRIBED IN (1) THROUGH (3) ABOVE MUST BE TURNED OVER TO ME IMMEDIATELY.

100 NORTH BROADWAY, SUITE 1700
OKLAHOMA CITY, OKLAHOMA 73102-8820
www.fellerssnider.com
TELEPHONE 405.232.0621 ■ FAX 405.232.9659

EXHIBIT

tabbles

"E"

FELLERS SNIDER

Mr. Darren Lee
December 13, 2009
Page 2

I WILL ASK THE COURT TO FIND THAT ANY TRANSFER AND/OR PAYMENT TO ANY THIRD PARTY RELATING TO (1) THROUGH (3) ABOVE IS MADE IN VIOLATION OF THE COURT'S ORDER OF NOVEMBER 20, 2009 AND I WILL SEEK ALL APPROPRIATE RELIEF.

If you have any questions regarding any of these matters, please contact me immediately.

Very truly yours,



Stephen J. Moriarty, Receiver

Encl.

WD509118

7160 3901 9848 4999 1815

2. Article Number



7160 3901 9848 4999 1815

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)	B. Date of Delivery
Od Signature	
<input checked="" type="checkbox"/> Agent	<input type="checkbox"/> Address
D. Is delivery address different from item 1? If YES, enter delivery address below:	
<input type="checkbox"/> Yes	
<input type="checkbox"/> No	

TO:
Mr. Darren Lee
2676 Palmetto Hall Blvd.
Mt. Pleasant, SC 29466

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? (Extra Fee) Yes

1. Article Addressed to:

SENDER:
Charlotte Howard

REFERENCE:
P5147:62510

Mr. Darren Lee
2676 Palmetto Hall Blvd.
Mt. Pleasant, SC 29466

Reference Information

P5147:62510
Charlotte Howard

PS Form 3800, January 2005

RETURN RECEIPT SERVICE	Postage	
	Certified Fee	0.78
	Return Receipt Fee	2.80
	Restricted Delivery	2.30
	Total Postage & Fees	6.00

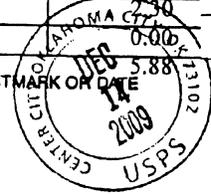
PS Form 3811, January 2005

Domestic Return Receipt

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided
Do Not Use for International Mail

POSTMARK OR DATE





FELLERS SNIDER
ATTORNEYS AND COUNSELLORS AT LAW
FELLERS SNIDER BLANKENSHIP BAILEY & TIPPENS, P.C.

OKLAHOMA CITY ■ TULSA

STEPHEN A. MORIARTY
SHAREHOLDER
ATTORNEY AT LAW

smoriarty@fellerssnider.com

December 14, 2009

(VIA CERTIFIED MAIL AND REGULAR MAIL)

Mr. David Lee
2676 Palmetto Hall Blvd.
Mt. Pleasant, SC 29466

Re: *CFTC, et al. v. Prestige Ventures Corp., et al.*,
United States District Court, Western District of Oklahoma
Case No. 09-1284-R

Dear Mr. Lee:

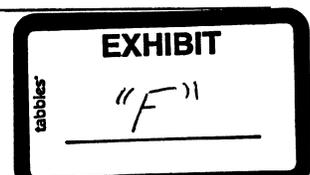
As you are aware, I am the Court-appointed Receiver in the above referenced matter. A copy of the Order is enclosed herewith.

During your deposition on December 9, 2009 you testified that (1) you recently sold a home at 3230 Heathland Way (the "Home"), received proceeds from the sale and deposited the proceeds in your bank account, (2) approximately \$15,000.00 was being held in escrow for your benefit from the sale of the Home, (3) several months ago you were involved in an insurance claim arising out of your ownership of a GMC Sierra and that insurance proceeds were paid to you and deposited in your bank account, (4) from 2003 through 2009 you received payments and benefits from Prestige Ventures Corp, and (5) you are a co-owner, with your brother, of a 17 ft. boat (in storage at StowAway).

As Receiver, I have a claim to the items described in (1) through (5) above, as I have determined that each item was paid for, or funded with, funds of Prestige Ventures Corp. At this time, my investigation is ongoing and there may be other assets or claims that may exist against you.

ALL MONIES IN YOUR BANK ACCOUNT AND ALL PROPERTY DESCRIBED IN (1) THROUGH (5) ABOVE CONSTITUTE PROPERTY, CLAIMS OR ASSETS OF PRESTIGE VENTURES CORP.

100 NORTH BROADWAY, SUITE 1700
OKLAHOMA CITY, OKLAHOMA 73102-8820
www.fellerssnider.com
TELEPHONE 405.232.0621 ■ FAX 405.232.9659



FELLERS SNIDER

Mr. David Lee
December 13, 2009
Page 2

THIS IS TO ADVISE YOU THAT YOU SHOULD NOT MAKE ANY TRANSFER OF ANY OF THE PROPERTY DESCRIBED IN (1) THROUGH (5) INCLUDING, BUT NOT LIMITED TO, ANY PAYMENT OUT OF YOUR BANK ACCOUNT. ALL ITEMS DESCRIBED IN (1) THROUGH (5) ABOVE MUST BE TURNED OVER TO ME IMMEDIATELY.

I WILL ASK THE COURT TO FIND THAT ANY TRANSFER AND/OR PAYMENT TO ANY THIRD PARTY RELATING TO (1) THROUGH (5) ABOVE IS MADE IN VIOLATION OF THE COURT'S ORDER OF NOVEMBER 20, 2009 AND I WILL SEEK ALL APPROPRIATE RELIEF.

If you have any questions regarding any of these matters, please contact me immediately.

Very truly yours,



Stephen J. Moriarty, Receiver

7160 3901 9848 4999 1808

TO:
Mr. David Lee
2676 Palmetto Hall Blvd.
Mt. Pleasant, SC 29466

SENDER:
Charlotte Howard

REFERENCE:
P5147; 62510

PS Form 3800, January 2005

RETURN RECEIPT SERVICE	Postage	0.78
	Certified Fee	2.80
	Return Receipt Fee	2.30
	Restricted Delivery	0.00
	Total Postage & Fees	5.88

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided
Do Not Use for International Mail



2. Article Number



7160 3901 9848 4999 1808

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? (Extra Fee) Yes

1. Article Addressed to:

Mr. David Lee
2676 Palmetto Hall Blvd.
Mt. Pleasant, SC 29466

PS Form 3811, January 2005

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) David Lee B. Date of Delivery 12/18

C. Signature David Lee Agent Address

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

Reference Information

P5147; 62510

Charlotte Howard

**DECLARATION OF NATHAN D. JOHNSON
PURSUANT TO 28 U.S.C. § 1746 AND 12 O.S. § 426**

I, Nathan D. Johnson, hereby declare and state the following:

1. I am an employee of the Oklahoma Department of Securities ("Department") and have been since 2004. My current job title is Assistant Information Technology Manager.

2. As part of my assigned duties as Assistant Information Technology Manager for the Department, I conduct forensic examinations of the contents of computers. In doing so, I use a computer forensic application called EnCase Law Enforcement that allows me to image a computer's hard drive and preserve it in a forensic manner using the EnCase evidence file format.

3. In December 2009, I was asked by the Enforcement Division of the Department to conduct a forensic examination of a Sony Vaio (the "Computer") in connection with the case styled *U.S. Commodity Futures Trading Commission and Oklahoma Department of Securities ex rel. Irving L. Faught v. Prestige Ventures Corp., et al.*; W.D. Okla. Case No. 09-CV-1284.

4. I received the Computer from Katherine Driscoll of the CFTC on December 11, 2009. Katherine Driscoll told me that the Computer belongs to Kenneth Lee.

5. From the image taken of the Computer's hard drive, I was able to examine the files associated with Outlook Express on the Computer. Through that examination, I determined that the email address klee88@prestigeventures.com received emails during the time period November 30, 2009 through December 7, 2009, and that a portion of those emails had been deleted.

6. I was unable to access the deleted emails but could see the subject lines for the deleted emails. The subjects for the deleted emails included, but were not limited to, the following: "Monthly Statement R6-080819"; "Monthly Statement 060218"; "Monthly Statement 88-060218"; "Hearing"; "case update"; "040322 & FV-040322"; "Monthly Statement GNM-050307-24"; "withdraw money"; and "reques[t] withdraw (urgent)".

I declare under penalty of perjury under the laws of the United States of America and of the State of Oklahoma that the foregoing is true and correct.

Executed on this 22 day of February, 2010, in Oklahoma City, Oklahoma.



Nathan D. Johnson
Assistant Information Technology Manager
Oklahoma Department of Securities
120 North Robinson Avenue, Suite 860
Oklahoma City, OK 73102

3. Attached hereto as Exhibit B is a true and correct copy of relevant portions of the Transcript of Deposition of Kenneth Wayne Lee, dated November 30, 2009 and continuing on January 21, 2010.

4. Attached hereto as Exhibit C is a true and correct copy of an email chain between Ken Lee and Jia Zhu, which Kenneth Lee forwarded to me on January 22, 2010.

5. Attached hereto as Exhibit D is a true and correct copy of an email chain between Ken Lee and Mark Li, which Kenneth Lee forwarded to me on January 22, 2010.

6. Attached hereto as Exhibit E is a true and correct copy of an email chain between Ken Lee and Zhao Duan, which Kenneth Lee forwarded to me on January 22, 2010.

7. Attached hereto as Exhibit F is a true and correct copy of an email chain between Ken Lee and Dorothy Cheng, which Kenneth Lee forwarded to me on January 22, 2010.

8. Attached hereto as Exhibit G is a true and correct copy of a "PVC Cust SelectQry," which Kenneth Lee sent to me by email on January 22, 2010.

9. Attached hereto as Exhibit H is a true and correct copy of an email from Ken Lee to me, Subject "Names," dated February 15, 2010.

10. Attached hereto as Exhibit I is a true and correct copy of an email from Ken Lee to me, Subject "Added Name," dated February 15, 2010.

11. Attached hereto as Exhibit J is a true and correct copy of a March 10, 2008 email from Ken Lee to Simon Yang, which Simon Yang forwarded to me.

12. Attached hereto as Exhibit K is a true and correct copy of a December 4, 2009 email from Simon Yang to Ken Lee, which Simon Yang forwarded to me on December 19, 2009.

13. Attached hereto as Exhibit L is a true and correct copy of a December 15, 2009 email from Simon Yang to the PVC investors, which Mr. Yang forwarded to me on December 19, 2009.

14. Attached hereto as Exhibit M is a true and correct copy of an email chain from Ching Loh to Terra Shamas Bonnell of the Oklahoma Department of Securities, which Ms. Bonnell forwarded to me on February 18, 2010.

15. Attached hereto as Exhibit N is a true and correct copy of a December 14, 2009 email from Simon Yang to the PVC investors, which he forwarded to me on December 19, 2009.

16. Attached hereto as Exhibit O is a true and correct copy of relevant portions of the Transcript of Deposition of Darren A. Lee, dated December 9, 2009.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Date: March 3, 2010

Respectfully submitted,

/s Katherine S. Driscoll
Katherine S. Driscoll

**EXHIBIT A to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

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IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA
CASE NO.: 09-cv-01284

U.S. COMMODITY FUTURES TRADING)
COMMISSION AND OKLAHOMA DEPARTMENT)
OF SECURITIES *ex rel.* IRVING L.)
FAUGHT,)

Plaintiffs,)

-vs-)

PRESTIGE VENTURES CORP., a)
Panamanian corporation, FEDERATED)
MANAGEMENT GROUP, INC., a Texas)
corporation, KENNETH WAYNE LEE, an)
individual, and SIMON YANG (a/k/a)
XIAO YANG a/k/a SIMON CHEN), an)
individual,)

Defendants.)

COPY

DEPOSITION OF:
DAVID A. LEE
December 9, 2009

The deposition of DAVID A. LEE, taken
before Lynda A. Bousquet, Professional Court Reporter
and Notary Public, at the offices of the U.S.
Attorney's Office, 151 Meeting Street, Charleston,
South Carolina, on Wednesday, December 9, 2009, at
9:07 a.m.

1 A Four months.

2 Q And where did you live before that?

3 A On Heathland Way. 3230 Heathland Way, Mt.
4 Pleasant.

5 Q Why did you move in with your brother?

6 A Not -- so I wasn't living by myself. And
7 times were tough, and so we split -- we made the
8 bills cheaper, keep each other company.

9 Q Did you own the home at 3230 Heathland
10 Way?

11 A Uh-huh. . Yes.

12 Q Have you sold the home at 3230 --

13 A Uh-huh.

14 Q -- Heathland Way?

15 A Yes.

16 Q When did you sell it?

17 A I closed on it Friday.

18 Q This past Friday?

19 A Uh-huh.

20 Q How much did you get for it?

21 A \$120,000.

22 Q Did you have a mortgage on the address at
23 3230 Heathland Way?

24 A No. I owned the home outright myself.

25 Q Who bought the house?

1 A I bought the house.

2 Q I'm sorry. Who bought the house from you?

3 A Oh. Oh, shoot. Charleston Home Buyers is
4 the name of the company.

5 Q What did you do with the \$120,000 that you
6 received?

7 A I have it, trying to start a new business
8 with it for myself.

9 Q Do you have it in a bank account?

10 A Uh-huh.

11 Q What bank account do you have it in?

12 A My Bank of America account.

13 Q Can you remember, off the top of your head,
14 what the account number is --

15 A No.

16 Q -- for that account?

17 A I don't keep that.

18 Q Do you have any idea of what the last three
19 digits are?

20 A Hu-huh. No.

21 Q What's the balance on that account?

22 A Well, I have \$15,000 in escrow until I move
23 out. And so about \$87,000, because I have to pay off
24 debt. And how does this concern what's going on now?

25 Q I'm asking the questions here today, not

1 BY MS. DRISCOLL.

2 Q Exhibit 2 is the Order Granting the
3 Commission's *ex parte* Statutory Restraining Order.
4 Have you ever seen this document, Mr. Lee?

5 A Yes. This is -- this was the other one that
6 came sent to my house, I think.

7 Q It was included in the --

8 A Uh-huh. It was both of these right here, I
9 think, I got.

10 Q Have you read Exhibit 2?

11 A Yes. I don't understand a lot of it, but,
12 yeah, I read it.

13 Q Can you turn now to page 16 --

14 A Uh-huh. Yes.

15 Q -- under section seven on page 16?

16 A Uh-huh.

17 Q It says Order Granting Expedited Discovery.

18 A Okay.

19 Q Under that section, the Plaintiffs in this
20 case were permitted to notice the deposition of any
21 person.

22 A I am supposed to be following?

23 Q Do you see that?

24 A No.

25 Q If you look at the third line where it says

1 Q Did you have a savings account at First
2 Federal?

3 A No. Just checking.

4 Q Did you have a savings account at any other
5 banks?

6 A No. Hu-huh.

7 Q What real estate have you owned between 2003
8 and 2009?

9 A That's real estate -- just houses, right?
10 Because I had a truck. Okay. That's property. Just
11 one house, the 3230 Heathland.

12 Q Have you owned any commercial property?

13 A No.

14 Q Okay. You said you had a truck. When did
15 you buy the truck?

16 A 2005, I guess.

17 Q What's the -- what was the make and the
18 model?

19 A GMC 2006 was the model. I got it late in
20 2005. Sierra.

21 Q How much did you buy it for?

22 A Just -- not -- between 20 and -- between
23 20,000 and 21,000. It was like 20 and a few dollars.

24 Q Where did you get the money to purchase the
25 GMC Sierra?

1 Q You bought it used?

2 A Uh-huh.

3 Q What was the trade-in value for it when you
4 bought the GMC Sierra?

5 A They only gave me 7,000 for it. So I
6 guess -- that's what they said the book was.

7 Q What money did you use to buy the GMC Z71?

8 A That was money I had brought from -- well,
9 that I had from my own pizza job and some of it that
10 I had earned from my trading. And I guess I had a
11 little Ford Ranger too I traded in when I got that,
12 but that wasn't worth very much. I mean, it didn't
13 bring me much from the trade-in value.

14 Q I believe you have also testified that you
15 were in an accident with your GMC Sierra?

16 A Uh-huh. Yes.

17 Q When did that happen?

18 A End of June. End of June. Oh, I'm sorry.

19 Q What year?

20 A This past year, 2009.

21 Q Did you collect any insurance money from
22 that accident?

23 A Yes.

24 Q How much money did you collect?

25 A A little over 12,000 I think I got for it.

1 Q What was the name of the insurance company
2 that you received it from?

3 A GEICO.

4 Q What have you done with the \$12,000 that you
5 received from GEICO?

6 A Paid off credit cards and tried to get
7 myself caught up on, you know, debt and been just
8 living on it kind of for a while up until I sold my
9 house.

10 Q Did you use it to make any purchases over
11 \$1,000?

12 A No. I don't think so. No.

13 Q Can you remember the name of the car
14 dealership where you bought the GMC Sierra?

15 A They both came from McElveen. Oh, no. No.
16 No, they didn't. One came from McElveen and one came
17 from Sentry GMC. But they are both here in
18 Charleston.

19 Q Which one came from McElveen?

20 A The 2000, the Z71.

21 Q So the GMC Sierra came from Sentry Motors?

22 A Yes. Sentry, S-e-n-t-r-y.

23 Q Do you know if your family, your mother and
24 father have ever bought a car from McElveen?

25 A No. I don't think so. I don't know.

1 A Almost a year ago. Eight, nine months ago.

2 Well, last spring he got rid of it.

3 Q What kind of car was it?

4 A A truck. GMC pickup truck. 2500.

5 Q And why did -- why did he get rid of it?

6 A I think because he needed money. I always
7 assumed business was bad if he got rid of his truck.
8 He kind of tells me to mind my own business about
9 things sometimes.

10 Q. Do you know how much he sold the truck
11 for?

12 A No. Hu-huh.

13 Q Do you know if he had a loan on the truck?

14 A No. I think it was paid for, but I'm not
15 certain.

16 Q There is a payment from the Prestige
17 Ventures bank account at Bank of America to McElveen
18 Chevrolet --

19 A Uh-huh.

20 Q -- in the amount of \$21,912.48.

21 A Uh-huh.

22 Q Do you know what that payment is for?

23 A Yeah. Well, my parents bought it for me,
24 and then I paid my parents back the money for getting
25 my car. That would be my truck. Did you say

1 McElveen?

2 Q Yes.

3 A Then that was my first truck then. I didn't
4 think I paid that much for it though.

5 Q When did you pay your parents back?

6 A Over the next two years or so.

7 Q Did you pay your parents back the entire
8 amount of \$21,000 --

9 A No. No. No.

10 Q Can I just finish my question. Did you pay
11 your parents back the entire amount of \$21,912?

12 A No.

13 Q How much did you pay them back?

14 A Half of it.

15 Q There is also a payment from the Prestige
16 Ventures bank account at Bank of America to Sentry
17 Buick for \$20,103.97.

18 A Uh-huh.

19 Q Do you know what that payment is for?

20 A Yes. That would have been my second truck.

21 Q Did you pay back Prestige Ventures for the
22 purchase of your truck?

23 A For that one, yes.

24 Q How much did you pay back?

25 A \$20,000.

1 Q When did you pay back the \$20,000 to
2 Prestige Ventures?

3 A Over the last couple years.

4 Q When did you finish paying off Prestige
5 Ventures for the purchase of your truck at Sentry
6 Buick?

7 A Two years ago, year and a half.

8 Q Where did you get the money to pay back
9 Prestige Ventures for the purchase of the truck?

10 A From my job. From working.

11 Q From which job?

12 A From some of my trading accounts and the
13 money that I would get paid from my dad for doing
14 work for him.

15 Q How much of the money that you used to pay
16 back Prestige for the truck came from your salary
17 from your dad?

18 A Maybe half of it. I don't know.

19 Q Did you buy another car after your car was
20 totaled in June of 2009?

21 A No.

22 Q Do you have any plans to buy another car?

23 A Not any time soon.

24 Q When you bought your house at 3230 Heathland
25 Way --

1 Bank of America checking account since November
2 20th?

3 A Yes.

4 Q How much money have you transferred out of
5 it?

6 A Oh, I transferred 1,000 bucks to my brother
7 the other day so he could pay bills. That was
8 actually yesterday.

9 Q What other money have you transferred out of
10 that account since November 20th?

11 A I have paid -- I have paid a fine that I
12 had. And I helped my parents catch up on their
13 credit cards.

14 Q How much money have you given your parents
15 since November 20th?

16 A I didn't give it to them directly. I just
17 let them pay off their bills with my -- out of my
18 account.

19 Q You mean there were direct transfers to the
20 credit card company from your Bank of America?

21 A I gave my dad my information so he could go
22 on-line and pay -- pay the credit cards off or
23 whatever, you know, or so they could get some bills
24 paid. I didn't ask them specifically. I just helped
25 them.

1 Q How much money did you give them to pay
2 their credit cards?

3 I don't know. I thought about maybe \$5,000
4 was taken out, five, 6,000. Some of it is mine
5 that's pending on there, you know. But I let them
6 spend what they needed to to help my parents out.
7 And I think they spent about 5,000, \$6,000 getting
8 caught up on things. They didn't tell me that. That
9 was from just from me looking at my account status.

10 Q Have you given your parents any other money
11 since November 20th?

12 A I gave them a little cash the other day, you
13 know, so they would have some cash to store. Yeah,
14 that's it.

15 Q And how much money did you give them?

16 A A couple hundred bucks. It's not a crime,
17 right?

18 Q \$200?

19 A I gave them about \$1,000.

20 Q Have you made any other transfers out of
21 your Bank of America since November 20th?

22 A Does that include like going to Wal-Mart are
23 you talking about? Yeah. Yeah, I have. I had to
24 get a storage unit. Yes.

25 Q How much money have you spent out of your

1 A No.

2 Q Did you have an understanding of what your
3 compensation was to be from Prestige for the services
4 you provided?

5 A Could you repeat that again?

6 Q Yeah. Did you have an understanding of how
7 you were to be compensated by Prestige for the work
8 that you did?

9 A I knew that my father -- that my dad paid me
10 for it. I didn't know exactly like why I got paid
11 what I did or when.

12 Q Did you receive regular weekly compensation
13 for a period of time?

14 A Yes.

15 Q And how much would that have been?

16 A I don't know. Sometimes I got -- sometimes
17 I got paid 100 bucks, sometimes 1,500 bucks,
18 sometimes 700. It depends on -- I guess it just
19 depended on the times. I don't know.

20 Q Do you dispute the statement that generally
21 during the period 2004 through 2007, you received
22 \$1,500 a week?

23 A Yes. For a long time, I did. Yes.

24 Q So you do not dispute that statement?

25 A No.

1 Q Other than this \$1,500 a week, what other
2 compensation were you entitled to receive from
3 Prestige?

4 A I believe that was it. I mean, nothing.
5 That was my pay there. That was all I got.

6 Q In reviewing the bank records of Prestige
7 Ventures Bank of America accounts, there is a check
8 made payable to you on April 28th of 2005 in the
9 amount of \$26,560.27?

10 A Yes.

11 Q Can you explain to me why that amount was
12 paid to you?

13 A It was a gift from my dad.

14 Q But it wasn't on your dad's account, was
15 it?

16 A Pardon me?

17 Q It wasn't -- it wasn't a check written on
18 your dad's account, was it?

19 A No. No. I don't think so. It was given to
20 me.

21 Q By Prestige Ventures?

22 A Possibly, but it was handed to me by my dad.
23 That's probably where the check came from.

24 Q And why did Prestige Ventures give you a
25 gift of over \$26,000 in April of 2005?

1 A I do not know.

2 Q Were there other gifts that you would
3 receive from time to time from Prestige Ventures?

4 A No.

5 Q If the amount is kind of an odd amount
6 \$26,560.27.

7 A Uh-huh.

8 Q Was there a reason that you needed that
9 amount of money in April of 2005?

10 A No. Actually, I didn't need the money. I
11 mean, I could have used it, but I didn't -- I didn't
12 need that for anything specific.

13 Q Do you have any recollection as to why the
14 check was made cut for exactly \$26,560.27?

15 A No. I have no idea.

16 Q And what did you do with those funds?

17 A I saved it for a long time. Just went
18 towards living expenses, stuff like that.

19 Q I am looking at another check drawn on the
20 Prestige Ventures account at Bank of America, check
21 number 1273, bearing a date of July 29, 2004, made
22 payable to you in the amount of \$5,200, which bears a
23 notation July 2004 commission. Can you explain to me
24 why that payment was made to you by Prestige?

25 A That was supposed to be for watching,

1 ever made the premium payments?

2 A They did not.

3 Q Do you know that for a fact?

4 A No. I do not know that for a fact, but I
5 thought it was supposed to be my mom paying it with
6 her credit card. But so a lot of these questions I
7 don't know the answer to.

8 Q Let's move on to the boat, the 17-foot
9 Edgewater that you previously described in your
10 testimony. Is that boat owned by you and your
11 brother?

12 A I believe so.

13 Q Did you or your brother pay for the boat?

14 A No. It was a gift from our dad.

15 Q I have in front of me a Bank of America
16 check, Prestige Ventures account, check number 1012,
17 dated November 13, 2003, in the amount of \$25,976
18 payable to Longshore Marine with a notation
19 Edgewater. Do you believe that to be the check for
20 that boat?

21 A Yes.

22 Q And you believe that to be a gift to you and
23 your brother?

24 A Yes.

25 Q Was that gift made by Prestige?

1 A I thought it came from my dad.

2 Q Did you dock that boat?

3 A For awhile, yes.

4 Q Where was it docked?

5 A Bristol Marina. Bristol Marina.

6 Q Did you and/or your brother pay the dock
7 fees to Bristol Marina?

8 A I believe my brother did.

9 Q Can you explain to me why, on July 27th,
10 2006, Prestige Ventures Corp. wrote a check, check
11 number 2119 in the amount of \$3,255 payable to
12 Bristol Marina with a notation David Lee, Darren Lee,
13 JG-10 (ph)?

14 A Yeah. That was for the next coming year of
15 storage, which I thought my dad had paid for us. And
16 when I say my dad, I always mean that I think he paid
17 for that out of his money, not some business
18 account.

19 Q But it was the obligation of you and your
20 brother to pay for that dock fee, was it not?

21 A Yes, and we did.

22 Q Well, apparently Prestige did.

23 A Oh, well, I meant actually going down there
24 with a check.

25 Q But it was Prestige's money that paid the

**EXHIBIT B to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA

U.S. COMMODITY FUTURES)	CASE NO. 09-cv-01284
TRADING COMMISSION and)	
OKLAHOMA DEPARTMENT OF)	
SECURITIES <i>ex rel.</i>)	
IRVING L. FAUGHT,)	
)	
Plaintiffs,)	
)	
-vs-)	DEPOSITION OF:
)	
PRESTIGE VENTURES CORP., a)	KENNETH WAYNE LEE
Panamanian corporation,)	
FEDERATED MANAGEMENT GROUP,)	
INC., a Texas corporation,)	
KENNETH WAYNE LEE,)	
an individual, and SIMON)	
YANG (a/k/a XIAO YANG)	
a/k/a SIMON CHEN), an)	
individual,)	
)	
Defendants.)	
)	

The deposition of KENNETH WAYNE LEE, taken before Julie L. Bonomo, Professional Court Reporter and Notary Public, at the U.S. Attorney's Office, 151 Meeting Street, Suite 200, Charleston, South Carolina, on Monday, November 30, 2009, commencing at 10:16 a.m.

1 Q. What county is it located in?

2 A. Charleston.

3 Q. And then finally, the laptop that you gave me
4 looked like it had set up on it a virtual private
5 network that was called or titled Prestige. Are you
6 familiar with that?

7 A. Yes, sir.

8 Q. It looked like access to that network was
9 password protected. Do you have the password that would
10 enable me to get access to that?

11 A. No, sir. I do not. I have not used that in a
12 long, long time. I don't recall that password.

13 Q. Okay. So if you didn't use that laptop in a long
14 time and it did not appear that there had been trading
15 information or accounts set up on that computer, are you
16 telling me that all of that would have been done on this
17 second laptop that you still have in your possession?

18 A. No, sir. Not necessarily. I did delete the
19 trading platform for PFG Best because I -- when I found
20 out I couldn't trade there, I just deleted the program
21 because if anyone had opened it, they could tamper with
22 the account. So I deleted the program, but everything
23 is kept on at their servers. And the only thing that I
24 had on my end was access to the trade program to get
25 onto their -- into their trading program, their servers.

1 Q. When did you delete that program from that
2 laptop?

3 A. I guess when I found out I couldn't trade Monday,
4 I just removed it.

5 Q. So after the lawsuit was filed and after the
6 restraining order was entered, you removed that
7 information from the laptop?

8 A. I just deleted the trading platform, yes, sir.

9 Q. Was there any other information you deleted from
10 that laptop, at that time?

11 A. No, sir.

12 Q. Do you file joint tax returns with your wife?

13 A. Yes.

14 Q. Are you current in your filings with the IRS?

15 A. Yes.

16 Q. Do you have a CPA?

17 A. No.

18 Q. You prepare those returns yourself?

19 A. Yes, sir.

20 Q. Do you have copies of those returns in your
21 possession?

22 A. I think I have those, yes, sir.

23 Q. I will also need to make arrangements for
24 Mr. Bunch to obtain copies of those returns from you.

25 And we can do that at the same time that he makes

IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA
CASE NO.: 09-cv-01284

COPY

U.S. COMMODITY FUTURES TRADING)
COMMISSION AND OKLAHOMA DEPARTMENT)
OF SECURITIES ex rel. IRVING L.)
FAUGHT,)

Plaintiffs,)

-vs-)

PRESTIGE VENTURES CORP., a)
Panamanian corporation, FEDERATED)
MANAGEMENT GROUP, INC., a Texas)
corporation, KENNETH WAYNE LEE, an)
individual, and SIMON YANG (a/k/a)
XIAO YANG a/k/a SIMON CHEN), an)
individual,)

Defendants.)

VOLUME II

DEPOSITION OF:
KENNETH W. LEE
January 21, 2010

The continued deposition of KENNETH W. LEE,
taken before Lynda A. Bousquet, Professional Court
Reporter and Notary Public, at the offices of the
U.S. Attorney's Office, 151 Meeting Street,
Charleston, South Carolina, on Thursday, January 21,
2010, at 10:04 a.m.

1 because I remember telling, asking them if they would
2 watch it.

3 Q Did they ever ask you about what they were
4 watching?

5 A No. They pretty much knew. They were
6 familiar with it. They knew what they would be -- I
7 would have explained, you know, if it were a -- if I
8 wanted to get in it, I would ask them to advise me if
9 it hit the price because then I could make a phone
10 call or enter the trade or exit the trade depending
11 upon the situation.

12 Q Have David or Darren given you and your wife
13 any money since your bank accounts were frozen?

14 A I don't know. Darren -- I'm not sure if
15 Darren did or not. David has helped a little bit,
16 but the rest of it, we have been handling with Social
17 Security.

18 Q What has David given you?

19 A He didn't give us any cash that I know of.
20 He's helped by paying a couple bills.

21 Q And how much in bills has he paid for you?

22 A I don't know. Probably a couple thousand,
23 I'm guessing. Maybe something like that.

24 Q And what bills has David paid for you?

25 A I think he helped with a credit card bill.

1 Q I just want to be clear, Mr. Lee. You
2 testified that you deleted a trading platform from
3 your computer since November 23rd, correct?

4 A Correct.

5 Q Have you deleted e-mails from your computer
6 since November 23rd?

7 A I don't know if I have deleted any e-mails.
8 I -- from anyone that -- I don't remember deleting
9 anyone's e-mail. I saved them on there. I left them
10 on the computers because I -- you had indicated you
11 wanted the e-mail, so I left them on the computers.

12 Q Actually, I need to clarify that. I don't
13 mean e-mails on your computer. I mean e-mails on
14 your internet-based e-mail accounts.

15 A Do you mean at the web site mail or the
16 Horde mail that I told you about?

17 Q I mean at klee88@prestigeventures.com.

18 A On the computers -- I'm sorry. On the
19 computers, I said that I don't recall if I deleted
20 any e-mails or not. I don't remember clicking the
21 delete on anyone's e-mails. I did not go to
22 globalhost and delete any e-mail.

23 Q Well, I clarified what I said earlier. I
24 don't mean your computer. I mean the internet-based
25 e-mail account.

1 much I had returned to them.

2 Q I just explained to you that it's all of the
3 money that you have received in any way from any
4 source since 2003 to 2009. That's not limited to
5 investors or people you considered to be investors.
6 Do you understand that?

7 A Yes.

8 Q Does the accounting you provided to Mr.
9 Moriarty include sources other than investors?

10 A No, it did not. No, it did not include
11 anything other than the investors. I will have to
12 think hard on that one because I wasn't geared in
13 that direction.

14 Q What do you mean you weren't geared in that
15 direction?

16 A Well, I wasn't trying -- I wasn't thinking
17 of anything else I may have received from anyone.
18 And I -- I'll have to go back and sort that out
19 because I was thinking you all -- you wanted the
20 investors. That's who you're supposed to be
21 representing. So I assumed it was the investors.

22 Q Well, just to be clear, we're the federal
23 government, the Commodity Futures Trading Commission
24 is.

25 A Yes.

1 Q And the Oklahoma Department of Securities is
2 a state agency. We do not represent the investors.

3 A Right. Okay.

4 Q We are operating under the Statutory
5 Restraining Order that the court entered on November
6 20th that requires you to provide a full accounting
7 of all of your assets, the sources that they came
8 from, and the recipients who received all of your
9 money. Do you understand that?

10 A Yes.

11 Q Did you provide, receive money from other
12 sources besides investors from 2003 to today?

13 A I had some of my own funds in the beginning,
14 but I will have -- I can give you an accounting on
15 what I -- on what I had in it. I don't know if I
16 have any written information on that other than
17 knowing what it was. I will have to work on that
18 one.

19 Q You said that you didn't understand that
20 that's what the accounting request was geared
21 towards; is that correct?

22 A I didn't know that it may have meant that
23 anything I may have acquired, done on my own from any
24 other source. I didn't -- I guess I didn't
25 understand that. I didn't.

1 Q Do you understand now --

2 A Yes.

3 Q -- that that is what an accounting
4 requires?

5 A Yes. Yes.

6 Q I think you have also told Mr. Moriarty in
7 e-mails that you have a plan to return the lost
8 investor money to investors; is that correct?

9 A Yes. Who do I address that to? You or Mr.
10 Moriarty? I was told that I was foolish for thinking
11 that pretty much that I could do it.

12 Q Well, let me start by asking you questions.
13 What is the plan to return money to investors that
14 you referenced in your e-mails to Mr. Moriarty?

15 A Well, after being shunned two or three times
16 on it, I don't know if I should even mention the
17 plan. I have -- I can do it, but I am going to have
18 to be allowed to do it.

19 Q I am going to move to strike your answer
20 since it was nonresponsive to my question.

21 A Strike it.

22 Q What is your plan to return money to
23 investors?

24 A I will have to have -- be allowed with
25 PFGBEST to have that account activated and the Bank

1 of America's Prestige Ventures account opened so that
2 funds could be earned with PFGBEST. They can go
3 right back to Prestige, be swept out by whomever to
4 be distributed to whomever, investors or what. But I
5 can do it with a small amount. It doesn't take a lot
6 in it to make it grow and grow quickly.

7 I tried to explain to Mr. Moriarty that if I
8 had 15 or \$20,000 in there and can pay back 50
9 percent of what I earned and 50 percent remain in the
10 account for growth rather than every penny being
11 swept out of the account at the end of the week or
12 the month or whatever, I can -- you can grow from
13 maybe five contracts trading, to the next month you
14 can trade ten contracts, to 20 to 40. But you can
15 only do that if I can retain a percentage of what the
16 account earns, and the rest -- I would not have
17 access to Prestige Ventures, only whomever is
18 designated.

19 Q What do you mean by that?

20 A I would not be able to draw any funds out of
21 Prestige, only whomever you designate draw the funds
22 out for distribution to the investors.

23 Q What do you mean by draw the funds out of
24 Prestige?

25 A I think before you indicated that the

1 treasury would pay the people, make -- would make
2 distribution to the investors; is that correct?

3 Q No. I don't remember making that
4 representation to you.

5 A I thought someone, I'm sorry, indicated that
6 the treasury would -- I was thinking U.S. Treasurer
7 or maybe someone was indicating whoever the treasurer
8 was for distribution. If I sent -- let me explain it
9 this way: If we earned \$20,000 in PFGBEST, 10,000
10 could go to Prestige Ventures and be taken out of
11 that account by whoever the receiver might be to
12 distribute to the customers. I would not be able to
13 draw a penny out of Prestige Ventures, only the
14 person that would take the funds and distribute them
15 to the customers.

16 Q What would happen to the other half that
17 would not be distributed to customers?

18 A Okay. This is January. In January, we
19 earned \$20,000, let's -- for an example. 10,000
20 comes back to Prestige Ventures with Bank of America.
21 Right? 10,000 stays with PFGBEST, which for February
22 would allow PFGBEST to buy additional contracts so
23 that in February perhaps it could earn \$30,000 and
24 bring 15,000 back and retain the additional 15,000.
25 Meaning the account is now up to perhaps 40,000. And

1 each month the number of contracts that you can trade
2 is compounded by the amount that's retained. And if
3 you want to set it up with PFGBEST, I cannot direct
4 any funds come out of the account other than what may
5 be approved by the receiver. The only thing I can do
6 with PFGBEST is trade it.

7 Q Let's start from the beginning of your plan.
8 You said that you would need 15 to \$20,000; is that
9 correct?

10 A Where is it coming from?

11 Q That is my next question. Where would you
12 get the 15 to 20 --

13 A I --

14 Q Let me finish my question. Where will you
15 get the 15 to \$20,000 from?

16 A You had already asked me that, and I was
17 going to tell you. David and Darren has spoken with
18 some of their friends, and they will help.

19 Q Can you explain that a little bit more?

20 A They will provide some funds that could be
21 put into the account to do that. They have got some
22 very good friends from their childhood years till
23 now. And a few of them have indicated that they
24 would help. And maybe \$15,000 is all it would take
25 to get started and let everyone know that it can work

1 and it will work.

2 Q Who are David and Darren's friends?

3 A They're childhood friends. I don't want to
4 -- if the plan works, I will give you the name. If I
5 am approved to do it, they will come forward. But I
6 don't want to involve anybody just yet. He's got --

7 Q Are you refusing to answer my question?

8 A No. I am not refusing to answer your
9 question. I am not refusing to answer your
10 questions.

11 Q Who are Darren and David's friends that they
12 have talked to about investing with you?

13 A Give me an indication that we might be
14 allowed to do this, and I will give you those names
15 tomorrow.

16 Q Mr. Lee, we're not here to negotiate over
17 what information you can turn over.

18 A I'm aware, but I need something coming back
19 to me that, yes, we might be willing to work with
20 you, just a might be willing to work with you rather
21 than, no, your plan is foolish. It's inconceivable.
22 We're not going to go along with it. And I have got
23 a lot other people being hammered by you.

24 Q What would happen to the money that David
25 and Darren's friends invest?

1 A When everyone else, the investors are paid
2 back, they get their money back.

3 Q How would that work?

4 A The account with PFGBEST would be closed,
5 dissolved, and they get their money back.

6 Q Have you spoken to David and Darren's
7 friends about this?

8 A No, but they have -- they have talked to
9 some of their friends about it -- their friends about
10 it. I have not discussed this with anyone. I am
11 embarrassed, for one thing. And I am not going to go
12 to -- I don't know who I, as an individual, could go
13 to. I would not. And for any records, I have never
14 solicited any customers or any investors that came
15 into this. I did not make any phone calls. I did
16 not solicit any of those customers. They came by
17 word of mouth from others.

18 But with David and Darren, they have
19 discussed this with their friends and -- because I
20 told them what I had proposed. And I said I don't
21 know where I can come up with the money, but somehow
22 that will work. Because I worked on it and worked on
23 it and worked on it. And it can work if I am allowed
24 to do it. And if the -- I don't have to be on
25 anything other than trade the account. I don't

1 have -- I won't -- I don't even want the
2 responsibility or access to PFGBEST to say why are
3 the funds here. They can only go to Prestige
4 Ventures, because that's the bank of record. That's
5 the only place they can go. Whoever the receiver is
6 could say, okay, there's enough in there. Wire the
7 funds to Prestige Ventures, and then they can take
8 the funds out.

9 Q What -- do you know what David and Darren
10 have told their friends about this plan?

11 A They were not going to discuss this with
12 anyone, but then they finally had to. And I think
13 they pretty much told them what's going on. I have
14 not asked them, well, what did you tell them or go
15 tell them this. I just feel that they have pretty
16 much told them what's going on.

17 Q What do you mean by that?

18 A That we're -- the accounts are frozen.
19 We're prohibited from trading. And this was -- I
20 don't know if they used the term, C, whatever your
21 initials are, Commodities Trading Commission are
22 involved. But they just -- they said that -- I am
23 sure that that's what they've said. I don't think
24 they gave them the paperwork to read. But they've
25 got some good friends.

1 Q Have they told their friends that your
2 trading has not been successful over the past seven
3 years?

4 A I imagine they have.

5 Q Why do you imagine they have?

6 A Well, I mean, because their friends would
7 know the situation. I imagine they discussed it with
8 them. I don't know what they have talked to their
9 friends about. I don't have a clue. But their
10 friends -- they have indicated that their friends
11 could pool together some money so that we could start
12 to try to work this out. And that's all that they
13 have indicated to me. And they're not -- they have
14 not talked to me about that since I mentioned it to
15 Mr. Moriarty. I didn't go back and say, well, they
16 won't do it. I just left it on the table, hoping
17 that perhaps it could work out.

18 Q Why would David and Darren's friends want to
19 invest their money with you if your trading hasn't
20 been successful for the past seven years?

21 A They're very good friends. And no one's
22 putting in 14,000 and the other one 1,000. They have
23 got lots of high school friends, grade school,
24 kindergarten friends that they have been together
25 with for all these years. And they have helped them

1 in the past, and they're going to -- and they
2 volunteered to help back, so.

3 Q How have David and Darren helped these
4 friends?

5 A God, when we were in Texas, they were in
6 high school. They have helped each other back and
7 forth with their lives. I mean, I don't know all the
8 details, but I don't think they -- I don't think they
9 -- one of them loaned -- Darren loaned one some money
10 when he got hung up in Thailand. That was back in
11 Texas when he worked for Avanti Hardware or something
12 like that. And then the kid paid him back. So they
13 have helped each other through the years. And I
14 think one of these -- I don't even know all the
15 names, but I suspect I know who they have talked to.
16 But I don't know who exactly who they've talked.

17 Q Who do you think they've talked to?

18 A I think one of them might be a young man
19 named Gavin, Gavin Lamb, because he's the one that
20 was in Thailand, and for whatever reason, went to
21 Cambodia and got hung up in Cambodia. And Darren had
22 to help him get out of Cambodia in, oh, God, probably
23 2001 or something like that. He was going to be a
24 massage therapist and something about going to
25 Thailand to get the latest massage techniques. And

1 he ventured into Cambodia and --

2 Q Do you know how your sons communicated with
3 Gavin Lamb about your plan?

4 A No, I don't. I don't even know if they
5 talked to him. I think I said I suspect one of them
6 might be Gavin.

7 Q Where does Gavin live?

8 A Somewhere in Dallas. I don't know.

9 Q Why do you think he lives in Dallas?

10 A Because that's -- that's where he's always
11 lived, in that area. And I don't know if -- I have
12 never heard them say that he's moved.

13 Q When did David and Darren start talking to
14 their friends about your plan?

15 A Well, they were not going to say anything to
16 anyone or -- in beginning, they weren't going to
17 discuss it with anyone. I mean, they were
18 embarrassed about it and didn't want to do it. And
19 then, finally, they talked to some friends here. I
20 guess by their actions, people knew something was
21 wrong, and then they finally -- and then he mentioned
22 to the one friend, and then the friend said, well,
23 you can -- my ex-girlfriend is an attorney. Why
24 don't you go talk to her or why don't you talk to
25 her. So I don't know if they ever physically went to

1 her place or what. I don't know.

2 Q I'm going to repeat my question because your
3 answer was nonresponsive. When did David and Darren
4 start speaking to their friends about your plan?

5 A I didn't give a date. I'm sorry. But I did
6 say that right after this happened, they were not
7 going to talk to anyone. But after a few days or
8 weeks, they started talking to some of their friends.
9 It could have been the middle of December or -- I
10 don't know. But mid-December probably. Maybe even
11 just before the middle of December. But mid-December
12 I'm going to guess.

13 Q Why is that your guess?

14 A I don't know when they talked to them.
15 That's my guess. Because they indicated to me that
16 they had spoken to one. And I said, oh, you're
17 telling your friends. And he said -- because of
18 talking to the attorney. And that was, I'm guessing,
19 the middle of December. I'm only guessing at that
20 date. I don't really know.

21 Q What is your guess based on?

22 A I guess when they first indicated they were
23 going to talk to this attorney. I'm thinking the
24 middle of December. It was before Christmas, if I
25 remember correctly, a week or so before Christmas,

1 I'm thinking.

2 And I have not discussed this with David and
3 Darren. I -- they know the situation, and -- I mean,
4 we all know the situation. And I don't know why we
5 would continue discussing it. They've got their
6 private lives. And they talked to the attorney. And
7 I did not say, oh, talk to her for me too. And I --
8 because I can't offer any money, any help, any pay.
9 But I think --

10 Q Have you talked --

11 A I'm sorry. I think the middle of December,
12 in that neighborhood.

13 Q What else have David and Darren told you
14 about their conversations with their friends about
15 your plan?

16 A That if the plan -- if my plan was accepted,
17 that they had indicated that some of their friends
18 would pitch in and help with funds, money. So,
19 that's all. That's all I know. I didn't question
20 them on it. No. I didn't question them on it. I
21 didn't say who because I just didn't say. I didn't
22 ask them. I'm not going to ask them.

23 Q When did you tell David and Darren about
24 your plan?

25 A I suppose not too long after I talked to Mr.

1 Moriarty about it, e-mailed him about it. And they
2 would call and ask me what I'm doing. And I would
3 tell them I'm working on a -- I'm trying to figure
4 out how I can get things paid back, and that was it.
5 , Just, you know, in conversations. I don't know.
6 From the first half of December is when most of the
7 discussions were taking -- had taken place. After
8 that, second half of December on until now, not a lot
9 has transpired because I don't have anything to talk
10 about.

11 Q When you say most of the discussions, you
12 mean the discussions with your sons?

13 A Me, them, us communicating back and forth,
14 and them saying -- I told them I was trying to work
15 up a plan to get it paid back. And I think I talked
16 to them that 15, \$20,000 would be a good starting
17 point, that I could generate some cash with that.
18 And then later they said, well, if it's accepted,
19 we've got some friends -- some of our friends said
20 they will help. And that's all I've asked. I didn't
21 go back and say name your friends because I just
22 didn't do that. And I am not going to do that until
23 it would be accepted and we could move forward.

24 I only suspected the one person I named
25 because Darren had helped him out of a -- his dad

1 wouldn't even help him out of a Cambodian-situation.

2 Q Have you talked to anyone else in trying to
3 get the \$15,000?

4 A No.

5 Q Why not?

6 A I did not think that was wise of me to do
7 that.

8 Q Why did you propose this plan to Mr.
9 Moriarty?

10 A Because it's a starting point.

11 Q When you proposed the plan, how did you
12 think you were going to get 15 to \$20,000?

13 A That would be something I would have to work
14 on then. I don't know how, but if I had that amount,
15 I could -- I could get it started. And when I talked
16 to David and Darren, they had talked to their friends
17 and indicated -- and David and Darren said we'll
18 help, we'll go to work, we'll do whatever we can to
19 help. And that's where that stayed. I didn't tell
20 them to do anything. They've done a few little odd
21 things here and there I think since then. But I know
22 that \$15,000 or so is a starting point.

23 Q Do you have \$15,000 right now?

24 A No, I don't.

25 Q Does your wife have \$15,000?

1 e-mails?

2 A If you're saying that numerous e-mails were
3 deleted, I probably did then, but I don't know about
4 numerous e-mails.

5 Q Do you know who the account holder on the
6 account 040430 is?

7 A 040430?

8 Q Yes.

9 A Not right offhand. No, I don't.

10 Q How would you find out who the account
11 holder is?

12 A I'm sorry. I guess I could look it up in
13 some old paperwork that I have got there. I don't
14 know. If you could give me a gist of any e-mail you
15 may be talking about, I may be able to give you a
16 name. But 0404 -- what did you say the last numbers
17 were?

18 Q 03.

19 A 03.

20 Q No. Excuse me. 30.

21 A 040430?

22 Q Yes.

23 A No. I'm sorry. That doesn't ring a bell,
24 that number, but if it would --

25 Q Did you keep a document that or do you have

1 a document that kept track of what numbers were
2 assigned to which investors?

3 A I have got a record of that. Yes, I do.

4 Q Have you turned that over to the Receiver or
5 to the CFTC or to the Department of Securities?

6 A I turned over a list of the investors. I
7 will have to go match up names to those, I mean,
8 numbers to those names. I can do that, yes.

9 Q I just asked did you have a document. You
10 testified that you do have a document that matches
11 the numbers to the names; is that correct?

12 A I think I can do that, yes. And I can -- I
13 can match them up I believe. It's not a document.

14 Q Do you have a document that matches them up
15 already?

16 A No. I don't have one already. I will have
17 to do it through, I guess, some old handwritten notes
18 or something that I may have from them, but I can
19 match it up. It won't take that long to match it up.
20 Some of the people's names I have a lot of problems
21 with because they use different names. But that's
22 one reason the one that Mr. Moriarty has did not have
23 those numbers on it because they may have used a
24 different name. Sometimes they use their wife's name
25 and sometimes they use their name. And I don't know

1 who I may be talking to.

2 Q So it's your testimony that you do not have
3 any documents that contain, that matches the numbers
4 to the names?

5 A No, ma'am. That's not my testimony. My
6 testimony is that I can match those numbers up. If
7 there is a document, you can have that document. But
8 I don't recall a single document that would match
9 those up, but I can do it.

10 Q There is no single document?

11 A I'm sorry.

12 Q There is no single document --

13 A No, ma'am. There is no single document. I
14 can have it added to the names that I sent to Mr.
15 Moriarty of those that responded to what they
16 invested and what they received back.

17 Q You were previously talking about your, how
18 your sons had talked to some friends, that the
19 friends were willing to invest \$15,000. Do you
20 recall that testimony?

21 A Yes, I do.

22 Q And you said that the funds would be
23 basically pooled together and you would invest them;
24 is that correct?

25 A Yes. Strictly for the pay-back purposes.

**EXHIBIT C to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Ken Lee [klee88@prestigeventures.com]
Sent: Friday, January 22, 2010 6:36 AM
To: Driscoll, Katherine
Subject: Fw: PVC operations

----- Original Message -----

From: jiazhu@notes.cc.sunysb.edu
To: klee88@prestigeventures.com
Cc: simonyang@cox.net
Sent: Tuesday, January 12, 2010 9:09 AM
Subject: Re: PVC operations

Hi Mr Lee,

I don't know how your case goes. Could you let us know when we can close our account?

thanks,

JJ

-----klee88@prestigeventures.com wrote: -----

To: jiazhu@notes.cc.sunysb.edu
From: klee88@prestigeventures.com
Date: 12/11/2009 12:17PM
Subject: Re: PVC operations

Yes, you will receive your money back.

Thanks,

Quoting jiazhu@notes.cc.sunysb.edu:

> Dear Simon, What is the current status of Mr Ken Lee? Is there any
> chance that we can get our money back? We have asked to close our
> account for 2 years, and Mr Lee always use some words to fool us, and
> he never committed to what he said. We are still desperately waiting to
> close our account. thanks, JJ & Li
> -----"Simon Yang" <simonyang@cox.net> wrote: -----
>
> **To:** <jiazhu@notes.cc.sunysb.edu>
> **From:** "Simon Yang" <simonyang@cox.net>
> **Date:** 09/13/2009 04:52PM
> **Subject:** Re: PVC operations
>
> Hello Jianjun, Let me continue the last email. Because the way PVC has
> invested in some long-term positions with heavy margins (up to \$1 to
> \$20), PVC has been in very bad situation since Aug. 2006 when the
> financial markets started going bad and financial companies (brokers)
> needed cash themselves badly for their survivals and forced their
> clients like PVC to return their margin money or sell their portfolios
> for cash. Since then PVC just did not have cash to pay investors or
> close their accounts as they chose, simply PVC has to pay its margin
> deficits to brokers before brokers would release any cash. PVC had a
> margin deficit of \$36 million in 2008 as Ken told you and me. Over
> the past 8 months PVC has been able to reduce the margin deficit by

> over \$20 million, but there is more hard work left to be done. PVC
> investors hold about \$20 million at this time. Therefore, PVC needs to
> make all cash gains for the margin deficit and its investors before
> all cash distribution. If you consider the reduction of margin deficit
> in such short time, it should not be long that PVC will return all
> funds to its investors. It is no a delight for one of us, you, me and
> Ken to experience such hardship, none of us chose for this, but we
> just have to face it and overcome it somehow. Some investors asked to
> withdraw some funds in late 2006, \$100 of their account balances were
> worth of about \$52 market value: selling their accounts for cash
> values. Then in mid 2007 for withdrawing cash \$100 were worth of only
> about \$10 with market value because the financial crisis. Right now
> the financial crisis is finally over and starts to recover, I believe
> that PVC account value \$100 would get \$10 market value cash because of
> the nature of PVC portfolios (long term investments, mostly US bonds).
> This is exactly the reason I know that PVC has not been able to
> distribute funds to investors, and no investor would accept 10% of its
> account balance, and PVC could not distribute cash before paying those
> margin deficits. Therefore the best way is to endure the present
> hardship individually and wait for the final distribution in 2010.
> (It is possible that someone with cash would buy your account value at
> the market value, but you would lose badly: 90%.) I hope you
> understand the present situation. I intend to help you and other PVC
> investors whole-heartly. Simon----- ORIGINAL MESSAGE ----- FROM:
> jiazhu@notes.cc.sunysb.edu TO: Simon Yang SENT: Thursday, September
> 10, 2009 9:49 AM SUBJECT: Re: PVC operations
> Dear Simon, I have just sent you an email regarding the ballance (35
> thousand dollars) in our account. We have pushed so hard because we
> are facing financial crisis for our small business. We are short of
> cash flow and it is extreemly difficult to survive the next month.
> Bank does not loan us money, and the only resource we have now is the
> money we invested to My Ken Lee. If we can not get our money back, we
> will face the situation of bancrup of our business or a force closure
> of our house. If we had other way to survive, we would not push so
> hard. If you could call us, it will be much appreciated. thanks,
> Jianjun Zhu & Li Zhang631-553-5397 (cell)631-342-4268
> (work)631-675-0223 (home)
> -----"Simon Yang" <simonyang@cox.net> wrote: -----
>
> To: <jiazhu@notes.cc.sunysb.edu>
> From: "Simon Yang" <simonyang@cox.net>
> Date: 08/31/2009 11:35PM
> cc: "Ken Lee" <klee88@prestigeventures.com>
> Subject: PVC operations
>
> Dear Mr. Zhu, I am Simon Yang, and have been an investor with PVC
> since 2003. As other PVC investors, I have experienced some very good
> years of 2003, 2004, 2005 and some tough years since 2006,
> particularly in 2007 for my family. However I have overcome my
> finanical difficulty and have been well positioned to wait for the
> eventual returns of all funds to all PVC investors. As investors, we
> ourselves decided how and what to invest our hard-earned money with
> reasonable risks and with our best knowledges, and expected to receive
> corresponding returns on our capitals. For investments with PVC, I
> have done all I could to collect information to evaluate its risk and
> high returns, then I invested portion by portion of my capitals over
> time with PVC. I have felt that PVC has been a real investment
> business since 2003, however PVC has experienced an unexpected storm
> of the century in the financial field just as all financial companies,
> therefore PVC just could not send out cash to investors regularly
> since 2006 as PVC did in 2003, 2004 and 2005. Since 2006, PVC has
> adjusted its investment strategy to turn its old long-term investments

> into short-term positions/cash, and PVC has operated according to its
> plans to return all funds of investors in early 2010. We all heard of
> Madoff case from the press. This is very bad to all investors, making
> investors uncertain on their chosen companies of investments and
> banks. However, there are always such evil persons around in all areas
> of life and there are police/governments to find and punish such
> persons. As individuals, we would do our parts to avoid doing
> businesses with such persons/businesses. To my knowledge, PVC has not
> been a Madoff'-type investment company. There was no inflowing funds
> to PVC since 2007, (of course no outflowing funds either). However PVC
> has been still operated and made small positive returns to investors.
> PVC has explained its difficult situations to all investors, and has
> worked very very hard to turn those long-termed investments into
> short-termed positions/cash, so that all funds of investors
> (principals and gains) will be returned fully in 2010. Therefore, I
> just wait patiently for the returning of all my funds. To speed up the
> returning process, I even added over \$10,000 new cash in 2008 to my
> PVC account. I do not lie on PVC for personal gains. The best for a
> PVC investor to do is to sit still and wait patiently, because there
> is no much a person can do to change or speed up the situation. Ken
> Lee has been in the same position personally, he has been the biggest
> investor of PVC, and he has funded PVC operations with his personal
> funds of over \$5,000,000 since 2006, he has been very very short of
> cash himself personally. Many things of this investment businesses are
> just out of his controls. He has been done his best for his funds and
> our funds. Ken informed me that he would manage to send some of your
> funds to you in a week so. Please feel free to contact me if you have
> other questions and I could help you. Have a great day, Simon
>
> =
>

**EXHIBIT D to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Ken Lee [klee88@prestigeventures.com]
Sent: Friday, January 22, 2010 6:35 AM
To: Driscoll, Katherine
Subject: Fw: Merry Christmas!

----- Original Message -----

From: "Mark Li" <Mark.Li@OSSM.EDU>
To: "Ken Lee" <klee88@prestigeventures.com>
Sent: Monday, January 11, 2010 8:27 PM
Subject: RE: Merry Christmas!

>I understand, and appreciate your work, Ken.

>
>
> _____
> From: Ken Lee [klee88@prestigeventures.com]
> Sent: Monday, January 11, 2010 6:34 PM
> To: Mark Li
> Subject: Re: Merry Christmas!

> I mean that if I say something and it is repeated it could be delays.

>
> I just will not say anything about it anymore. I am working on it.

>
> ----- Original Message -----
> From: "Mark Li" <Mark.Li@OSSM.EDU>
> To: "Ken Lee" <klee88@prestigeventures.com>
> Sent: Monday, January 11, 2010 7:01 PM
> Subject: RE: Merry Christmas!

>
>
>> Like if you say more about it, it could get out of hand?

>>
>> -----Original Message-----
>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>> Sent: Monday, January 11, 2010 5:47 PM
>> To: Mark Li
>> Subject: Re: Merry Christmas!

>> Mark, I know you want some answers, but I can not and will not give any
>> answers now. I do not want to see them repeated from someone else.

>>
>> Thanks, and sorry for being short. I will be working it out.

>> ----- Original Message -----
>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>> To: "Ken Lee" <klee88@prestigeventures.com>
>> Sent: Monday, January 11, 2010 6:25 PM
>> Subject: RE: Merry Christmas!

>>
>>
>>> Ken, I have another question. You also keep saying that IF allowed to
>>> work, it will work out, and you need to overcome this "hump" first. Is
>>> this too big an "IF"? What if they don't agree unless significant

>>> funds
>>> are available in a short notice first? Will the ongoing "other
>>> arrangements/progresses" I alluded to earlier solve this problem?
>>> Thanks.
>>>
>>>
>>>
>>> -----Original Message-----
>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>> Sent: Friday, January 08, 2010 1:19 PM
>>> To: Mark Li
>>> Subject: Re: Merry Christmas!
>>>
>>> I am not one of his buddies, so maybe you should just forget about that.
>>> I
>>> had rather do it my way than his way.
>>> ----- Original Message -----
>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>> Sent: Friday, January 08, 2010 2:14 PM
>>> Subject: RE: Merry Christmas!
>>>
>>>
>>>> Thanks Ken. I will call Obama to see if the stimulus funds can be
>>>> tapped
>>>> for PCV.
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Friday, January 08, 2010 1:10 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!
>>>>
>>>> Correct, and that I was on the verge of being able to start funding. I
>>>> did
>>>> not cause the margins to go sky high, but we did get caught in the
>>>> pinch.
>>>>
>>>> Also I noticed that GMAC got a very large bail out a couple weeks ago,
>>>> and
>>>> still found the extra cash to fund a bowl game on TV.
>>>>
>>>> We will work it out though and get back on track.
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Friday, January 08, 2010 2:02 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>>> Nice phrase, ☺
>>>>>
>>>>> "Had everyone just remained calm", You meant without the hassles of
>>>>> the
>>>>> litigation?
>>>>>
>>>>>

>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Friday, January 08, 2010 12:58 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!
>>>>
>>>> Loose lips sink ships.
>>>>
>>>> Had everyone just remained calm, I do believe that I would have been
>>>> able
>>>> to
>>>> fund some at the end of this month.
>>>>
>>>> Thanks, and do keep me in your thoughts and prayers.
>>>>
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Friday, January 08, 2010 1:55 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>> Okay, Ken, I won't. Thanks so much!
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Friday, January 08, 2010 12:54 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!
>>>>
>>>> Thanks Mark, I am going to ask you not to discuss anything that I say
>>>> to
>>>> you
>>>> with anyone else. That is how lots of these problems got started in
>>>> the
>>>> first place.
>>>>
>>>> I do feel that it will be a few months, and perhaps sooner, but I have
>>>> to
>>>> get over this hump we are facing.
>>>>
>>>> Thanks,
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Friday, January 08, 2010 1:51 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>> Thanks so much Ken. Is it in your gut feeling that we will see the
>>>> light
>>>> very soon (say in a few weeks/months)? Thanks for hanging in there.
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Friday, January 08, 2010 12:45 PM
>>>> To: Mark Li

>>>> Subject: Re: Merry Christmas!
>>>>
>>>> Thanks Mark, I know you are concerned, and I am as well, but not about
>>>> the
>>>> success, but rather when I will be able to get started.
>>>>
>>>> I can do it and I shall do it. That was the plan before and it is
>>>> still
>>>> the
>>>> plan, I just had a big bump in the road and have to get over it.
>>>>
>>>> Tell all concerned that it will work out, and to just be patient.
>>>>
>>>> Thanks, do keep me in your prayers.
>>>>
>>>> Have a pleasant weekend and we will overcome this.
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Friday, January 08, 2010 1:40 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>> Thanks, Ken.
>>>>
>>>> The numbers were mentioned in our prior emails and I did not know it
>>>> would
>>>> be a surprise. Sorry.
>>>>
>>>> Thanks for all your work and my prayers are with you. Have a good
>>>> weekend.
>>>>
>>>>
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Friday, January 08, 2010 12:27 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!
>>>>
>>>> Perhaps now you see why I do not want to discuss this with anyone.
>>>> Numbers
>>>> mentioned.
>>>>
>>>> The only thing that I will say is that if allowed to work through this
>>>> it
>>>> will work out. You are correct in much of what you say. I am
>>>> optimistic
>>>> about 2010. I will not be able to discuss any thing more about this
>>>> as
>>>> I
>>>> see numbers mentioned that I thought might be confidential.
>>>>
>>>> Sorry for being vague, but that is how it has to be for now. IT WILL
>>>> WORK
>>>> OUT!!!!!!!!!!!!!!
>>>>

>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Friday, January 08, 2010 12:21 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>> Hi Ken,
>>>>
>>>> How are you?
>>>>
>>>> My brothers and colleague are pressing me so hard again, and I need
>>>> your
>>>> help in giving them and myself the accurate info, as they won't take
>>>> any
>>>> vague assurances (my brother mentioned that his funds in CU were
>>>> promised
>>>> available for so many times and for so long).
>>>>
>>>> You have often said "I know that it will work out" and asked us to
>>>> "keep
>>>> the
>>>> faith and we will get through this". Simon communicated about a
>>>> couple
>>>> of
>>>> weeks ago that the receiver did not locate any PCV funds. You also
>>>> mentioned that you'd like to have a schedule to work on. I must be
>>>> wrong
>>>> in
>>>> getting the impression that all is now dependent on being able to work
>>>> on
>>>> the schedule of turning basically very small amount (15K) into
>>>> millions
>>>> in
>>>> about two years, since it's so unlikely. Is my impression wrong? You
>>>> also
>>>> sounded very optimistic about 2010. Although I know that the
>>>> litigation
>>>> is
>>>> disruptive, is it realistic to extrapolate that other
>>>> arrangements/progresses are continued every day, just like you
>>>> indicated,
>>>> before the court case, about things were looking better (especially
>>>> the
>>>> MIC
>>>> program) as the huge margin deficit was eliminated or nearly so, and
>>>> the
>>>> planned distribution was on schedule. Will this all tie in your
>>>> optimism
>>>> and your affirmation that "Your son will be able to go to college"
>>>> this
>>>> year? Let me know if you think my line of reasoning is totally out of
>>>> line.
>>>> Ken, any light you can shed will be greatly appreciated. Thanks and
>>>> hope
>>>> you're doing well.
>>>>

>>>> -Mark
>>>>
>>>>
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Monday, January 04, 2010 1:12 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!
>>>>
>>>> Thank you,
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Monday, January 04, 2010 2:06 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>> Best luck on that effort!
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Monday, January 04, 2010 1:05 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!
>>>>
>>>> That is something I am working on now.
>>>>
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Monday, January 04, 2010 2:03 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>> I wonder if you get a tough attorney to prod them they may be more
>>>> responsive.
>>>>
>>>> Thanks and Happy New Year to you too.
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Monday, January 04, 2010 12:59 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!
>>>>
>>>> I suspect the holidays slowed them down. I am hoping just like you.
>>>>
>>>> Thanks, and I wish you a Happy New Year.
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Monday, January 04, 2010 1:54 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>> Ken, you sounded indeed very positive. I wonder why they would not

>>>> get
>>>> back
>>>> to you at all. Thanks.
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Monday, January 04, 2010 12:50 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!
>>>>
>>>> Mark, I know that it will work out. I have heard nothing yet from
>>>> anyone
>>>> involved.
>>>>
>>>> I am just sitting waiting to be able to get started again.
>>>>
>>>> Thanks,
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Monday, January 04, 2010 1:39 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>> Hello Ken,
>>>> With the first week of 2010 kicking in, I assume your contacts with
>>>> them
>>>> are
>>>> moving in high gear. You've said it WILL work out since late
>>>> November,
>>>> and
>>>> I hope progresses are really being made. The pressures from my
>>>> brothers
>>>> and
>>>> my colleague are driving me to the brink of collapse. Thanks and have
>>>> a
>>>> nice
>>>> day.
>>>> -Mark
>>>>
>>>>
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Tuesday, December 29, 2009 2:03 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!
>>>>
>>>> I understand Mark, all my funds are frozen now as well as PVC. It
>>>> will
>>>> work
>>>> out though.
>>>>
>>>> Keep the faith and we will get through this.
>>>>
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>

>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Tuesday, December 29, 2009 2:38 PM
>>>> Subject: RE: Merry Christmas!
>>>>
>>>>
>>>> Thanks, Ken.
>>>>
>>>> So at least they are not refusing anything. I just hope it will work
>>>> out
>>>> sooner. I have promised Brian's (my only child) grandparents that
>>>> they
>>>> will be invited to his high school graduation in May. I wish I could
>>>> book
>>>> their air travel now so that they could start the process of getting a
>>>> passport and a U.S. visa, which is often very time-consuming.
>>>> However,
>>>> I'm
>>>> penny-less after paying the credit card loans each month (I took out
>>>> the
>>>> loans for PVC investments).
>>>>
>>>> Thanks. And hope you are doing well.
>>>>
>>>>
>>>>

>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Tuesday, December 29, 2009 1:25 PM
>>>> To: Mark Li
>>>> Subject: Re: Merry Christmas!

>>>>
>>>> Thanks Mark,
>>>>
>>>> I have not heard anything from them, and they are the ones that
>>>> decide.
>>>> I
>>>> have made three offers to them, but they are still sitting.
>>>>

>>>> It will work out.
>>>> ----- Original Message -----
>>>> From: "Mark Li" <Mark.Li@OSSM.EDU>
>>>> To: "Ken Lee" <klee88@prestigeventures.com>
>>>> Sent: Tuesday, December 29, 2009 2:20 PM
>>>> Subject: RE: Merry Christmas!

>>>>
>>>>
>>>> Hi Ken,
>>>> With the last week of the year winding down, I wonder if any progress
>>>> is
>>>> being made.
>>>> Wish you and yours a Happy New Year!

>>>>
>>>>
>>>>
>>>> -----Original Message-----
>>>> From: Ken Lee [mailto:klee88@prestigeventures.com]
>>>> Sent: Thursday, December 24, 2009 3:08 PM

**EXHIBIT E to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Ken Lee [klee88@prestigeventures.com]
Sent: Friday, January 22, 2010 6:33 AM
To: Driscoll, Katherine
Subject: Fw: Nov Statements

----- Original Message -----

From: Zhao Duan
To: Ken Lee
Sent: Monday, January 04, 2010 6:13 PM
Subject: Re: Nov Statements

Hi Ken,
Can you send Nov statements by Jan 10? What will PVC do by the end of March?
Thanks.
Hanjiang

From: Ken Lee <klee88@prestigeventures.com>
To: Zhao Duan <hzhu1920@sbcglobal.net>
Sent: Mon, December 14, 2009 2:21:05 PM
Subject: Re: Nov Statements

Trust me, I am working on this. I just sent email on this to a party that is working with me. We WILL get it done, but you must trust me and stay calm.

----- Original Message -----

From: Zhao Duan
To: Ken Lee
Sent: Monday, December 14, 2009 5:13 PM
Subject: Re: Nov Statements

As an investor of PVC, I have the rights to know why I did not receive my statements on time and what happened to my money. I strongly require my matured investment back.
Thanks.
Hanqjiang

From: Ken Lee <klee88@prestigeventures.com>
To: Zhao Duan <hzhu1920@sbcglobal.net>
Sent: Mon, December 14, 2009 11:12:50 AM
Subject: Re: Nov Statements

That is just the way it has to be right now until I get things worked out on all the problems we have had in the past months.

Thanks,

----- Original Message -----

From: Zhao Duan
To: klee88@prestigeventures.com
Sent: Monday, December 14, 2009 2:11 PM
Subject: Re: Nov Statements

Ken,
Could you tell me the reason of unable to send?
Thanks.
Hanjiang

From: "klee88@prestigeventures.com" <klee88@prestigeventures.com>

To: Zhao Duan <hzhu1920@sbcglobal.net>

Sent: Mon, December 14, 2009 11:01:58 AM

Subject: Re: Nov Statements

I can not send statements now, but hope to be able to soon. It may take a while to do so.

Quoting Zhao Duan <hzhu1920@sbcglobal.net>:

> Hi Ken,
> What time you can send Nov statements?
> Thanks.
> Hanjiang

**EXHIBIT F to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Ken Lee [klee88@prestigeventures.com]
Sent: Friday, January 22, 2010 6:33 AM
To: Driscoll, Katherine
Subject: Fw: Re: 040322 & FV-040322

----- Original Message -----

From: dorothycheng@netzero.com
To: klee88@prestigeventures.com
Cc: dorothyfcheng@yahoo.com ; simonyang@cox.net
Sent: Monday, January 04, 2010 2:00 PM
Subject: Re: Re: 040322 & FV-040322

when will you have a date or an idea ? it sounds like infinite?

----- Original Message -----

From: "Ken Lee" <klee88@prestigeventures.com>
To: <dorothycheng@netzero.com>
Subject: Re: Re: 040322 & FV-040322
Date: Mon, 4 Jan 2010 13:49:36 -0500

I said capitals would be returned, I do not have a date or any idea about a date now.

----- Original Message -----

From: dorothycheng@netzero.com
To: klee88@prestigeventures.com
Cc: dorothyfcheng@yahoo.com ; simonyang@cox.net
Sent: Monday, January 04, 2010 1:44 PM
Subject: Re: Re: 040322 & FV-040322

Are you saying those " capitals first, gains later in March-June 2010" was created from Simon? so, the capitals will be returned, do you have a time frame?

----- Original Message -----

From: "Ken Lee" <klee88@prestigeventures.com>
To: <dorothycheng@netzero.net>
Subject: Re: Re: 040322 & FV-040322
Date: Mon, 4 Jan 2010 13:34:58 -0500

That may be one of the problems. I never said when or how funds would be returned. I just know that the capitals will be returned.

----- Original Message -----

From: dorothycheng@netzero.net
To: klee88@prestigeventures.com
Sent: Monday, January 04, 2010 1:20 PM
Subject: Re: Re: 040322 & FV-040322

if you are not in control, who is ? when simon passed on your message, saying that the capitals to be return first , gains later in March-June 2010? I just want my capitals back asap, you have all my records and address. thanks

----- Original Message -----

From: "Ken Lee" <klee88@prestigeventures.com>
To: <dorothycheng@netzero.net>
Subject: Re: Re: 040322 & FV-040322
Date: Mon, 4 Jan 2010 12:59:44 -0500

I hope to be allowed to start soon. As I said, I am not in control. As soon as we are allowed we will start with the distributions of funds invested.

That is all that I know at this time.

----- Original Message -----

From: dorothycheng@netzero.net
To: klee88@prestigeventures.com
Cc: dorothyfcheng@yahoo.com ; simonyang@cox.net
Sent: Monday, January 04, 2010 12:54 PM
Subject: Re: Re: 040322 & FV-040322

Dear Ken, It sounds like you are running out of ideas? why are you saying "We are ready when we are allowed to starting earning some funds to distribute." ?? if you are going to return the capitals , why do we need to be waiting for ? isn't it to be return soon and the rest of the gains later in March - June 2010? thanks

----- Original Message -----

From: "Ken Lee" <klee88@prestigeventures.com>
To: <dorothycheng@netzero.net>
Subject: Re: Re: 040322 & FV-040322
Date: Mon, 4 Jan 2010 12:05:49 -0500

Thanks Dorothy, I have no idea about when as I have not been cleared to do anything yet. I am working on it and feel that I will be able to do something soon.

I am sorry, but I have no control over the present situation.

We are ready when we are allowed to starting earning some funds to distribute.

Thanks, and I wish you a very Happy New Year!

----- Original Message -----

From: dorothycheng@netzero.net
To: klee88@prestigeventures.com
Cc: dorothyfcheng@yahoo.com
Sent: Monday, January 04, 2010 12:00 PM
Subject: Re: Re: 040322 & FV-040322

Dear Ken, how soon can you return my capitals back to me? we need to have the money asap. thanks, Dorothy

----- Original Message -----

From: "Ken Lee" <klee88@prestigeventures.com>
To: <dorothycheng@netzero.net>
Subject: Re: Re: 040322 & FV-040322
Date: Mon, 21 Dec 2009 15:34:20 -0500

Thank you Dorothy, keep me in your prayers and we will have a great 2010.

----- Original Message -----

From: dorothycheng@netzero.net
To: klee88@prestigeventures.com
Cc: dorothyfcheng@yahoo.com
Sent: Monday, December 21, 2009 3:12 PM
Subject: Re: Re: 040322 & FV-040322

15267 Aqueduct Lane, Chino Hills, CA 91709 Thank you and if possible to receive the funds before New Year?

Thank you Ken, Merry Christmas and Happy 2010.

----- Original Message -----

From: "Ken Lee" <klee88@prestigeventures.com>
To: <dorothycheng@netzero.net>
Subject: Re: Re: 040322 & FV-040322
Date: Mon, 21 Dec 2009 14:23:25 -0500

Thanks Dorothy, yes, I did receive and thought I replied. You can send your mailing address to confirm if you would.

I am working on things now and hope we see some progress soon.

Thank you, and I wish you a Merry Christmas and Happy New Year.

----- Original Message -----

From: dorothycheng@netzero.net
To: klee88@prestigeventures.com
Cc: dorothyfcheng@yahoo.com
Sent: Monday, December 21, 2009 2:19 PM
Subject: Fw: Re: 040322 & FV-040322

Dear Ken,

Just wondering if you have received my email sent on Dec. 4

the total invested capital was 410K - 117K (received checks total) = 293K(net capital)

do you need my mailing address again or should i send you my bank account information if you are going to wire the funds?

looking forward to hear from you,

thanks,Dorothy

----- Forwarded Message -----

From: Dorothy Cheng <dorothyfcheng@yahoo.com>
To: dorothycheng@netzero.net
Subject: Fw: Re: 040322 & FV-040322
Date: Mon, 21 Dec 2009 11:07:44 -0800 (PST)

--- On Fri, 12/4/09, dorothycheng@netzero.com <dorothycheng@netzero.com> wrote:

From: dorothycheng@netzero.com <dorothycheng@netzero.com>
Subject: Re: 040322 & FV-040322
To: klee88@prestigeventures.com
Cc: dorothyfcheng@yahoo.com
Date: Friday, December 4, 2009, 6:46 PM

Dear Ken, from my statements and received check copies, i have the following amounts:
Jan 3, 2005 (5000), Feb 1, 2005 (5000), Mar 2, 2005 (5000), Apr 1, 2005 (5000), May 1, 2005 (5000), June 1, 2005 (5000)
July 19, 2006 (8000), Sept 2, 2006 (10,000), Oct 18, 2006 (10,000), Dec 15, 2006 (10,000)
Feb 27, 2007 (7500), Mar 26, 2007 (8500), Apr 20, 2007 (8500), May 26, 2007 (8500), July 21, 2007 (5500), Sep 28, 2007 (5000), Oct 26, 2007 (5500)
the total is \$117,000 May i ask why asking for those? Also, I have received a call from Simon during at work, he's very nice and assuring that you will be taking care of the lawsuit issue and will return capital to investors first and later next year for the returns. thank you so much.

----- Original Message -----

From: "Ken" <klee88@prestigeventures.com>
To: <dorothycheng@netzero.net>
Subject: Re: 040322 & FV-040322
Date: Fri, 4 Dec 2009 10:14:24 -0500

Thank you Dorothy, I think some checks were sent, do you have those amounts? I can dig for the info, but it would be faster if you had the data.

----- Original Message -----

From: dorothycheng@netzero.net
To: klee88@prestigeventures.com
Cc: dorothyfcheng@yahoo.com
Sent: Thursday, December 03, 2009 9:56 PM
Subject: Re: 040322 & FV-040322

Dear Ken,

My first initial deposit was on March 22, 2004 \$60K, on Nov. 17, 2004 added-on & wired to you \$90K, on June 13, 2005 my sister Sue Cheng, she wired \$130K to you but few months later she withdrawal all \$130K on

Dec. 8, 2005

on May 7, 2006 I purchased FV issue for \$40K , and on June 1, 2006 purchase more FV for \$220K
therefore, total \$540K - \$130K = \$410,000

truly thank you for all your help.,

Dorothy

----- Original Message -----

From: "Ken" <klee88@prestigeventures.com>

To: <dorothycheng@netzero.net>

Subject: Re: 040322

Date: Thu, 3 Dec 2009 14:29:31 -0500

Dorothy,

Please send an email indicating how much you invested and how much may have been returned.

Hopefully we can get things moving again.

----- Original Message -----

From: dorothycheng@netzero.net

To: klee88@prestigeventures.com

Sent: Wednesday, December 02, 2009 7:10 PM

Subject: Re: 040322

I just read the document sent from Simon about lawsuit against PVC, because i did not receive the return table and i asked him this morning. Please tell me PVC is real, and do you or PVC still have the money return to inventors next year? Please tell me the truth, right now, i just want my capital back, thank you.

----- Original Message -----

From: "Ken" <klee88@prestigeventures.com>

To: <dorothycheng@netzero.net>

Subject: Re: 040322

Date: Wed, 2 Dec 2009 12:53:22 -0500

We are making some major changes now, and hope to have things moving forward soon.

Thanks,

----- Original Message -----

From: dorothycheng@netzero.net

To: klee88@prestigeventures.com

Sent: Wednesday, December 02, 2009 11:49 AM

Subject: 040322

Dear Ken,

How're you doing. Is there any news we can withdraw or closing accounts? Please let me know if any, it's kind of urgent., thanks for all your help.

Dorothy

**EXHIBIT G to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Account Number	Select Cust	Cust First Name	Cust Last Name
030429	<input checked="" type="checkbox"/>	Haifeng	Ji
030512	<input checked="" type="checkbox"/>	Feng Fa	Huang
030604	<input checked="" type="checkbox"/>	Xihai	Zhang
030617	<input checked="" type="checkbox"/>	David	Lu
030618	<input checked="" type="checkbox"/>	Ing	Yang
030806	<input checked="" type="checkbox"/>	Wenxin	Wu
030829	<input checked="" type="checkbox"/>	May	Lu
031124	<input checked="" type="checkbox"/>	Ruyan	Bryan
031222	<input checked="" type="checkbox"/>	Lingling	Zhang
040102	<input checked="" type="checkbox"/>	Wenjun	Liu
040109	<input checked="" type="checkbox"/>	Chuan	Liu
040118	<input checked="" type="checkbox"/>	Lijuan	Zhang
040210	<input checked="" type="checkbox"/>	Tom	Sun
040212	<input checked="" type="checkbox"/>	Vickie	Huang
040217	<input checked="" type="checkbox"/>	Anlu	Hou
040306	<input checked="" type="checkbox"/>	Mingxuan	Chen
040308	<input checked="" type="checkbox"/>	Yong	Lang
040320	<input checked="" type="checkbox"/>	Chunfeng	Liu
040329	<input checked="" type="checkbox"/>	Jerry	Wang
040402	<input checked="" type="checkbox"/>	Gin	Lin
040420	<input checked="" type="checkbox"/>	Jundong	Lan
040423	<input checked="" type="checkbox"/>	Wei	Xiong
040430	<input checked="" type="checkbox"/>	Lisa	Cheng
040524	<input checked="" type="checkbox"/>	Qing	Yang
040812	<input checked="" type="checkbox"/>	Holly	Han
040822	<input checked="" type="checkbox"/>	Te-Chao	Wu
040824	<input checked="" type="checkbox"/>	Minnie	Cao
040901	<input checked="" type="checkbox"/>	Yan	Su
040907	<input checked="" type="checkbox"/>	Yu	Han
040920	<input checked="" type="checkbox"/>	Wenzhi	Lu
041013	<input checked="" type="checkbox"/>	Yujun	Liu
041013-1	<input checked="" type="checkbox"/>	Cindy	He
041019	<input checked="" type="checkbox"/>	Li	Zhang
041025	<input checked="" type="checkbox"/>	Yong	Miao
041029	<input checked="" type="checkbox"/>	Weiwen	Pan
041121	<input checked="" type="checkbox"/>	Xuezhen	Ma
050128	<input checked="" type="checkbox"/>	Ching	Loh
050203	<input checked="" type="checkbox"/>	Bihu	Huang
050301	<input checked="" type="checkbox"/>	Shiow Feng	Chou
050307	<input checked="" type="checkbox"/>	Keith	Luo
050507	<input checked="" type="checkbox"/>	Haifeng	Zhou
050517	<input checked="" type="checkbox"/>	Kung-Sing	Ting
050730	<input checked="" type="checkbox"/>	Xiaomei	Guo
050901	<input checked="" type="checkbox"/>	Alex	Wei
050909	<input checked="" type="checkbox"/>	Ze	Tu
050915	<input checked="" type="checkbox"/>	Jiaosheng	Jiang

Cust Email Address
jhaifeng@hotmail.com
fengfa@yahoo.com
xzhang2002@hotmail.com
luhongwen@hotmail.com
ingyangc21@yahoo.com
wenxin3508@yahoo.com
maylu1015@gmail.com
simonyang@cox.net
llzgao@yahoo.com
wenjunliu@hotmail.com
simonyang@cox.net
lzhang32@cox.net
haiwangsun@yahoo.com
jhuang88888888@yahoo.com
lclori@yahoo.com
mxc888@gmail.com
ylang@panam.edu
cliu@comentis.com
gr3849@yahoo.com
gingingerly@yahoo.com
janetbai@yahoo.com
weixng1970@hotmail.com
lzc123@yahoo.com
yangq9988@yahoo.com
hollyh88@gmail.com
ingyangc21@yahoo.com
minniecao_2000@yahoo.com
yansu13@yahoo.com
yu_e_han@yahoo.com
wenxiuusa@yahoo.com.cn
liuyujun415@hotmail.com
hexin98@yahoo.com
lilian42@optonline.net
yong_miao@yahoo.com
wwp8n@yahoo.com
xuezhen_ma@yahoo.com
chingloh@yahoo.com
bi.hu.huang@gmail.com
pilotbear@pchome.com.tw
wel98568@yahoo.com
hfzhou@hotmail.com
kung_singt@hotmail.com
guo_xiaomei@hotmail.com
liusenli@yahoo.com
pchaput@verizon.net
jiang@math.utexas.edu

PVC Cust SelectQry

1/22/2010

Account Number	Select Cust	Cust First Name	Cust Last Name
050924	<input checked="" type="checkbox"/>	Hsi-Ling	Huang
051007	<input checked="" type="checkbox"/>	Wenzhi	Lu
051129	<input checked="" type="checkbox"/>	Yeen Kuen	Wu
051206	<input checked="" type="checkbox"/>	Cherry	To
060206	<input checked="" type="checkbox"/>	Lulin	Hu
060209	<input checked="" type="checkbox"/>	Rong	Ma
060218	<input checked="" type="checkbox"/>	Zheng	Zhou
060330	<input checked="" type="checkbox"/>	Thomas	He
060505	<input checked="" type="checkbox"/>	Van	Nguyen
060508	<input checked="" type="checkbox"/>	Bingzhao	Li
060522	<input checked="" type="checkbox"/>	Changjiang	Zhu
071231	<input checked="" type="checkbox"/>	Pao	Chou
99-99999	<input checked="" type="checkbox"/>	Ken	Lee

Cust Email Address
hsiling_huang@yahoo.com
dlu66061@yahoo.com
wu_yk@yahoo.com
cherryto.88@gmail.com
huzhangzhengjiejake@gmail.com
j_huangma@hotmail.com
zhengok@yahoo.com
Thomas.He@frx.com
thuanvn@yahoo.com
bingguang@yahoo.com
cjzhu2003@yahoo.com
iceocean73072@yahoo.com
klee77@famcu.com

**EXHIBIT H to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Ken Lee [klee88@prestigeventures.com]
Sent: Monday, February 15, 2010 3:32 PM
To: Driscoll, Katherine
Subject: Names

Computer - Gerald Beattie

Help with \$15,000.

Gavin Lamb - Texas
Tyler Short - Texas
David Tressler - South Carolina

There are some more, perhaps four, that have not replied back to Darren, but they indicated a few weeks ago that they would be willing to help.

**EXHIBIT I to DECLARATION of KATHERINE
S. DRISCOLL in SUPPORT of MOTION FOR
CONTEMPT**

Driscoll, Katherine

From: Ken Lee [klee88@prestigeventures.com]
Sent: Monday, February 15, 2010 3:52 PM
To: Driscoll, Katherine
Subject: Added Name

Trevor Rose said he would help.

**EXHIBIT J to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Ken Lee [klee88@prestigeventures.com]
Sent: Monday, March 10, 2008 9:51 AM
To: Simon Yang
Subject: Re: Test

Thanks, and I am glad you are getting email now. I was concerned about it.

We are pushing to raise more cash now.

These funds will go into a separate account and not be linked to the present accounts. They even go into a different brokerage firm. We will be able to benefit by it and generate new cash for monthly distributions.

The returns will be about where the 88 program is. We would like to see the funds stay in place with no withdrawals for at least 6 months as it takes a little time to get invested into the programs that will be the cash generators.

Thanks, and you will be rewarded.

----- Original Message -----

From: Simon Yang
To: Ken Lee
Sent: Monday, March 10, 2008 9:44 AM
Subject: Re: Test

I thought I used this one only along the way. After seeing this mail I checked my address book and saw two your addresses, so I deleted the klee77.

Thank,
Simon

----- Original Message -----

From: Ken Lee
To: 'Simon Yang'
Sent: Monday, March 10, 2008 8:35 AM
Subject: RE: Test

Simon,

Can you change the address to klee88@prestigeventures.com.

I do not check the address this one came to very often. I just had it open this morning.

Thanks,

From: Simon Yang [mailto:simonyang@cox.net]
Sent: Monday, March 10, 2008 9:34 AM
To: Ken Lee
Subject: Re: Test

Good morning Ken,

I received both test emails to my two addresses.

Thanks for your hard work and kindness,
Simon

----- Original Message -----

From: Ken Lee

To: simonyang@cox.net

Sent: Monday, March 10, 2008 6:29 AM

Subject: Test

**EXHIBIT K to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Simon Yang [simonyang@cox.net]
Sent: Saturday, December 19, 2009 5:03 PM
To: Driscoll, Katherine
Subject: Fw:

----- Original Message -----

From: "Ken" <klee88@prestigeventures.com>
To: "Simon Yang" <simonyang@cox.net>
Sent: Friday, December 04, 2009 10:52 AM
Subject: Re:

> Thank you Simon,

>

> ----- Original Message -----

> From: "Simon Yang" <simonyang@cox.net>
> To: <klee88@prestigeventures.com>
> Sent: Friday, December 04, 2009 11:45 AM
> Subject: Re:

>

>

>> Ken,

>>

>> I heard from The Lord a week ago: return the investment capitals (nimus
>> those withdrawals) first and return the rest gains later (12 to 24
>> months).

>>

>> In fact as in my record from The Lord: The Holy Spirit told me that "We
>> will be out of this financial storm in Dec. 2009." On Dec. 08, 2008.

>>

>> Thanks be to The Lord for His Wisdom and Love.

>>

>> Simon

>> ----- Original Message -----

>> From: <klee88@prestigeventures.com>
>> To: <simonyang@cox.net>
>> Sent: Friday, December 04, 2009 8:22 AM

>>

>>

>>>I need from you the amount you invested in Prestige Ventures Corp and
>>>Federated Management Group, Inc.

>>>

>>> I also need to know the amounts you have received back from the listed
>>> companies.

>>>

>>> We are working to resolve the issues we have been facing and your help
>>> would be greatly appreciated.

>>>

>>> Thank you and I wish you a pleasant day.

>>>

>>>

>>

>>

**EXHIBIT L to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Simon Yang [simonyang@cox.net]
Sent: Saturday, December 19, 2009 5:10 PM
To: Driscoll, Katherine
Subject: Fw: update

----- Original Message -----

From: Simon Yang
To: Simon Yang
Sent: Tuesday, December 15, 2009 9:42 PM
Subject: update

Hello PVC friends,

I forgot to tell you that PVC had planned to return all funds with cash to all investors in March to June 2010 before the lawsuit, just as Ken told me again after receiving the news of lawsuit.

The lawsuit has disrupted the distribution plan due to the efforts of those 6 investors with the commission. But PVC is still committed to return all funds to all investors.

Here is my present understanding: PVC will return the net principal capitals first to all investors, then the rest gains later.

If someone does not like to receive my messages on PVC, please inform me and I will not send such messages to him again.

My paper work has been done mostly for the lawsuit, so that I can come back to my regular life.

Thanks,
Simon

**EXHIBIT M to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Terra Bonnell [tbonnell@securities.ok.gov]
Sent: Thursday, February 18, 2010 4:13 PM
To: Driscoll, Katherine
Subject: FW: update
Attachments: Blank; Declaration - Ming Yu.pdf; PVC lawsuit 12-12.htm

See below.

Terra Shamas Bonnell
Enforcement Attorney
Oklahoma Department of Securities
Direct Phone: 405.280.7715
Fax: 405.280.7742
tbonnell@securities.ok.gov

-----Original Message-----

From: Ching Loh [mailto:chingloh@yahoo.com]
Sent: Saturday, January 16, 2010 12:46 AM
To: Terra Bonnell
Subject: Fw: update

--- On Mon, 12/14/09, Simon Yang <simonyang@cox.net> wrote:

> From: Simon Yang <simonyang@cox.net>
> Subject: update
> To: "Simon Yang" <simonyang@cox.net>
> Date: Monday, December 14, 2009, 9:27 PM
>
> Blank
>
> #yiv823445698 {
> MARGIN-TOP:25px;FONT-SIZE:10pt;MARGIN-LEFT:25px;COLOR:#000000;FONT-FAMILY:Arial,
> Helvetica;}
> #yiv823445698 P.msoNormal {
> MARGIN-TOP:0px;FONT-SIZE:10pt;MARGIN-LEFT:0px;COLOR:#ffffcc;FONT-FAMILY:Helvetica,
> "Times New Roman";}
> #yiv823445698 LI.msoNormal {
> MARGIN-TOP:0px;FONT-SIZE:10pt;MARGIN-LEFT:0px;COLOR:#ffffcc;FONT-FAMILY:Helvetica,
> "Times New Roman";}
>
>
>
>
> Hello friend investors,
>
> I just submitted my answer to the court and the
> commission. You may
> take a look with attachments.
>
> The charges against me are baseless, so are those
> charges against

> PVC. PVC is not a Ponzi scheme, but a real business
> with a real
> hardship.
>
> Many of us became concerned on the criminal
> record. Here is my
> understanding: Ken Lee indeed has been in business of
> offshore investments for a
> long time. In order to protect his trading secrets and
> customers and ending
> lawsuits, he pleaded guilty on those minus charges.
> Judgment of \$3 million
> indicated that he had more than \$3 million from investment
> businesses.
>
> The receiver Mr. Moriarty told me that he found only
> \$300 from PVC.
> Therefore the lawsuit/the commission would not return
> any funds to PVC
> investors. Those several investors were just wrong on
> their
> judgments.
>
> The investigator of the commission found \$4.3 million
> losses of 34 PVC
> trading accounts over 6 years. This does not make
> sense. I feel that
> funds were transfered out to other trading accounts and
> this investigator missed
> out them, just like he found out my new name "Simon
> Chen". PVC has been an
> offshore investment company, its funds are supposed to be
> offshored
> mostly.
>
> I feel the case will not last long, but will soon be
> over.
>
> Ken Lee has been working on the case for
> returning to normal
> operation. We investors will not receive account
> statements during this
> period.
> Just be patient, we all investors, including the 6
> investors with the
> commission, will receive all our funds at the
> end.
> Simon
>

~~~~~  
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Visit InvestEdOK.org for unbiased investor education resources. InvestEdOK.org is a collaboration between the Oklahoma Securities Commission and the University of Oklahoma OUTREACH.

~~~~~

**EXHIBIT N to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

Driscoll, Katherine

From: Simon Yang [simonyang@cox.net]
Sent: Saturday, December 19, 2009 5:08 PM
To: Driscoll, Katherine
Subject: Fw: update
Attachments: Declaration - Ming Yu.pdf; PVC lawsuit 12-12.htm

----- Original Message -----

From: Simon Yang
To: Simon Yang
Sent: Monday, December 14, 2009 10:27 PM
Subject: update

Hello friend investors,

I just submitted my answer to the court and the commission. You may take a look with attachments.

The charges against me are baseless, so are those charges against PVC. PVC is not a Ponzi scheme, but a real business with a real hardship.

Many of us became concerned on the criminal record. Here is my understanding: Ken Lee indeed has been in business of offshore investments for a long time. In order to protect his trading secrets and customers and ending lawsuits, he pleaded guilty on those minus charges. Judgment of \$3 million indicated that he had more than \$3 million from investment businesses.

The receiver Mr. Moriarty told me that he found only \$300 from PVC. Therefore the lawsuit/the commission would not return any funds to PVC investors. Those several investors were just wrong on their judgments.

The investigator of the commission found \$4.3 million losses of 34 PVC trading accounts over 6 years. This does not make sense. I feel that funds were transferred out to other trading accounts and this investigator missed out them, just like he found out my new name "Simon Chen". PVC has been an offshore investment company, its funds are supposed to be offshored mostly.

I feel the case will not last long, but will soon be over.

Ken Lee has been working on the case for returning to normal operation. We investors will not receive account statements during this period.

Just be patient, we all investors, including the 6 investors with the commission, will receive all our funds at the end.

Simon

**EXHIBIT O to DECLARATION of
KATHERINE S. DRISCOLL in SUPPORT of
MOTION FOR CONTEMPT**

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IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA
CASE NO.: 09-cv-01284

U.S. COMMODITY FUTURES TRADING)
COMMISSION AND OKLAHOMA DEPARTMENT)
OF SECURITIES ex rel. IRVING L.)
FAUGHT,)

Plaintiffs,)

-vs-)

PRESTIGE VENTURES CORP., a)
Panamanian corporation, FEDERATED)
MANAGEMENT GROUP, INC., a Texas)
corporation, KENNETH WAYNE LEE, an)
individual, and SIMON YANG (a/k/a)
XIAO YANG a/k/a SIMON CHEN), an)
individual,)

Defendants.)

COPY

DEPOSITION OF:
DARREN A. LEE
December 9, 2009

The deposition of DARREN A. LEE, taken
before Lynda A. Bousquet, Professional Court Reporter
and Notary Public, at the offices of the U.S.
Attorney's Office, 151 Meeting Street, Charleston,
South Carolina, on Wednesday, December 9, 2009, at
2:00 p.m.

1 reference to find out where that money came from?

2 A If they kept it on-line, then somehow they
3 could see if the statements are still there. But
4 it's been over three years. And I am pretty sure
5 they kind of dispose of that kind of information.

6 Q Do you remember the account number for your
7 Alaron account?

8 A No, ma'am.

9 Q You testified that your address is 2676
10 Palmetto Hall Boulevard?

11 A Yes.

12 Q Do you own the house there?

13 A Yes, I do.

14 Q When did you purchase it?

15 A When I got married.

16 Q When was that?

17 A '05.

18 Q And how much did the house cost?

19 A 240,000.

20 Q Where did you get the money to buy the
21 house?

22 A My parents. It was a gift.

23 Q It was a gift?

24 A Yes.

25 Q And where -- how did they transmit the money

1 testimony, and correct me if I'm wrong, I don't mean
2 to put words in your mouth, is that from time to
3 time, you get a little bit of money here, a little
4 bit of money there from your father; some bills would
5 be covered, but that you weren't an employee of
6 Prestige ever and you had no affiliation with
7 Federated since 2004. Is that a fair
8 characterization of your testimony?

9 A Yes.

10 Q If I told you that I have gone through the
11 bank accounts and it appears that for a multi-year
12 period of time, it appears that you were paid
13 regularly \$1,500 a week in checks from Prestige
14 Ventures do you dispute that statement?

15 A No.

16 Q So you were paid significant amounts of
17 money by Prestige?

18 A Yes. By my dad, which was through the
19 account. So, yeah.

20 Q And did you provide anything of value, your
21 services, goods, whatever, to Prestige in
22 consideration for that \$1,500 per week?

23 A Oh, yeah. For services.

24 Q Tell me what you did.

25 A Anything that needed to be done. See, I

1 put into the main account that he used of his money.

2 This was my understanding.

3 Q Now I'm really confused. Are you telling me
4 that in July of 2004, you gave your father some of
5 your funds to invest and he paid you back 20 percent
6 of the amount that you gave to him to invest?

7 A That I had made off of the trade.

8 Q So it's just your profit on the trade?

9 A Correct. Correct.

10 Q It's not a commission?

11 A Well, that's what we would call commissions,
12 would be 20 percent of what the value was that you
13 put in the account.

14 Q And this is an account where you're trading
15 your own money for yourself?

16 A Correct, that the money would stay in our
17 branch of the company for capital.

18 Q There is another check dated May 30, 2005,
19 check number 1611 in the amount of \$10,000 even
20 payable to you. And can you explain to me why you
21 received those funds?

22 A I believe that was the wedding gift,
23 honeymoon, because that was right after I was
24 married, which I had no idea what the value was.

25 Q So Prestige Ventures gave you and your wife

1 basically a \$10,000 wedding present?

2 A Correct. That was to pay for the honeymoon
3 as well.

4 Q Finally, there is a check dated April 28,
5 2005, check 1573 in the amount of \$28,560.27 payable
6 to you. Can you explain to me why those funds were
7 paid to you?

8 A Yes. That was commission from a large trade
9 that put quite a bit in the account.

10 Q Whose money was being used to make these
11 trades that are generating these profits that are
12 paying you commissions?

13 A I thought it was my father's because you'll
14 also notice -- well, I don't know if you can. That
15 \$26,000 went right back into the company that I lost
16 all of it.

17 Q Well, I am not concerned about what you did
18 with it. I am concerned about why you got it.

19 A Well, it went back into Prestige.

20 Q I am not concerned about what you did with
21 it. I am concerned about why you got it. Whose
22 funds were used to make the trade that generated the
23 profit that you were paid the commission on?

24 A My father's.

25 Q And how do you know that?

1 A I don't know that, but I know that he had
2 his account.

3 Q Do you know how or what the source of the
4 funds were that were in that account?

5 A No, sir, I do not.

6 Q I think you previously testified that you
7 acquired your home in January of 2005. Do you recall
8 that testimony?

9 A Yes, sir.

10 Q It appears that in December, on December 2nd
11 of 2004, check number 1389, in the amount of \$2,500
12 was paid by Prestige to PCRE, which I believe to be
13 the Prudential office in Charleston, as a down
14 payment on a contract. Do you know whether that is
15 the contract to purchase your home?

16 A I am not sure, sir, but it probably is.

17 Q And then following that, there is a Prestige
18 Ventures Corp. check number 1428, dated January 4th
19 of 2005, in the amount of \$244,480.28 payable to
20 Sottile Hopkins and Daniel, LLC. Can you explain
21 that check to me?

22 A That was the attorney that closed on the
23 house.

24 Q So you believe that Prestige paid roughly
25 \$244,000 so that you could acquire the home that you

1 purchased in January of 2005?

2 A I thought it came from my parents, yes.

3 Q And just so that we're clear from my
4 perspective, if the check had come from your father's
5 personal account, that would be one thing, but these
6 are checks drawn on Prestige Ventures and payable for
7 your house purchase. So unless you tell me otherwise
8 or unless there is any other evidence, it's going to
9 be my position that Prestige is the entity that
10 actually purchased your home. Do you have any other
11 evidence as you sit here today as to where the funds
12 came from to purchase your residence?

13 A No, sir.

14 Q Do you know whether there were other
15 payments from Prestige for appliances or improvements
16 or work done at your residence?

17 A No. The fridge came with it and the
18 dishwasher. And I haven't replaced any of that.
19 Maybe paint. But that was coming out of my check.
20 So, yeah.

21 Q I have in front of me a Prestige Ventures
22 Corp. check number 1835 dated December 13th of 2005
23 in the amount of \$6,722.86 payable to Lowe's with a
24 notation Darren Lee 2676 Palmetto Hall.

25 A Oh, that was wood floors. I'm sorry.

1 Q So Prestige paid for the wood floors in your
2 house also?

3 A I guess so.

4 Q Let's talk about the boat. Who bought the
5 boat?

6 A My father.

7 Q Again, if I tell you I have got checks
8 showing that the payments were made by Prestige
9 Ventures for a \$2,800 deposit and \$25,976 to close
10 the sale, do you dispute that those funds were paid
11 by Prestige to Longshore to acquire the Edgewater
12 boat?

13 A No. You know where the check came from
14 probably better than I do.

15 Q And then there were dock slip fees incurred
16 to store the boat at Bristol Marina. Who would have
17 been making those payments?

18 A I didn't see any of the rent things ever, so
19 I don't know.

20 Q You didn't make them?

21 A No. I never got an invoice, one.

22 Q Do you know whether the invoices were going
23 directly to Prestige?

24 A I am not sure. I don't know.

25 Q Do you know whether Prestige was paying

1 those dock slip fees?

2 A It's probable.

3 Q And then finally you made a comment in your
4 earlier testimony that struck me as odd, and I want
5 to ask you about it. I believe you testified that,
6 and I think this is an exact quote: Everything went
7 screwy three to four years ago. What did you mean by
8 that?

9 A Just my dad started not -- he wasn't the
10 same person anymore. You know, I don't know if he --
11 he had to have heart surgery too. And so it was just
12 an emotional time of year. And I could tell that
13 they weren't -- they didn't seem happy or anything.
14 And he had a lot on his mind. And I think just that
15 I don't know. Everything changed with his demeanor
16 several years ago. And then now this is coming
17 about, so it's just kind of whacky.

18 Q Three to four years ago period when things
19 started to go screwy, did he indicate that there were
20 financial problems?

21 A No, but that's how I took it. And then he
22 kept saying that that wasn't the deal, that wasn't
23 the deal. And, you know, then now it just kept going
24 downhill because I know he's been working like crazy
25 trying to put money in the account. So I don't know.