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U.S. DIST. COURT, WESTERN DIST. OF OKLA.
BY _____ DEPUTY

**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, and

SHEILA M. LEE, an individual, DAVID A.)
LEE, an individual, and DARREN A. LEE,)
an individual,)

Relief Defendants,

Case No. 09-CV-1284 (DLR)

**Defendant Kenneth W. Lee's
Response to FIRST AMENDED
COMPLAINT FOR INJUNCTIVE
AND OTHER EQUITABLE
RELIEF AND FOR THE CIVIL
PENALTIES UNDER THE
COMMODITY EXCHANGE ACT
AND THE OKLAHOMA
UNIFORM SECURITIES ACT**

**ENTRY OF APPEAL
PLEASE ENTER ME, KENNETH W. LEE, AS REPRESENTING MYSELF IN THE
ABOVE CAPTIONED MATTER**

I am not an attorney nor do I represent myself to have any skills in such matters. I have over 18 inches of legal documents in front of me that I have no idea what most of it means. I am having to represent myself, as no attorney would take this matter pro-bono. I have no way to retain them with my house and bank accounts frozen in the courts. I am trying to research the proper way to address the respected courts in this matter and am having difficulties understanding what exactly I am reading. I am going to have trouble addressing the plaintiffs arguments where cases are listed because I do not know how to look up those cases which could be detrimental, or beneficial, to my case.

As stated in and response to **FIRST AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF AND FOR THE CIVIL PENALTIES UNDER THE COMMODITY EXCHANGE ACT AND THE OKLAHOMA UNIFORM SECURITIES ACT**, dated March 3, 2010.

I. SUMMARY

1. Kenneth W. Lee denies the allegations that since at least July 2003 through the present (“relevant period”), the corporate defendants Prestige Ventures Corp. (“Prestige”) and Federated Management Group (also doing business as Federated Management, Federated management Group, USA and Federated Management Corp.) (“Federated”), acting as a common enterprise (collectively, the “Prestige Enterprise”), and individual defendants Kenneth Wayne

Lee (“Lee”) and Simon Yang (a/k/a Xiao Yang a/k/a Simon Chen) (“Yang”) (collectively, “Defendants”), acting directly or through their agents, employees or officers, fraudulently solicited and accepted at least \$8.7 million from at least 140 members of the general public to participate in commodity pools for trading commodity futures contracts and other financial instruments, including stocks, stock options, and foreign currency.

2. Kenneth W. Lee does not have any knowledge of solicitations because Kenneth W. Lee never solicited to anyone. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee.

3. Kenneth W. Lee does not have any knowledge of solicitations because Kenneth W. Lee never solicited to anyone. Kenneth W. Lee denies the entire allegation. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee.

4. Kenneth W. Lee does not have any knowledge of solicitations because Kenneth W. Lee never solicited to anyone. Kenneth W. Lee denies the entire allegation because it Kenneth W. Lee has no knowledge of the solicitations. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee.

5. Kenneth W. Lee denies the allegation that Prestige Enterprise and Lee operated a

“Ponzi” scheme by paying so-called profits to participants that in actuality came not from successful trading but from either existing participants’ original investments or money invested by subsequent participants. Kenneth W. Lee denies the Plaintiffs’ claims that the Prestige Enterprise and Lee misappropriated funds.

6. Kenneth W. Lee denies the allegation that he and the prestige Enterprise also misappropriated participant funds for personal use and used over \$2 million of pool funds to purchase real estate, cars, and other things for and to funnel cash to Lee’s wife, Relief Defendant Sheila M. Lee, and Lee’s sons, Relief Defendants David A. Lee and Darren A. Lee (collectively, “Relief Defendants”). Kenneth W. Lee denies the allegation that the Relief Defendants provided no legitimate services to the Prestige enterprise or to its pool participants and otherwise have no legitimate entitlement to or interest in Prestige enterprise pool participant funds.

7. Kenneth W. Lee does not deny that he sustained net losses of approximately \$4.3 million trading almost exclusively commodity futures and foreign currency. Kenneth W. Lee denies that the period was from January 2004 through July 2009.

8. Kenneth W. Lee denies that he and the Prestige enterprise created and issued false account statements, which consistently showed that pool participant funds were earning monthly profits based on Defendants’ purportedly successful trading. Kenneth W. Lee denies creating and sending statements reflecting the purported monthly returns generated using the Legacy Trading System.

9. Kenneth W. Lee has no knowledge of this allegation and denies it in its entirety.

10. Kenneth W. Lee does not have any knowledge of solicitations because Kenneth W. Lee never solicited to anyone. Kenneth W. Lee denies the entire allegation because it

Kenneth W. Lee has no knowledge of the solicitations. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee.

11. Kenneth W. Lee denies this allegation. Distributions were made during 2006 and later dates.

12. Kenneth W. Lee denies the entire allegation because Kenneth W. Lee did not solicit anyone, did not misappropriate pool participants funds, had no knowledge of omissions or misrepresentations relating to federal and state investigations, and denies fabrication and issuance, and/or causing the fabrication or issuance, of false statements to commodity pool participants.

13. Kenneth W. Lee denies having knowledge of the solicitations I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee.

14. Kenneth W. Lee has knowledge of this and denies this allegation.

15. Kenneth W. Lee has no knowledge of the solicitations and where the money came from if they did not put their account number on the transfer. Most of the monies were wired in cash deposits with no name. Kenneth W. Lee had no control over the fact that the monies were wired into that account. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without

speaking with Kenneth W. Lee about filling out an application. Kenneth W. Lee tried to look up the Plaintiffs Regulations, but it says “Reserved” and will not let me read them from 17 C.F.R. § 4.2-4.4.

16. Kenneth W. Lee has no knowledge of having to provide pool participants with disclosure documents containing required information and did not receive acknowledgments from participants of receipt of disclosure documents. Kenneth W. Lee tried to look up the Plaintiffs Regulations, but it says “Reserved” and will not let me read them from 17 C.F.R. § 4.2-4.4.

17. Kenneth W. Lee denies that he, or Prestige Ventures, are responsible for Mr. Yang, Mr. Yang’s actions, and Mr. Yang’s omissions. Kenneth W. Lee just found out about Mr. Yang’s 2004 subpoena 3 months ago, from the Plaintiffs paperwork.

18. Kenneth W. Lee denies not acting in good faith, or knowingly induced, directly or indirectly, the acts constituting Federated and Prestige’s alleged violations.

19. Kenneth W. Lee denies the allegation that he offered and/or sold unregistered securities in and/or from Oklahoma. Kenneth W. Lee denies being involved in the soliciting of any people in Oklahoma. Prestige Ventures denies employing or associating with an unregistered issuer agent who transacted business in and/or from Oklahoma on their behalf. Kenneth W. Lee denies making untrue statements of material fact in connection with the offer and/or sale of securities in and/or from Oklahoma. Kenneth W. Lee denies omitting to state material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in connection with the offer and/or sale of securities in and/or from Oklahoma. Kenneth W. Lee denies that he employed a devise, scheme, or artifice to

defraud investors in connection with the offer and/or sale of securities in and/or from Oklahoma. Kenneth W. Lee denies that he engaged in an act, practice, or course of business that has operated as a fraud or deceit upon investors in connection with the offer and/or sale of securities in and/or from Oklahoma..

20. Kenneth W. Lee denies any unlawful acts and practices.

21. Kenneth W. Lee denies the allegations of any wrongdoing and there is not good cause for Kenneth W. Lee to be restrained or enjoined by the respected Court.

II. JURISDICTION AND VENUE

22. Kenneth W. Lee denies that he has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order promulgated thereunder, the Commission may bring an action against such person to enjoin such practice or to enforce compliance with the Act, which would give the respected Court jurisdiction.

23. Kenneth W. Lee denies that the interests of residents of the State have been, are being, or may be threatened or adversely affected because of such violations of te Act, the State may bring a suit in the district courts of the United States to enjoin such acts or practices and to enforce compliance with the Act, or to obtain such other and further relief as the court deems appropriate. Kenneth W. Lee denies any violation in the State of Oklahoma, or any State, for there to be jurisdiction over him in the respected Court.

24. Kenneth W. Lee denies having transacted business in this district that violated any acts.

III. THE PARTIES

A. Plaintiffs

25. Kenneth W. Lee acknowledges the **U.S. Commodity Futures Trading Commission** and their respected duties.

26. Kenneth W. Lee acknowledges the **Oklahoma Department of Securities** and their respected duties.

B. Defendants

27. Kenneth W. Lee agrees that **Prestige Ventures Corp.** Is a registered Panamanian corporation with a registration date of July 7, 2003 and last known address of P.O. box 5956, EL Dorado, Panama City, republic of Panama, Zona 6. Kenneth W. Lee agrees that Prestige ventures also operated out of a Fort Worth, Texas office at 6777 Camp Bowie boulevard, Suite 229. Kenneth W. Lee denies that Prestige Ventures conducted business around Oklahoma City, Oklahoma. Kenneth W. Lee agrees that Prestige Ventures currently operates out of Mount Pleasant, South Carolina. Kenneth W. Lee denies the allegation that Prestige engaged in the business of soliciting and accepting funds from participants to pool together for the purpose of trading various financial instruments, including commodity futures, stocks, stock options, and foreign currency on behalf of those participants. Kenneth W. Lee agrees that Prestige has never been registered, in any capacity, with the Commission or under the OUSA, or any predecessor act.

28. Kenneth W. Lee agrees that **Federated Management Group, Inc** is an entity formerly incorporated in Texas, but with a forfeited Texas registration as of October 2003. Kenneth W. Lee agrees that Federated operated out of Fort Worth, Texas with an address at 6777 Camp Bowie boulevard, Suite 229, Mount Pleasant, South Carolina with an address at 1660

Jorrington Street, and Panama City, Panama with an address at World Trade center, Piso 1, Area Commercial, P.O. Box5956, El Dorado, Panama City, republic of Panama, Zona 6. Kenneth W. Lee agrees that Federated conducted business activities in and around Oklahoma City, Oklahoma. Kenneth W. Lee denies that Federated engaged in the business of soliciting and accepting funds from participants to pool together for the purpose of trading various financial instruments, including commodity futures, stocks, stock options, and foreign currency on behalf of those participants. Kenneth W. Lee has no knowledge of the solicitations and denies any involvement. Kenneth W. Lee agrees that Federated has never been registered, in any capacity, with the Commission or under the OUSA, or any predecessor act. Kenneth W. Lee believes that the Plaintiffs have confused some of Federated Managements business with a company named Federated, that is in Panama, that has, and has never, had any relation to Federated Management.

29. **Kenneth Wayne Lee** agrees that he is an individual whose last known address is 1660 Jorrington Street, Mount Pleasant, South Carolina 29466. Kenneth W. Lee denies the allegation that he engaged in the business of soliciting people. Kenneth W. Lee has no knowledge of the solicitations. The monies were wired in cash deposits with no name. Kenneth W. Lee had no control over the alleged “pool participants” soliciting each other. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application for an account. Kenneth W. Lee agrees that he has never been registered with the Commission in any capacity or under the OUSA, or any predecessor act.

30. Kenneth W. Lee has no knowledge of the solicitations that took place and denies

that Mr. Yang was working on Prestige Ventures behalf. Mr. Yang was an investor that received great returns on his investment. Kenneth Lee has no knowledge of the remainder of the allegation.

C. Relief Defendants

31. Kenneth W. Lee denies that **Sheila M. Lee** received any pool participants funds.
32. Kenneth W. Lee denies that **David A. Lee** received any pool participant funds.
33. Kenneth W. Lee denies that **Darren A. Lee** received any pool participant funds.

IV. FACTS

Defendants' Fraudulent Solicitation of Pool Participants

34. Kenneth W. Lee denies the allegations that he fraudulently solicited and accepted at least \$8.7 million from at least 140 members of the general public to participate in commodity pools for trading commodity futures contracts and other financial instruments, including stocks, stock options, and foreign currency.

35. Kenneth W. Lee denies that Federated and Prestige engaged in a common scheme to solicit prospective pool participants. Kenneth W. Lee advised all that he could not and would not discuss any thing about Prestige Ventures or Federated Management with a citizen of the United States. Anyone interested in Prestige Ventures or Federated Management had to be a citizen of a foreign country, they could not be a US Citizen. All said they understood this to be mandatory. Kenneth W. Lee agrees that Federated and Prestige share offices, telephone numbers. Kenneth W. Lee has no knowledge of solicitation materials. Kenneth W. Lee denies any knowledge of Legacy Trading System. Kenneth W. Lee agrees that he is the President and Director of Federated and Prestige. Kenneth W. Lee denies that Yang was an employee, agent ,

or officer. Mr. Yang was an investor who received great returns from his investment. Kenneth W. Lee has no knowledge to why it is pertinent that the pool participants know the difference between the two companies. Everyone was supposed to fill out an application, to be submitted for review by Prestige, or Federated, to determine if they would be taken on as a client. If they would have gone through the proper procedure, then everything would have been explained to them. There would be no questions as to which company, being Prestige, or Federated,, that they had their account with. There were never any intentions to have a large group of investors. You cannot just wire money into a company that you have no account with, in the name of Cash 80% of the time, and expect the company to know who it came from to deal with it. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not. Some individuals that would have cousins wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. After a month or more there would be a random inquiry from a client asking how their cousins account was doing. That would be when Kenneth W. Lee found out, after asking questions of when it was deposited and from what bank. Kenneth W. Lee would never ask the amount so that a wrong individual could claim the deposit. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application for an account or even introducing anyone that may want to invest, and

they knew that it was never to be offered to a citizen of the United States..

36. Kenneth W. Lee has no knowledge of the solicitations and denies ever soliciting to anyone. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have cousins wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee denies ever targeting anyone and requests that the Plaintiffs show their proofs that Kenneth W. Lee targeted the Chinese community directly. If the Plaintiffs cannot, due to the racial profiling that this hints of, Kenneth W. Lee respectfully requests the court remove any such profiling that would be slanderous to the Prestige Enterprise or Federated.

37. Kenneth W. Lee denies ever targeting anyone and requests that the Plaintiffs show their proofs of Kenneth W. Lee targeting the Chinese community directly. Ming Yu and Jian Yue were rogue solicitors that recruited people without Kenneth W. Lee's knowledge. If the Plaintiffs cannot prove, immediately, due to the racial profiling that this hints of, that Kenneth W. Lee targeted the Chinese community directly, Kenneth W. Lee respectfully requests the court

to remove any such paragraph that would be slanderous to Kenneth W. Lee. Kenneth W. Lee has no knowledge of the solicitations by Ming Yu and Jian Yue and denies that Kenneth W. Lee ever solicited to anyone. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court. Without Kenneth W. Lee ever freely living in/and/or around Oklahoma City, it is ridiculous to claim that Kenneth W. Lee targeted members of a church there. This is a far stretching claim against Mr. Lee and should be clarified, or removed.

38. Kenneth W. Lee has no knowledge of the alleged solicitations by Mr. Yang and denies any knowledge of this allegation. Mr. Yang was an investor that received positive returns on his investment and positive withdrawals from his investment.

39. Kenneth W. Lee denies any knowledge of this allegation. Mr. Yang was an investor that received positive returns on his investment and positive withdrawals from his investment.

40. Kenneth W. Lee agrees meeting with prospective clients in Fort Worth where he explained the no offer could be made or discussions with anyone other than a foreign citizen, never to a United States citizen. Kenneth W. Lee denies any knowledge of what Mr. Yang told them prior to coming to Fort Worth. Mr. Yang was an investor that received positive returns on his investment and positive withdrawals from his investment. Kenneth W. Lee would like to have the Plaintiff clarify, exactly, who it is that actually were solicited by Mr. Yang of the Plaintiffs' alleged 140 clients. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking

with Kenneth W. Lee.

41. Kenneth W. Lee agrees that the profits that Kenneth W. Lee was earning back in 2003 were consistently high. Kenneth W. Lee denies ever stating that Prestige Enterprise and Lee had never suffered any trading losses. Nothing is 100% in investing and that is why risk is involved. Kenneth W. Lee would like to have the Plaintiff prove this ridiculous figure of never having a losing trade.

42. Kenneth W. Lee denies that he did not discuss the risks associated with trading commodity futures, stocks, stock options, or foreign currency.

43. Kenneth W. Lee agrees with what took place at the Fort Worth meeting but denies the Plaintiffs' "and otherwise".

44. Kenneth W. Lee has no knowledge of an undated and unnamed Prestige document that Mr. Yang provided.

45. Kenneth W. Lee has no knowledge of an undated and unnamed Prestige document that Mr. Yang provided.

46. Kenneth W. Lee agrees that the FMG Fund Disclosure Document stated this if it was completed in the application process. If it was not, then there was no application, and, therefore, should not apply to the Disclosure Document.

47. Kenneth W. Lee denies ever telling pool participants that any funds were protected by Federated's Credit Union, Federated Management Group, Inc. National Savings & Loan. Kenneth W. Lee knows nothing about a Legacy Trading System and has never used that term to anyone. Kenneth W. Lee has no knowledge of a MAR report or results and never spoken to or exchanged information with MAR.

48. Kenneth W. Lee denies representing that there were never any losing months or trades with Prestige Ventures Corp or Federated Management Group. This assumption may have been by others, but never represented by Kenneth W. Lee to anyone. Lee never solicited any customers so it would have been difficult, and impossible, to represent the above statement.

49. Kenneth W. Lee denies representing that he has first hand knowledge or knew for a fact that FMG's assets grew from \$2 million to over \$379 million. This may have been represented by others but not Kenneth W. Lee. Lee denies that he represented that current assets were in excess of \$18 million and that Prestige had \$1 billion under management. This is an astronomical number and has never been represented by Kenneth W. Lee.

50. Kenneth W. Lee denies that he ever offered or represented an annual audited report to anyone nor did he ever promise an annual audited report.

51. Kenneth W. Lee agrees that he has never been registered with the Commission or a member of the NFA. Kenneth W. Lee denies ever having stated that Kenneth W. Lee was registered with the Commission or a member of the NFA.

52. The Plaintiffs' allegations are just discriminatory. Kenneth W. Lee is not required to tell people about his incarceration. Kenneth W. Lee agrees that he achieved great returns trading during the time of his incarceration by the programs that he already had in place.. His offense has nothing to do with his trading and the Plaintiffs are just trying to humiliate Kenneth W. Lee in the respected Court. The Plaintiff is just trying to deface Kenneth W. Lee with this non-relating entry into the complaint.

53. The relative time frame of question in this case is from 2003-2009. Kenneth W. Lee would like to state that after several people submitted funds improperly, Mr. Yang was the

only way to find out who, what, and why, they did it. Kenneth W. Lee had no knowledge of how to get in touch with anyone who went about getting an account with Prestige, or Federated, wrong. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application for an account or letting Kenneth W. Lee know that they were non US citizens..

Defendants Gave False Information to the Commission

54. Kenneth W. Lee denies that he, or Prestige Ventures, are responsible for Mr. Yang, Mr. Yang's actions, and Mr. Yang's omissions. Kenneth W. Lee just found out about Mr. Yang's 2004 subpoena 3 months ago, from the Plaintiffs paperwork that was served upon Kenneth W. Lee. Mr. Yang never informed Kenneth W. Lee about the subpoena and Kenneth W. Lee knew nothing about the solicitations. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the courts.

55. Kenneth W. Lee denies that he, or Prestige Ventures, are responsible for Mr. Yang, Mr. Yang's actions, and Mr. Yang's omissions. Kenneth W. Lee just found out about Mr. Yang's 2004 subpoena 3 months ago, from the Plaintiffs paperwork. Mr. Yang never informed Kenneth W. Lee about the subpoena and Kenneth W. Lee knew nothing about the solicitations, or how Mr. Yang did them. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee.

56. Kenneth W. Lee denies this allegation in its entirety. Kenneth W. Lee never new he was under investigation by the Commission and the Commission should know this. I would have had an attorney on retainer with 6 years knowing that I am under investigation. Kenneth W. Lee never provided false and misleading, and omitted material information, to the federal government in responding to the subpoena issued by the Commission. Kenneth W. Lee would respectfully request the courts to have the Plaintiffs clarify that Kenneth W. Lee does not belong in this paragraph when the Plaintiffs know that Kenneth W. Lee was not involved with the subpoena.

57. Kenneth W. Lee denies any knowledge of the solicitations by Mr. Yang. Mr. Yang was an investor that received positive returns on his investment and positive withdrawals from his investment. Kenneth W. Lee has no knowledge of the solicitations by Ming Yu and Jian Yue and denies that Kenneth W. Lee ever soliciting to anyone. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application for an account. I cannot look up what the Regulations are from 4.2-4.4, so I cannot address that. Kenneth W. Lee denies the allegation that Kenneth W. Lee never obtained signed and dated acknowledgments from participants stating that they had received a disclosure document. If the clients didn't go through the proper application process then there was no way for me to know who they are. Kenneth W. Lee did not know that it was required to have that signed. I have not ever had to sign an acknowledgment before with any firm I was with.

58. Kenneth W. Lee denies knowingly or recklessly making these material

misrepresentations and omissions to induce individuals to invest with them.

59. Kenneth W. Lee has no knowledge of the solicitations.

60. Kenneth W. Lee would have the approved applicants wire money into Prestige or Federated or to make checks payable to Federated or Prestige. Kenneth W. Lee denies giving any other people the company's bank account information. This is a very vague statement from the Plaintiffs. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application for an account.

61. Kenneth W. Lee agrees that he was the signatory for and controlled the known bank account(s) of the Prestige Enterprise.

The Prestige Enterprise and Lee Lost Funds Trading and Misappropriated Funds

62. Contrary to the Plaintiffs representations, Lee and the Prestige Enterprise were successful traders.

63. Kenneth W. Lee cannot dispute the allegation because he has no documents of any accounts. Some trading brokerage firms have gone out of business and transferred accounts to other firms and opened new accounts. This accounts for the high number of accounts. Some of the account numbers were for Sheila M. Lee, Darren A. Lee and David A. Lee's personal deposits and trading, not Prestige Ventures or Federated Management.

64. Kenneth W. Lee does not deny that there were substantial losses, but Kenneth W. Lee cannot agree on the numbers because he has no documents of any accounts.

65. Kenneth W. Lee agrees that he opened and controlled the majority of the trading

accounts. Kenneth W. Lee knows nothing of having to disclose to the FCMs that he traded pool participant funds.

66. Kenneth W. Lee does not deny that Federated had accounts which traded securities and options on securities. Kenneth W. Lee is unsure of the exact profit/loss figures.

67. Kenneth W. Lee does not dispute this allegation.

68. Kenneth W. Lee denies that the Prestige enterprise and Lee misappropriated millions of dollars in pool participant funds.

69. Kenneth W. Lee denies that he misappropriated pool participant funds for personal use. Kenneth W. Lee denies that he used the Prestige Enterprise bank account as his personal bank account and funneled pool participant funds to himself and his family members even in months in which his trading did not generate profits.

70. Kenneth W. Lee denies the example listed by the plaintiff. The Relief Defendants have never received pool participant funds.

71. Kenneth W. Lee denies that Lee also used pool participant funds to make purported profit payments to other pool participants.

Defendants Used False Statements to Conceal Misappropriation and Trading Losses

72. Kenneth W. Lee denies trying to conceal trading losses and misappropriation of pool funds. Each pool participant was advised and indicated they understood that the program was a very long term program and we would strive to maintain the growth indicated.

73. Kenneth W. Lee denies trying to conceal trading losses and misappropriation of pool funds by indicating accounts had grown to double amounts. Each pool participant was advised and indicated they understood that the program was a very long term program and we

would strive to maintain the growth indicated. All pool participants informed Kenneth W. Lee they were in no hurry for funds and would wait until maturity of the investment program.

74. Kenneth W. Lee denies any knowledge of semi-monthly reports to pool participants reflecting purported returns generated by a program called Legacy Trading System. Kenneth W. Lee has never used that term and does not know where or what it is.

75. Kenneth W. Lee denies any knowledge of any pool participants intentions of investing additional funds. Pool participants were told on numerous occasions to not add any additional funds as Prestige did not want to manage any more funds. This opened the flood gates of the Pool Participants as funds would be deposited with no notification to Kenneth W. Lee or knowledge as to who the funds belonged to. The warnings did not stop funds from being deposited and then two months to three months later notify Kenneth W. Lee that they had deposited funds into Prestige Ventures. Many times the deposits were in cash and no way of verifying whose funds they were.

76. Kenneth W. Lee denies trying to conceal trading losses and misappropriation of pool funds. Each pool participant was advised and indicated they understood that the program was a very long term program and we would strive to maintain the growth indicated. All participants were happy to allow the program to mature over time.

77. Kenneth W. Lee denies that pool participants were refused funds starting in April 2006. Kenneth W. Lee advised all pool participants beginning in January 2006 that we were not a bank and that the heavy withdrawals being made by those who indicated they were not interested in making any withdrawals for many years were suddenly making request for large withdrawals. Withdrawals were made from April 2006, but at a reduced rate and frequency.

78. Kenneth W. Lee denies the allegation that he admitted running an alleged Ponzi scheme. There is no factual writing that states the new investors money would go out to the customer requesting their funds. It takes money to make money when the margins have more than doubled due to the Ethanol debacle. The thought of farmers converting corn to fuel vs. corn to feed, more than quadrupled the price of corn and every other commodity over a 3 month span. The Commission is all too familiar with manipulating the margin that is required for a trader to trade because they regulate requirements, to use that against Kenneth W. Lee. The Commission should know that the margins were increased greatly. The example used by Plaintiff is taken totally out of context and displayed in a very bad manner. Kenneth W. Lee's writing to the pool participant was an example of how we could over come the large margin increases and the pool participant knew that was the meaning. She had called Kenneth W. Lee and we had discussed that very same issue. That if pool participants only carried their margin requirement we could purchase the normal number of contracts and have the high earnings we had enjoyed previously. Large margin requirements had reduced the purchasing power of Prestige and Kenneth W. Lee was only indicating that IF we had the additional funds we could purchase additional contracts and increase our earnings. This is the same pool participant that solicited investors in Oklahoma after knowing the it could not be discussed with any US citizens.

Lee Controlled the Prestige Enterprise

79. Kenneth W. Lee does not deny this allegation.

80. Kenneth W. Lee denies ever soliciting prospective pool participants. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling

friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application for an account. Kenneth W. Lee agrees that he controlled the day-to-day business operations of the Prestige Enterprise and controlled the bank and trading accounts of Prestige and Federated. Pool Participants solicited each other and they were told by Kenneth W. Lee to discontinue this practice, again, it did no good to indicate that we were not going to accept any additional funds or pool participants. The flood gates only opened again and again deposits with no names or indication as to who they may belong to came pouring into the bank account. Pool participants also added their friends and relatives to their account and claimed it as their deposits. This was done after being told that we would accept no new funds or additional deposits.

Yang was an Agent of the Prestige Enterprise

81. Kenneth W. Lee denies that Yang was an agent, employee or officer of the Prestige Enterprise and was at all relevant times, including, but not limited to, times when he solicited funds for investment with the Prestige enterprise, provided information to pool participants concerning their investments with the Prestige enterprise, and provided participants with the Legacy Trading System monthly return statements. Kenneth W. Lee denies any knowledge of semi-monthly reports to pool participants reflecting purported returns generated by a program called Legacy Trading System. Kenneth W. Lee has never used that term and does not know where or what it is. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application for an account.

**V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT AND
COMMISSION REGULATIONS**

COUNT ONE

Violations of Sections 4b(a)(2)(i)-(iii) and 4b(a)(2)(A)-©:

Fraudulent Solicitation, Misappropriation and False Statements

82. Kenneth W. Lee has addressed paragraphs 1 through 81 above.

83. Kenneth W. Lee has not violated Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii)(2006) and denies any allegation that Kenneth W. Lee has violated the said Section. Kenneth W. Lee denies that allegations that he (i)-cheated or defrauded or attempted to cheat or defraud such other person, (ii)- willfully made or caused to be made to such other person any false report or statement thereof, ... {or}; (iii)- willfully deceived or attempted to deceive such other person by any means whatsoever in regard to any such order or contract or disposition or execution of any such order or contract, or in regard to any act of agency performed with respect to such order or contract for such person.

84. Kenneth W. Lee has not violated Sections 4b(a)(1)(A)-(C) of the act as amended by the CRA, to be codified at 7 U.S.C §§§ 6b(a)(1)(A)-(C). Kenneth W. Lee denies the allegation that he (A) cheated or defrauded or attempted to cheat or defraud the other person, (B) willfully made or caused to be made to the other person any false report or statement,... {or} (C) willfully deceived or attempted to deceive the other person by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for ...the other person.

85. Kenneth W. Lee denies the allegation that he willfully or recklessly made and are

making false, deceptive, or misleading representations and omissions of material facts in the solicitations of prospective and existing pool participant, in violation of Sections 4b(a)(2)(i) and (iii) of the Act 7 U.S.C. §§ 6b(a)(2)(i) and (iii) (2006), with respect to acts occurring before June 18, 2008, and in violation of Sections 4b(a)(1)(A) and © of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and ©, with respect to acts occurring on or after June 18, 2008. §§ 6b(a)(1)(A) and ©, with respect to acts occurring on or after June 18, 2008. Kenneth W. Lee denies the entire allegation because Kenneth W. Lee did not solicit anyone, had no knowledge of omissions or misrepresentations, and denies fabrication and issuance, and/or causing the fabrication or issuance, of false statements to commodity pool participants.

86. Kenneth W. Lee denies the Plaintiffs' allegation of using funds solicited to trade commodity futures for pool participants for purposes other than trading, as set forth above, Federated, Prestige and Lee knowingly misappropriated funds in violation of Sections 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii) (2006), with respect to acts occurring before June 18, 2008, and in violation of Sections 4b(a)(1)(A) and © of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and ©, with respect to acts occurring on or after June 18, 2008.

87. Kenneth W. Lee denies the Plaintiffs' allegation that Kenneth W. Lee has willfully made or caused to be made to other persons false reports and statements concealing commodity futures trading losses, in violation of Section 4b(a)(2)(ii) of the

Act, 7 U.S.C. § 6b(a)(2)(ii) (2006), with respect to acts occurring before June 18, 2008, and in violation of Section 4b(a)(1)(B) of the Act as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(1)(B), with respect to acts occurring on or after June 18, 2008.

88. Kenneth W. Lee denies the allegation that there were any acts, omissions and failures of Lee, as described in this Count One, were done within the scope of their employment or office with Federated and Prestige and, therefore, Federated and Prestige are liable for Lee's and Yang's acts, omissions and failures constituting violations as alleged in this Count One, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2009).

89. Kenneth W. Lee agrees that during the relevant time, Lee directly controlled Federated and Prestige. Kenneth W. Lee denies that he indirectly controlled Prestige Enterprise. Kenneth W. Lee denies that Kenneth W. Lee did not act in good faith or knowingly induced, directly or indirectly, the acts constituting their violations described in this Count One. Pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006), Lee is liable for Prestige's and Federated's violations described in this Count One to the same extent as Federated and Prestige.

90. Kenneth W. Lee denies has denied any allegations of solicitation by the Plaintiff's, has denied any allegations of misappropriation, and has denied each false statement that the Plaintiff's allege Kenneth W. Lee made during the relevant period, including but not limited to those specifically alleged herein.

COUNT TWO

Violations of Section 4o(1):

Fraud as a CPO and Associated Person

91. Kenneth W. Lee has addressed paragraphs 1 through 90 above.

92. Kenneth W. Lee denies, and continues denying, the Plaintiffs' allegations that during the relevant period, Federated and Prestige, while acting as CPOs, and Lee and Yang, while acting as APs of Federated and Prestige, violated Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006), in that Defendants directly or indirectly employed or are employing a device, scheme, or artifice to defraud customers or prospective customers, or has engaged or is engaged in transactions, practices or a course of business which operated or operates as a fraud or deceit upon customers or prospective customers by using the mails or other means or instrumentalities of interstate commerce. Prestige, Federated and Lee's fraudulent acts consisted of, among other things, the fraudulent solicitation of pool participants, the misappropriation of pool participant funds and the issuance of false statements to pool participants as set forth above. Yang's fraudulent acts consisted of, among other things, fraudulent solicitation of pool participants, the provision of false and misleading information to the Commission in response to a Commission issued subpoena, and the issuance of false statements as set forth above.

93. Kenneth W. Lee agrees that he directly controlled the Prestige Enterprise. Kenneth W. Lee denies that he indirectly controlled Prestige Enterprise. Kenneth W. Lee denies the allegations that Kenneth W. Lee did not act in good faith, or knowingly induced, directly or

indirectly, the acts constituting the Prestige Enterprise's violations of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006). Lee is therefore liable for these violations pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

94. Kenneth W. Lee denies the misappropriation, fraudulent acts, misrepresentations, omissions, failures and creation of false statements of Lee occurred within the scope of his employment or office with the Prestige Enterprise. Federated and Prestige are therefore liable for Lee's acts, omissions and failures in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006), pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2009).

95. Kenneth W. Lee has no knowledge of the solicitations that took place and denies that Mr. Yang was working on Prestige Ventures behalf. Mr. Yang was never an employee, agent, or officer of Prestige Enterprise or Federated Management. Mr. Yang was an investor that received great returns on his investment.

96. Kenneth W. Lee has denied each allegation of each act of solicitation fraud, misappropriation, and each false statement Kenneth W. Lee made (or caused to be made) during the relevant period, including, but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006).

COUNT THREE

Violations of Sections 6© and 9(a)(3):

Willful Misstatements or Omissions of Material Facts to the Commission

97. Count Three, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2009)

98. Kenneth W. Lee had no knowledge, until 3 months ago, of a declaration submitted pursuant to 28 U.S.C. § 1746 and declared to be true and correct by Yang under the penalty of perjury, Yang allegedly, misleadingly represented that he solicited participants solely through emails, all of his information concerning Federated came from the Federated website, he no longer solicited for Federated, and persons he had solicited did not open trading accounts with Federated. Yang willfully omitted from his declaration that Prestige, through Lee, had begun operating and that Yang solicited on behalf of Prestige.

99. Kenneth W. Lee has denied all of the Plaintiffs' allegations of violations and denies that the Commission deserves to file a complaint and provide for the imposition of, among other things, fines and penalties. The Commission's beliefs, and what are truly fact, are not even close to being one in the same. One's beliefs are opinions that are not based on fact and should have no place in any respected Court of Law. There has to be some limit to the powers of a government agency that acts as if its opinions are true and factual. The respected Court has the duty of determining the truth and to ensure that American justice is withheld, with fairness to each party involved.

100. Kenneth W. Lee has denied any violation of Section 9(a)(3) of the Act, 7 U.S.C. § 13(a)(1) (2006), makes it a violation for "[a]ny person knowingly to make, or cause to be made, any statement in any ... report, or document required to be filed under this Act or any rule or regulation thereunder ..., which statement was false or misleading with respect to any material fact, or knowingly to omit any material fact required to be stated therein or necessary to make the statements therein not misleading." Kenneth W.

Lee would like to point out to the respected Court the misleading paragraphs in the Complaints that the Plaintiffs have submitted on their own behalf against Kenneth W. Lee and family.

101. Kenneth W. Lee had no knowledge, until 3 months ago, of the allegations that Yang violated Sections 6© and 9(a)(3) of the Act, 7 U.S.C. §§ 9© and 13(a)(3) (2006), when, in a declaration submitted pursuant to 28 U.S.C. § 1746 and declared to be true and correct by Yang under the penalty of perjury, which he provided in response to a Commission subpoena issued pursuant to Sections 6© and 8(a)(1) of the Act, 7 U.S.C. §§ 15 and 12(a)(1) (2006), he willfully made false and misleading statements of material facts and willfully omitted other material facts.

102. Kenneth W. Lee denies that Federated and Prestige are liable for Yang's acts, omissions and failures constituting violations in this Count Three, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2009).

COUNT FOUR

Violations of Sections 4m(1) and 4(k)(2): failure to Register as CPOs and Aps

103. Kenneth W. Lee has addressed paragraphs 1 through 102 above.

104. Kenneth W. Lee denies that Federated and Prestige have used the mails or instrumentalities of interstate commerce in or in connection with their businesses as CPOs while failing to register with the Commission as CPOs, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006). . I am awaiting the depositions of Ming Yu and Jian Yue

so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application for an account.

105. Kenneth W. Lee agrees that he directly controlled the Prestige Enterprise. Kenneth W. Lee denies that he indirectly controlled Prestige Enterprise.

106. Kenneth W. Lee has no knowledge of the solicitations and denies ever soliciting to anyone. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen.

107. Kenneth W. Lee denies ever needing to register as an AP and, therefore, Kenneth W. Lee was not violating Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2006), pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2009).

108. Kenneth W. Lee denies ever needing to register as an AP and, therefore,

Federated and Prestige did not violate Section 4k(2), 7 U.S.C. § 6k(2) (2006). Kenneth W. Lee denies any knowledge of the solicitations by Mr. Yang. Mr. Yang was an investor that received positive returns on his investment and positive withdrawals from his investment. Kenneth W. Lee has no knowledge of the solicitations by Ming Yu and Jian Yue and denies that Kenneth W. Lee ever soliciting to anyone. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application for an account.

COUNT FIVE
Violations of Regulation 4.20
CPOs Accepting Pool funds Other Than in the Name of the Pool, Commingling of
Pool Funds with Own funds and Failure to Treat the Pool as a Separate Entity

109. Kenneth W. Lee has addressed paragraphs 1 through 108 above.

110. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits or make cash deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee

about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee, therefore, denies the Plaintiffs' allegations that by accepting or depositing pool funds in bank and trading accounts held in the name of Federated or Prestige, and not into accounts in the names of the FMG Fund or the Prestige unnamed pool, Federated and Prestige failed to operate their pools as legal entities separate from themselves as pool operators, in violation of Regulation 4.20(a)(1), 17 C.F.R. § 4.20(a)(1) (2009).

111. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee, therefore, denies the Plaintiffs' allegations that by accepting pool funds in the name of Federated and not in the name of the FMG Fund, Federated, while operating as a CPO, violated Regulation 4.20(b), 17 C.F.R. § 4.20(b) (2009).

112. The pool participants solicited themselves and would just send money to the

account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee, therefore, denies the Plaintiffs' allegations that by accepting pool funds in the name of Prestige and not in the name of the unnamed pool, Prestige, while operating as a CPO, violated Regulation 4.20(b), 17 C.F.R. § 4.20(b) (2009).

113. Kenneth W. Lee agrees that he directly controlled the Prestige Enterprise. Kenneth W. Lee denies that he indirectly controlled Prestige Enterprise. Kenneth W. Lee denies not acting in good faith, or knowingly induced, directly or indirectly, the acts constituting Federated and Prestige's alleged violations of Regulations 4.20(a)(1) and (b), 17 C.F.R. §§ 4.20(a)(1) and (b) (2009). Lee is therefore liable for these violations pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

COUNT SIX
Violations of Regulation 4.21:
Failure to Provide Pool Disclosure Documents

114. Kenneth W. Lee has addressed paragraphs 1 through 113 above.

115. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee, therefore, denies the Plaintiffs' allegations that regulation 4.21(a)(1), 17 C.F.R. § 4.21(a)(1) (2009), requires that a CPO must furnish prospective participants with a disclosure document containing specific language set forth by regulation by no later than the time the CPO delivers or causes to be delivered to the prospective participant a subscription agreement for the pool.

116. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire

money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee, therefore, denies the Plaintiffs' allegations that in addition, prior to accepting or receiving funds, Regulation 4.21(b), 17 C.F.R. § 4.21(b) (2009), requires a CPO to receive from participants an acknowledgment signed and dated by the participants that they received the disclosure document.

117. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee,

therefore, denies the Plaintiffs' allegations that Federated and Prestige failed to furnish participants with a disclosure document and failed to receive signed and dated acknowledgments from the participants stating that they received the disclosure document, in violation of Regulations 4.21(a)(1) and (b), 17 C.F.R. §§ 4.21(a)(1) and (b) (2009).

118. Kenneth W. Lee agrees that he directly controlled the Prestige Enterprise. Kenneth W. Lee denies that he indirectly controlled Prestige Enterprise. Kenneth W. Lee denies not acting in good faith, or knowingly induced, directly or indirectly, the acts constituting Federated and Prestige's alleged violations of Regulations 4.21(a)(1) and (b), 17 C.F.R. §§ 4.21(a)(1) and (b) (2009). Lee is therefore liable for these violations pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

119. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an

application or making certain that the person was not a United States citizen. Kenneth W. Lee, therefore, denies the Plaintiffs' allegations that each failure of Federated to deliver a disclosure document to a prospective participant and each failure of Federated to receive from a prospective pool recipient an acknowledgment of receipt of a disclosure document, is alleged as separate and distinct violations of Regulations 4.21(a)(1) and (b), 17 C.F.R. §§ 4.21(a)(1) and (b) (2009), respectively.

120. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee, therefore, denies the Plaintiffs' allegations that each failure of Prestige to deliver a disclosure document to a prospective participant and each failure of Prestige to receive from a prospective pool recipient an acknowledgement of receipt of a disclosure document, is alleged as separate and distinct violations of Regulations 4.21(a)(1) and (b), 17 C.F.R. §§

4.21(a)(1) and (b) (2009), respectively.

COUNT SEVEN
Disgorgement of Funds from the Relief Defendants

121. Kenneth W. Lee has addressed paragraphs 1 through 120 above.

122. Kenneth W. Lee denies that Kenneth W. Lee defrauded the Prestige Enterprise pool participants.

123. Kenneth W. Lee denies that the Relief Defendants, Sheila, David, and Darren Lee, received funds as a result of the Defendants' fraudulent conduct and have been unjustly enriched thereby. Relief Defendants, Sheila, David and Darren invested their own funds, traded their own funds and received their own profits for their personal use and never received any pool participants funds.

124. Kenneth W. Lee denies that the Relief Defendants have no legitimate entitlement to or interest in all of the funds received as a result of the Defendants' fraudulent conduct. Relief Defendants, Sheila, David and Darren invested their own funds, traded their own funds and received their own profits for their personal use and never received any pool participants funds.

125. Kenneth W. Lee denies that the Relief Defendants should be required to disgorge funds up to the amount they received from Defendants' fraudulent conduct or the value of those funds that they may have subsequently transferred to third parties.

Relief Defendants, Sheila, David and Darren invested their own funds, traded their own funds and received their own profits for their personal use and never received any pool participants funds.

VI. VIOLATIONS OF THE OKLAHOMA UNIFORM SECURITIES ACT

COUNT EIGHT

**Violation of Section 1-301 of the OUSA:
Offer and/or Sale of Unregistered Securities**

126. Kenneth W. Lee has addressed paragraphs 1 through 125 above.

127. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with, never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee, therefore, denies the Plaintiffs' allegations that investments in the FMG Fund and the unnamed Prestige commodity pool are investments in common enterprises with the

expectation of profits to be derived primarily from the efforts of Lee, or a person other than the investor. The monies invested by pool participants in the FMG Fund and/or unnamed Prestige commodity pool were commingled with those of other participants and Lee. As such, the investments in the commodities pools are securities, in the nature of investment contracts, as defined by Section 1-102(32) of the OUSA.

128. Kenneth W. Lee denies that Kenneth W. Lee offered and sold securities in and/or from Oklahoma.

129. Kenneth W. Lee denies that Kenneth W. Lee offered and sold securities in and/or from Oklahoma.

130. Kenneth W. Lee denies that by reason of the foregoing, Defendants have violated, are violating, and unless enjoined, will continue to violation Section 1-301 of the OUSA.

COUNT NINE

Violation of Section 1-402 of the OUSA: Failure to Register as an Agent and Employing Unregistered Agents

131. Kenneth W. Lee has addressed paragraphs 1 through 130 above.

132. The pool participants solicited themselves and would just send money to the account without properly going through the application process that would determine if they would be taken on as a client or not as it could only be offered to foreign citizens and never discussed or offered to a United States citizen. Some individuals that would have relatives wire money in because they had an account and gave over the account information to wire into. These relatives of the current clients, if they went through the correct application process to begin with,

never submitted any information to Kenneth W. Lee and would only wire in deposits. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee, therefore, denies the Plaintiffs' allegations that Defendants Federated and Prestige are issuers, as defined in Section 1-102(19) of the OUSA, engaged in offering and/or selling securities in Oklahoma.

133. Kenneth Lee denies this allegation. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen.

134. Kenneth W. Lee agrees that he is not registered with the OUSA and denies ever having mentioning that Kenneth W. Lee was registered with the OUSA.

135. Kenneth Lee denies this allegation. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen.

136. Kenneth Lee denies this allegation. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu

and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen.

137. Kenneth Lee denies this allegation. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen. Kenneth W. Lee has not violated, are violating, and unless enjoined, will continue to violate Section 1-402 of the OUSA.

COUNT TEN

Violation of Section 1-501 of the OUSA: Untrue Statements of Material Fact and Omissions of Material Fact in Connection With Offer, Sale or Purchase of Securities

138. Kenneth W. Lee has addressed paragraphs 1 through 130 above.

139. Kenneth W. Lee denies the Plaintiffs' allegations that directly and/or indirectly, made untrue statements of material fact including, but not limited to, the false and misleading statements alleged above and the statement that Prestige's basic investment philosophy is "to seek and hold undervalued securities that represent good long-term investment opportunities." Each pool participant was advised and indicated they understood that the program was a very long term program and we would strive to maintain the growth indicated through trading futures and commodities. Never was there any discussion or mention of long term or undervalued securities. All participants were happy to allow the

program to mature over time. Kenneth W. Lee denies the Plaintiffs' allegation that Prestige instead engages in speculative trading in commodities futures.

140. Kenneth W. Lee denies the Plaintiffs' allegations that directly and/or indirectly, made untrue statements of material fact including, but not limited to, the false and misleading statements alleged above and the statement that Prestige's basic investment philosophy is "to seek and hold undervalued securities that represent good long-term investment opportunities." Each pool participant was advised and indicated they understood that the program was a very long term program and we would strive to maintain the growth indicated through trading futures and commodities. Never was there any discussion or mention of long term or undervalued securities. All participants were happy to allow the program to mature over time. Kenneth W. Lee denies the Plaintiffs' allegation that Prestige instead engages in speculative trading in commodities futures.

- a. I am awaiting the depositions of Ming Yu and Jian Yue so that I may have more evidence to submit to the respected Court about Ming Yu and Jian Yue giving out bank account information and telling friends/relatives to send money in without speaking with Kenneth W. Lee about filling out an application or making certain that the person was not a United States citizen.
- b. Kenneth W. Lee agrees with this fact. Kenneth W. Lee denies that this paragraph is relevant to this case because it is completely discriminating to Kenneth W. Lee and the Plaintiffs only state this in the Complaint to the respected Court to make Kenneth W. Lee humiliated and portray Kenneth W. Lee in a horrible light.

- c. Kenneth W. Lee agrees with this fact. Kenneth W. Lee denies that this paragraph is relevant to this case because it is completely discriminating to Kenneth W. Lee and the Plaintiffs only state this in the Complaint to the respected Court to make Kenneth W. Lee humiliated and portray Kenneth W. Lee in a horrible light. Kenneth W. Lee denies that this is the truth in the Plaintiffs' allegation. Those were not the facts and Kenneth W. Lee did not consent to the Guilty Plea that his attorney submitted into the respected Court in 1995.
- d. Kenneth W. Lee agrees with this fact. Kenneth W. Lee denies that this paragraph is relevant to this case because it is completely discriminating to Kenneth W. Lee and the Plaintiffs only state this in the Complaint to the respected Court to make Kenneth W. Lee humiliated and portray Kenneth W. Lee in a horrible light.
- e. Kenneth W. Lee agrees with this fact. Kenneth W. Lee denies that this paragraph is relevant to this case because it is completely discriminating to Kenneth W. Lee and the Plaintiffs only state this in the Complaint to the respected Court to make Kenneth W. Lee humiliated and portray Kenneth W. Lee in a horrible light. Kenneth W. Lee denies that these were the truths behind the case and did not have a fair trial in the respected Court in 1996.
- f. Kenneth W. Lee denies that he misappropriated pool participant funds for personal use. Kenneth W. Lee denies that he used the Prestige Enterprise bank account as his personal bank account and funneled pool participant funds to himself and his family members even in months in which his trading did not generate profits. Kenneth W.

Lee's, Sheila M. Lee, David A. Lee and Darren A. Lee invested personal funds and earned their returns and received only their personal earnings.

g. Kenneth W. Lee denies the allegation that he admitted running an alleged Ponzi scheme. There is no factual writing that states the new investors money would go out to the customer requesting their funds.

141. Kenneth W. Lee denies that by reason of the foregoing, Defendants violated, and unless enjoined will continue to violate, Section 1-501 of the OUSA.

COUNT ELEVEN

Violation of Section 1-501 of the OUSA: Employing a Device, Scheme, or Artifice to Defraud

142. Kenneth W. Lee has addressed paragraphs 1 through 141 above.

143. Kenneth W. Lee denies the Plaintiffs' allegations that, in connection with the offer and/or sale of securities, and through the use of the untrue statements of material fact and the omissions of material fact described above, have engaged in an act, practice, or course of business that has operated and would operate as a fraud or deceit upon investors.

144. Kenneth W. Lee denies that by reason of the foregoing, Defendants violated, and unless enjoined will continue to violate, Section 1-501 of the OUSA.

COUNT TWELVE

Violation of Section 1-501 of the OUSA: Engaging in any Act, Practice, or Course of Business Which Operates or Would Operate as a Fraud or Deceit upon any Person

145. Kenneth W. Lee has addressed paragraphs 1 through 144 above.

146. Kenneth W. Lee denies the Plaintiffs' allegations that, in connection with the offer and/or sale of securities, and through the use of the untrue statements of material fact and the omissions of material fact described above, have engaged in an act, practice, or course of business that has operated and would operate as a fraud or deceit upon investors.

147. Kenneth W. Lee denies the Plaintiffs' allegation that, by reason of the foregoing, Defendants violated, and unless enjoined will continue to violate, Section 1-501 of the OUSA.

VII. RELIEF REQUESTED

WHEREFORE, Kenneth W. Lee respectfully request that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), and Section 1-603 of OUSA, and pursuant to its own equitable powers enter a denial in the Plaintiffs' requests for:

- a) an order finding the Defendants violated Sections 4b(a)(2)(i)-(iii), 4k(2), and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii), 6k(2), and 6o(1) (2006), Sections 4b(1)(A)-© of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(1)(A)-©, and Sections 1-301, 1-402, and 1-501 of the OUSA;
- b) an order finding Lee, Federated and Prestige violated Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006), and Regulations 4.20(a)(1) and (b) and 4.21(a)(1) and (b), 17 C.F.R. §§ 4.20(a)(1) and (b) and 4.21(a)(1) and (b) (2009);
- c) an order finding Yang, Federated and Prestige violated Sections 6© and

9(a)(3) of the Act, 7 U.S.C. §§ 9© and 13(a)(3) (2006);

d) an order of permanent injunction enjoining Defendants and all persons insofar as they are acting in the capacity of their agents, servants, employees, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with them who receive actual notice of such order by personal service or otherwise, from engaging, directly or indirectly:

1. in conduct in violation of Sections 4k(2), 4m(1), 4o(1), 6© and 9(a)(3) of the Act, 7 U.S.C. §§ 6k(2), 6m(1), 6o(1), 9© and 13(a)(3) (2006), Sections 4b(1)(A)-© of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(1)(A)-©, Regulations 4.20(a)(1) and (b) and 4.21(a)(1) and (b), 17 C.F.R. §§ 4.20(a)(1) and (b) and 4.21(a)(1) and (b) (2009), and Sections 1-301, 1-402, and 1-501 of the OUSA;

2. trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29)(2006));

3. entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 32.1(b)(1), 17 C.F.R. § 32.1(b)(1) (2009)) (“commodity options”), and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”) for their own personal account or for any account in which they have a direct or indirect interest;

4. having any commodity futures, options on commodity futures, commodity options, and/or forex contracts traded on their behalf;

5. controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, and/or forex contracts;

6. soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity futures, options

on commodity futures, commodity options, and/or forex contracts;

7. applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2009);

8. acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2009)), agent or any other officer or employee of any person registered, exempted from registration or required to be registered with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2009).

e) an order directing Defendants and Relief Defendants to disgorge, pursuant to such procedure as the Court may order, all benefits received from the acts or practices which constitute violations of the Act, Regulations, or the OUSA, as described herein, and interest thereon from the date of such violations;

f) an order directing Defendants to make full restitution to every investor who was defrauded by Defendants as a result of acts and practices which constituted violations of the Act, Regulations, and the OUSA, described herein, and interest thereon from the date of such violations;

g) an order directing the Defendants to each pay a civil monetary penalty of not more than the higher of \$120,000 for each violation of the Act or Regulations committed prior to October 23, 2004, \$130,000 for each violation of the Act or Regulations committed on or between October 23, 2004 and October 22, 2008, or \$140,000 for each violation of the Act or Regulations committed on or after October 23, 2008, or triple the monetary gain to the Defendants plus post-judgment interest; and

h) such other and further remedial ancillary relief as the Court may deem appropriate.

CONCLUSION

For the reasons stated above Kenneth W. Lee respectfully request the Court deny Plaintiffs

**FIRST AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE
RELIEF AND FOR THE CIVIL PENALTIES UNDER THE COMMODITY**

EXCHANGE ACT AND THE OKLAHOMA UNIFORM SECURITIES ACT Kenneth

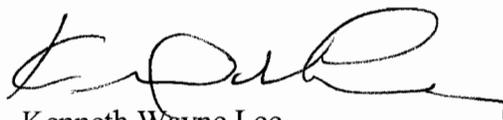
W. Lee traded successfully for several years and only experienced problems when pool

participants requested withdrawals that resulted in losing trades and profits, and their

continuing to solicit friends/relatives and employees to join them and invest. I thank the Court

for its time and patience in this filing and realize it may not be correct in every legal respect.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'K. Lee', with a long horizontal flourish extending to the right.

Kenneth Wayne Lee
1660 Jorrington Street
Mount Pleasant, SC 29466
Telephone - 843-814-3877

CERTIFICATE OF SERVICE

I hereby certify that, on April 12, 2010, I caused one copy of **FIRST AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF AND FOR THE CIVIL PENALTIES UNDER THE COMMODITY EXCHANGE ACT AND THE OKLAHOMA UNIFORM SECURITIES ACT** to be served by U.S. Mail on the following:

Katherine S. Driscoll
1155 21st Street NW
Washington, DC 20581

Terra Shamas Bonnell
Oklahoma Department of Securities
120 North Robinson Avenue, Suite 860
Oklahoma City, OK 73102