

FILED

MAY 17 2010

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

**ROBERT D. DENNIS, CLERK
U.S. DIST. COURT, WESTERN DIST. OKLA.
BY _____, DEPUTY**

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)

Relief Defendant Darren A. Lee's
Response to MOTION OF
RECEIVER FOR ORDER
REQUIRING PROOF OF
INSURANCE, PROOF OF
CURRENT PAYMENT OF
REAL ESTATE TAXES, AND
ESTABLISHING PROCEDURES
REGARDING MAINTENANCE
OF PROPERTY

**ENTRY OF APPEAL
PLEASE ENTER ME, DARREN A 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 **MOTION OF RECEIVER FOR ORDER
REQUIRING PROOF OF INSURANCE, PROOF OF CURRENT PAYMENT OF
REAL ESTATE TAXES, AND ESTABLISHING PROCEDURES REGARDING
MAINTENANCE OF PROPERTY**, dated May 7th, 2010.

3. Darren A. Lee denies that his home on Palmetto Hall Boulevard is, or ever was, property of Prestige Ventures. Darren A. Lee would request the Receiver to prove that Darren A. Lee never made the profits that Darren A. Lee made. Darren A. Lee has addressed this in every answer that he has supplied to the respected Court, and, yet, the Receiver, Commission, and Plaintiffs repeatedly continue to deny him his basic civil liberties. The Receiver is unjustly adding Darren A. Lee's assets to Prestige. The Receiver submitted into evidence some of the emails that we exchanged, but the Receiver left out the last few that Darren A. Lee clearly asks

the receiver for patience. Darren A. Lee does not have the manpower that the Plaintiffs have in this case, the Plaintiffs know this, and the Receiver sends this unjust motion to the respected Court just 2 ½ weeks after I asked for patience in getting the information that I need and am entitled to.

6. The receiver has stated that his analysis is not complete. It should not be considered factual. It is not a full accounting and the receiver should be required to submit the full true accounting with an accurate number that was truly invested. I am requesting this information today from the Receiver to assist him in his duties.

7. The receiver has falsely implied that “immediately upon the availability of investor funds in the Prestige bank account at Bank of America Lee family members used investor funds to purchase personal assets and to pay themselves and their personal expenses.” This is a bogus claim and the receiver has evidence that the Receiver provided to Darren A. Lee that has proved this statement is not true. Darren A. Lee will submit this evidence in his Motion for Order of Dismissal with Prejudice.

9. Darren A. Lee agrees that he is still the owner of the house located at 2676 Palmetto Hall Blvd., Mt. Pleasant, SC (the “Palmetto House”). Darren Lee’s quote of his house being a wedding gift does not reflect the fact that the money was his that purchased the house. Darren A. Lee did not know what the case was about to be giving strangers answers without legal representation.

10. Darren Lee agrees that Darren Lee and David Lee are owners of an Edgewater 175cc boat (the “Boat”). Darren A. Lee did not know what the case was about to be giving strangers answers without legal representation.

11. Darren A. Lee would request the receiver to make a full accounting of the funds that were paid out to investors. This magical, mythical number of \$8.7 million is greatly exaggerated. The investors solicited themselves and Darren A. Lee would like to submit into evidence Exhibit A to the Declaration of Dexiang Luo. In paragraph 4, Dexiang testifies, **“I first learned of Kenneth Lee (“Lee”), Simon Yang, and Prestige Ventures Corp. (“Prestige”) in approximately 2006 from my family and friends living in or around Oklahoma City, Oklahoma. My family and friends told me that Lee, through Prestige, trades commodities, futures, and stock; that they invested money with Lee and/or Prestige; and that they had made good returns on their investments with Lee and/or Prestige.”** In paragraph 5, Dexiang testifies, **“Based on the trust of my family and friends and their representations that they had been receiving good returns from their investments with Lee and/or Prestige, I decided to invest with Lee and/or Prestige.”** In paragraph 7, Dexiang testifies, **“My understanding is that my investment is in a joint account with Zhong Xiang Luo, Ming Ye, and others (“Account”). Zhong Xiang Luo is my cousin, and Ming Yu is his wife. Because my intention was to become an account holder on my cousin’s established account with Lee and/or Prestige, I sent my investment to my cousin, in Oklahoma. My understand is that the Account invests in commodities, futures, and/or stock through the \$255,000 Legacy Trading System (LTS) program.”** Dexiang clearly testifies that he was solicited by his own family members, as were 80% of investors, and the Plaintiffs have continued blindly that Kenneth W. Lee solicited these individuals. These declarations are from the Plaintiffs themselves and reflect the poor case that they are misrepresenting to the respected Court.

I am submitting into evidence Exhibit B to Declaration of Susie Southwell. In paragraph

6, Susie testifies that, **“I first learned about Lee, Federated, and Prestige in the summer of 2005 when my employers, Zhong Xiang Luo and Ming Ye, told me about an investment opportunity with Lee and his company. Mr. Luo and Ms. Yu told me that they and other investors they knew had gotten consistently positive yields by investing with Lee.”** In paragraph 17 Susie testifies that, **“Because I believed friends were receiving positive yields on investments with Lee and Prestige, I decided to invest with Lee in Prestige. On August 10, 2005, I sent an email to Lee and Simon Yang informing them that I had sent in my application and check. They each responded to me in separate emails. Copies of these emails are attached here as Exhibit C.”** Ms. Southwell clearly testifies that Lee never solicited her, nor spoke with her, before Ms. Southwell was solicited by her colleagues.

I am submitting into evidence Exhibit C to Declaration of Ming Yu. In paragraph 29, Ming testifies, **“My husband and I share our Prestige account with several other investors. Together, we invested \$164,415 in one Federated and/or Prestige account with Lee.”** Ming is careful not to mention that Ming, along with her husband Zhong Xiang Luo, solicited these individuals and not Kenneth Lee. Ming clearly states throughout her entire declaration that Simon Yang solicited her. Ming did make a trip to Fort Worth and was present during a presentation that discussed investment strategies and the risks of investing. Ming states in paragraph 17, **“I do not remember there being any discussion of the risks of investing in futures, commodities, stock, stock options, or foreign currency, during the Meeting.”** These issues were discussed in that meeting. Then again, it could have been the coaching that the Plaintiffs have clearly done with these individuals during their answers as to why Ming does not remember it being discussed. That basis should grounds enough, for the case, to be dismissed by

the respected Court for misrepresentations and manipulating innocent individuals lives. These are from the Plaintiffs own declarations, in which you can easily tell, that the Plaintiffs coached the individuals through. The Plaintiffs continue to act as though our lives are a game and the outcome would not affect their lives in any way. I respectfully request the Court to dismiss this case.

15. The receiver states that, **“The Lee Responses set out virtually identical arguments and in substance allege, without any evidentiary support, that all monies paid by Prestige to or for the benefit of the Lees were properly earned or represented the personal funds of the Lees.”** That is a very matter-of-fact statement the receiver makes when the Plaintiffs have not made an original accusation since the Complaint was filed on November 20th, 2009.

The Plaintiffs keep using their underhanded techniques to bully the Lees into poverty. The Plaintiffs are trying to incarcerate my brother and father because they can't do the full accounting on their own. If that is the case, then how do they even have any proof at all for this to be fair to do to United States citizens that contribute something positive to this world each and every day. Darren A. Lee was a productive volunteer to Big Brothers and Big Sisters for the last 6 years and has recently had to dissolve his relationship with his 9 year old 'little brother' because of this lawsuit and the stress it has thrown upon my life. The Plaintiffs admit that Darren A. Lee has done nothing wrong, and, yet, they have only gotten more demanding with this request that shows the Plaintiff's frustration because my family is standing up for our rights. This is unduly burdensome on the Receivers part to demand such items and demand to judge how I conduct the maintenance around my house. I worked in construction for 3 ½ years. I am

more than capable of taking care of myself.

The customers, that the Plaintiffs are representing, have testified, of their own volition, that they solicited themselves. One customer ("Ming ") even requested that her Aunt's ("Dinghu Yu") authority over her account be turned over, to Ming Yu, because her Aunt does not speak English. This came from Ming, herself, and I ask the Court to reflect how my father is supposed to have solicited these people, as the Plaintiffs state, when Kenneth Lee speaks no Chinese whatsoever. Ming Yu signed many of her emails with this tag, "Ming Yu, ZX Luo, DX Luo, XJ Lee, B Luo, HL Xia, F Chen". I know, as a fact, that these individuals could testify about being solicited by Simon Yang to invest in Prestige and not my father. Ming Yu, her husband, "(Zhong Luo)", and Simon Yang were the only ones to have spoken with Kenneth Lee prior to opening an account. The Risk Disclosure was discussed and signed by them at the time that the application was filled out. The Prestige Ventures Investment Program Disclosure is dated July 3rd, 2003.

Darren A. Lee should be entitled to answer against whoever makes attacking and/or threatening statements against his family, as Darren A. Lee deems appropriate

17. Darren A. Lee respectfully requests the Court to deny the receiver's request because it is unjust and unlawful. Darren A. Lee does not see it humanly possible for the receiver to assume that my domicile is not properly Darren A. Lee's. The receiver requested any documents that I had for Prestige Ventures and Prestige Ventures assets. The receiver received exactly what Darren A. Lee had for the request. I have no documents of Prestige Ventures assets.

18. Darren A. Lee has stated several times, and wonders if his answers are even being read by the receiver, for the receiver to bring up that there is no evidence of a trading account ever maintained in the name of Darren Lee. This has been addressed, and Darren A. Lee

requested patience from the Receiver and has yet to receive it.

The Receiver's and the Plaintiffs numbers are so different that it adds skepticism to their claims. The Receiver has not even shown that an full accounting has been given on what was returned to investors and what is owed. In no way, has the Receiver determined anything. The accounting from the customers themselves, minus the few that Darren A. Lee cannot speak to, only comes out to \$5.1 million with only \$17,797.23 being unaccounted for, in that \$5.1 million, over \$2.6 million was returned to investors, and \$2.5 million being losses.

I am submitting Exhibit D to Declaration of Kara Mucha. In paragraph 10, Kara Mucha has testified that \$6.8 million was invested with \$2.6 million withdrawn and \$4.3 million lost trading. Those numbers themselves, from Kara Mucha, have a discrepancy of \$169,885 from the total losses, returns, and the initial deposits. The Plaintiff, themselves, are suing for \$8.7 million dollars. Where are these numbers coming from, when the Plaintiffs are alleging that **NO** profits were **EVER** made with Prestige Ventures or Federated Management. If it is the declaration of Kara Mucha, who is employed as a futures trading investigator for over four years with the CFTC, that these numbers are factual, then where have the Plaintiffs ("CFTC") come up with this perfectly formulated extra dollar amount of \$1.8 million.

It seems to Darren A. Lee too convenient, that the amount that is different, from the lawsuit, and what was truly deposited, have the magic number of \$1.8 million. It is exactly \$1.8 million that the CFTC, allege, were misappropriated to Darren Lee, Sheila Lee, and David Lee. This added number of \$1.8 million is just a bold faced lie by the Commission to manipulate the Court into dissipating my entire family's assets. That would result in an entire family losing everything they have, when the lie originated from the greed of the Commission and their

inability to determine what is true and what is fictitious.

ARGUMENT

If anything, the record in this case establishes the broad arm that the government has and continues to strive to push their limits farther and farther. That is not how the Constitution reads and Darren A. Lee wonders why the Plaintiffs misconstrue it so badly.

Darren A. Lee should not be required to prove anything to the receiver. The receiver and the Plaintiffs have frozen his accounts, home, and boat. This is unjust and ridiculous for the Plaintiffs to be allowed to do what they are doing and without proving anything wrong that I have answered to. The Receiver has no business in my house or anywhere near my property for the respected Court to grant him free reign over my privacy and my life. I am entitled to protect what is mine and maintain my freedom.

Darren A. Lee respectfully requests that the Court deny this ridiculous, over-burdensome Order that the Receiver is requesting with the respected Court.

I thank the Court for its time in dealing with this matter of injustice, by the government, against the People. This has to stop somewhere to maintain the integrity of the judicial system and maintain the faith of the people with the government. In this day and age, that is a vital part of the heart of this country.

The Plaintiffs have not answered to any of their allegations that were disputed with anything that could be considered close to proving it untrue. This is outrageous and should result in this case being tossed out of the respected Court due to negligence, misrepresentations, falsely informing the Court with statements that the Plaintiffs know are not true, the fact that they cannot come up with any factual or consistent number, and purposefully targeting a family in such a way

informing the Court with statements that the Plaintiffs know are not true, the fact that they cannot come up with any factual or consistent number, and purposefully targeting a family in such a way that is unethical. Darren A. Lee is working on a Motion for Order of Dismissal with Prejudice with this case due to the facts listed above and evidence provided in the past.

Dated: May 12th, 2010

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Darren Alexander Lee". The signature is fluid and cursive, with a large initial "D" and a long horizontal stroke at the end.

Darren Alexander Lee
2676 Palmetto Hall Blvd
Mount Pleasant, SC 29466
Telephone - 843-814-3884

CERTIFICATE OF SERVICE

I hereby certify that, on May 13th, 2010, I caused one copy of **Relief Defendant Darren A. Lee's Response to MOTION OF RECEIVER FOR ORDER REQUIRING PROOF OF INSURANCE, PROOF OF CURRENT PAYMENT OF REAL ESTATE TAXES, AND ESTABLISHING PROCEDURES REGARDING MAINTENANCE OF PROPERTY** 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

Stephen J. Moriarty
Warren F. Bickford, OBA #773
Fellers, Snider, blankenship, Bailey & Tippens, P.C.
100 North Broadway, Suite 1700
Oklahoma City, OK 73102

EXHIBIT A TO DECLARATION OF DEXIANG LUO

**DECLARATION OF DEXIANG LUO
PURSUANT TO 28 U.S.C. § 1746 AND 12 O.S. § 426**

I, Dexiang Luo, also known as "Edward Luo," hereby declare and state the following:

1. I am making this Declaration voluntarily, and I have personal knowledge of the facts and circumstances described herein. I authorize use of this Declaration by the U.S. Commodity Futures Trading Commission and the Oklahoma Department of Securities and their representatives in any proceeding pertaining to the matters described herein.

2. I am over 21 years of age. I am a Canadian citizen but have resided in San Diego, California, for approximately seven years. On or around May 8, 2009, I left San Diego to visit China where I intend to stay for most, if not all, of the remainder of this year.

3. My total assets are less than \$5 million.

4. I first learned of Kenneth Lee ("Lee"), Simon Yang, and Prestige Ventures Corp. ("Prestige") in approximately 2006 from my family and friends living in or around Oklahoma City, Oklahoma. My family and friends told me that Lee, through Prestige, trades commodities, futures, and stock; that they invested money with Lee and/or Prestige; and that they had made good returns on their investments with Lee and/or Prestige.

5. Based on the trust of my family and friends and their representations that they had been receiving good returns from their investments with Lee and/or Prestige, I decided to invest with Lee and/or Prestige.

6. In or around 2006, I invested approximately \$55,000 with Lee and/or Prestige.

7. My understanding is that my investment is in a joint account with Zhong Xiang Luo, Ming Yu, and others ("Account"). Zhong Xiang Luo is my cousin, and Ming Yu is his wife. Because my intention was to become an account holder on my cousin's established

account with Lee and/or Prestige, I sent my investment to my cousin, in Oklahoma. My understanding is that the Account invests in commodities, futures and/or stock through the \$255,000 Legacy Trading System (LTS) program.

8. I have never met Lee or Simon Yang in person. However, I communicate with Simon Yang via email, regarding my investment with Lee and/or Prestige. Simon Yang also forwards to me emails from Lee. A copy of a recent email from Lee that was forwarded to me by Simon Yang is attached hereto as Exhibit A. My email address is dexiangl@yahoo.com.

9. Simon Yang sends me statements indicating the monthly returns achieved by Prestige. Two statements are attached hereto as Exhibits B and C. Exhibit B indicates the purported monthly returns for the years 2007 and 2008. Exhibit C indicates the purported monthly returns for the years 2008 and 2009, year-to-date. My understanding is that Lee provided Exhibits B and C to Simon Yang to be distributed to investors. The returns stated on Exhibits B and C indicate that Prestige achieved positive returns for every month during the period beginning January 2007 and ending April 2009. Exhibits B and C indicated that the \$255,000 Legacy Trading System program achieved returns of 14.81% and 13.28% for the years 2007 and 2008, respectively.

10. At some point, I was told by Simon Yang, directly or indirectly, that Lee, or a relative of Lee, traded commodities on behalf of the Account. However, I have never seen any trading statements or any other proof that the funds in the Account were used to trade commodities or for any other investment purpose.

11. I requested a distribution from the Account in or around September 2007, and at times thereafter, I requested a withdrawal of the full amount of my principal investment, approximately \$55,000. I have never received any funds from the Account.

12. In an email dated February 1, 2009, Ming Yu asked Lee about his plan and time table for being able to close the Account or make distributions from the Account as requested by Ming Yu on behalf of herself and the other account holders. I received a copy of the email after I was copied in on a later response by Ming Yu to Lee. A copy of the email is attached hereto as Exhibit D.

13. Exhibit D indicates that Lee responded to Ming Yu on February 1, 2009, by stating, in part, "You need to hope that someone DOES invest more funds in PVC as that is what will get your account closed or be able to release funds to you." As also evidenced by Exhibit D, on February 2, 2009, Ming Yu, on behalf of myself and others, expressed to Lee that we want Lee "to figure out a plan to close our account even at a loss ASAP." I was copied in on the email.

14. An email, dated February 4, 2009, from Lee to Simon Yang was forwarded to me by Simon Yang. The email is already attached hereto as Exhibit A. In the email, Lee stated, in part:

We are doing very well in the MIC program now. . . . We need about \$25,000 to \$50,000 to make this program jump now. I have a [sic] had a couple customers contact me about keeping their accounts open after all others are closed. I would be willing to do that if they would fund into the MIC program now. That is what is going to keep us going and get the other accounts closed. If every customer would only add from \$1,000 to \$2,000 to their account we could close all accounts that want to be closed by the end of this year or just a month or two into next year. . . . You are the only one that I can visit with on this and we do need your help. . . .

15. Exhibit A also contains an email, dated February 5, 2009, from Simon Yang to "David" that was forwarded to me by Simon Yang. In the email Simon Yang stated, in part:

I would like to share this message of Ken Lee with you, so that you may help Ken and you to close accounts sooner. It has been very hard for 95% people [sic] to accept PVC [Prestige] as a real business, particularly in face of Madoff issue. I have known Ken Lee personally since Feb. 2003.

My personal source has consistently confirmed and informed me of PVC [Prestige] business and Ken Lee that this has been a real business with real money and real returns as well as real difficulties. My personal source has informed (confirmed also) me in early January that I will be out of this financial storm by the end of 2009 before Ken sent me the last emails on closing dates. And last week my personal source explained how PVC [Prestige] would make this happen in face that Ken needs a little cash (\$25,000) to turn around \$20 million portfolio into cash. The following email of Ken Lee just confirmed what I hear from my personal source. Therefore, I will send in around \$5,000 my earning of restaurant waiter to PVC [Prestige] helping myself. I hope you will do so.

16. In addition, Exhibit A contains an email, dated March 22, 2009, from Simon Yang to myself and other investors in which Simon Yang tries to explain the Prestige "situation." According to the email, "The direct cause of PVC [Prestige] difficulty has been margin calls from brokers since May 2006"

17. Neither Lee nor Simon Yang ever told me that Lee has a criminal record nor was I aware, at the time I made my investment with Prestige, that Lee has a criminal record.

18. Neither Lee nor Simon Yang ever told me that there is a civil judgment against Lee nor was I aware, at the time I made my investment with Prestige, that there is a civil judgment against Lee.

19. Neither Lee nor Simon Yang ever told me that Lee, Simon Yang and/or Prestige were violating federal and state laws in connection with the investment being offered to me, nor was I aware of this at the time I made my investment with Prestige.

20. Neither Lee nor Simon Yang ever told me that Lee would use investors' funds to pay himself, his family members, and personal expenses, nor was I aware of this at the time I made my investment with Prestige.

21. Neither Lee nor Simon Yang ever told me that the returns being credited to the Account exceeded the returns being earned by actual trading, nor was I aware of this at the time I made my investment with Prestige.

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 8 day of Sept, 2009, in Shenzhen, China.


Dexiang Luo

**EXHIBIT B TO DECLARATION OF SUSIE
SOUTHWELL**

**DECLARATION OF SUSIE SOUTHWELL
PURSUANT TO 28 U.S.C. § 1746 and 12 O.S. § 426**

I, Susie Southwell, hereby declare and state the following:

1. I am making this Declaration voluntarily and I have personal knowledge of the facts and circumstances described herein. I authorize use of this Declaration by the U.S. Commodity Futures Trading Commission and the Oklahoma Department of Securities and their respective representatives in any proceeding pertaining to the matters described herein.
2. I am over 21 years of age. I currently reside in Oklahoma City, Oklahoma, and have done so since at least 2003.
3. My total assets are less than \$5 million.
4. As of the date of this declaration, I have been a client of Kenneth Lee ("Lee"), Federated Management Group ("Federated") and Prestige Ventures Corp. ("Prestige") for approximately four years. From the time of my initial investment to the present, it has been my understanding that Lee, through Federated and Prestige, operates as a trader of, among other things, commodity futures, stock options and futures, foreign currency, and treasury bonds on behalf of individuals.
5. My total investment with Lee/Prestige was \$20,000.
6. I first learned about Lee, Federated, and Prestige in the summer of 2005 when my employers, Zhong Xiang Luo and Ming Yu, told me about an investment opportunity with Lee and his company. Mr. Luo and Ms. Yu told me that they and other investors they knew had gotten consistently positive yields by investing with Lee.
7. Mr. Luo and Ms. Yu told me to contact someone named Simon Yang by email to let Simon Yang know I was interested in investing with Lee. On July 25, 2005, Mr. Luo sent me

an email with both Lee's and Simon Yang's email addresses, which respectively were klee@famcu.com and syang@prestigeventures.com. A copy of this email is attached here as Exhibit A.

8. Simon Yang previously had told Mr. Luo by email to tell me to mention Mr. Luo's name in my initial communication with Simon Yang. On July 25, 2005, Mr. Luo forwarded this email to me. A copy of Mr. Luo's July 25, 2005 email and its attachments is attached here as Exhibit B.

9. An attachment to this email included informational materials about Prestige. The materials described Prestige as the "product of a global investment company with asset under management of \$1,015 millions [sic] on December 22, 2003 ... and the company has been operational exclusively with its proprietary trading programs (Legacy Trading System) since July 2003." The materials went on, "Legacy Trading System (LTS) has achieved an amazing track record of 32% annual compounded return with a range of 16% to 51% over the past 18 years from 1987 to 2004."

10. The same document had several charts comparing the results of LTS with the S&P 500 and MAR Futures from 1987 through 2004. According to these charts, LTS outperformed both indexes almost all of the 18 years covered without one single loss year over its 18-year history.

11. After discussing the performance of the LTS, the informational material stated, "Investment with Prestige Ventures is not suitable to citizens of some countries like the United States, and Prestige Ventures does not report investment gains of its clients to governments of those countries."

12. According to the same informational document, "The basic investment philosophy of Prestige Ventures is to seek and hold undervalued securities that represent good long-term investment opportunities[,] and Prestige will sell the securities "when its investment advisers believe that they no longer represent good long-term value." Further, Prestige invests in a "broad spectrum of financial futures markets, including agricultural commodities, metals, energy, interest rates, currencies, and stock indexes ... Legacy Trading System maintains a diverse portfolio with 40 to 60 securities and is to generate consistently attractive risk-adjusted returns through both rising and falling futures markets." The document continued, "The returns shown in the above tables are actual gains to investors of investment pools with Legacy Trading System."

13. The same informational document also discussed the "performance fee" to be charged by Prestige. The document stated, "Client investors pay Prestige Ventures a performance fee, 20% of monthly profits from investment operations. The performance fee is accrued monthly and paid quarterly from investment pools." The document further stated, "Prestige Ventures does not charge the performance fee if there is no accumulative net gain to client investors at monthly basis [sic]. There are no other hidden fees."

14. The same informational document discussed the size of the minimum investment accepted by Prestige. The document stated:

There are six investment portfolios with Legacy Trading System (\$1,000,000, \$500,000, \$255,000, \$160,000, \$95,000, and \$60,000). Investment pools of even smaller capitals (such as several thousand dollars) are available to individual friend investors who would like to grow their capitals with Prestige Ventures but would not able [sic] to invest with the starting capitals of \$60,000.

15. These materials also included contact information and wire instructions for Prestige. Both Lee and Simon Yang were listed as contacts and there were specific instructions

to contact Simon Yang with any questions regarding how to forward account applications and funds.

16. Prior to investing with Lee, I looked at the Prestige website.

17. Because I believed friends were receiving positive yields on investments with Lee and Prestige, I decided to invest with Lee in Prestige. On August 10, 2005, I sent an email to Lee and Simon Yang informing them that I had sent in my application and check. They each responded to me in separate emails. Copies of these emails are attached here as Exhibit C.

18. My initial investment with Prestige was \$10,000. I sent the funds by check made out to Prestige Ventures Corp. After I mailed my check and a completed account application to Lee, he sent me an email confirming that he had received them. A copy of this email is attached here as Exhibit D.

19. On September 27, 2005, Lee sent me an email explaining that if I made any deposits into my account by the fifth of the month, I would earn returns from the first of the month. He explained in the email that, "[t]his is due to the increased buying power PVC had with the brokerage house and can pass the extra earnings on to our friends with PVC. We are able to pay for our investments just a few days after each of these deposit dates and the extra earnings are available to each of you making an added deposit or opening a new account." A copy of the email is attached here as Exhibit E. Lee has never identified the "brokerage house" to which he referred in this email.

20. After I made my initial investment, Lee sent me a Prestige account statement by email, dated August 15, 2005. The statement listed an account number for me of 050813 ("Account 050813"). A copy of the statement and the email from Lee forwarding it is attached here as Exhibit F.

21. Thereafter, Lee sent me monthly account statements for Account 050813. Copies of most of these statements and the emails from Lee forwarding them to me are attached together here as Exhibit G.

22. The statements all show monthly profits on my investment. In fact, I understood from these statements that my funds were earning profits during every single month that they were invested with Lee and Prestige.

23. In addition to monthly account statements from Lee, I received statements showing returns for the Legacy Trading System on a semi-regular basis from Simon Yang. Copies of all of these statements and the emails from Simon Yang forwarding them to me are attached together here as Exhibit H. In his forwarded emails, Simon Yang indicated that he was forwarding information that Lee had provided to him. He also indicated that Lee was responsible for the Legacy Trading System returns reflected in the statements. For example, in one email, Simon Yang wrote, "Lee/PVC have worked very hard for all of us to produce these stable and wonderful returns." A copy of this email is attached here as Exhibit I.

24. Occasionally, Lee himself would distribute the Legacy Trading Systems statements showing returns. Copies of some of these emails and their attachments are attached here as Exhibit J.

25. The Legacy Trading System statements from Simon Yang and Lee all show enormous returns.

26. On January 18, 2006, Simon Yang sent the Prestige investors an email with the subject "Closing to New" and attaching a letter written on Prestige letterhead. The letter described to investors, among other things, how Prestige would be closing to new investors, and to new funds from existing investors until April 1, 2006. The letter also stated that, "[t]he

existing investors of the company are entitled to withdraw their funds with a seven-day advanced notification as they made need portions or all of their funds.” A copy of the email and attachment is attached here as Exhibit K.

27. Although Simon Yang had sent that letter stating that no new investments would be accepted until April 2006, in March 2006, Lee sent me a “Special Treasury Bond and Note Offering” to invest in Treasury bonds and notes for one to four-month investment periods. Lee said that the “trading firm had offered” it to him and he was passing it along to his investors. In his description, Lee said that we would be investing through a pool with a lot size of \$500,000, but with no minimum investment for individual investors. A copy of the email and offering are attached here as Exhibit L. Lee has never identified the “trading firm” to which he referred in this email.

28. Lee used the terms “brokerage house” and “trading firm” in several of his emails to the other investors and me, but has never identified the brokerage house or trading firm to which he was referring.

29. Because I had earned such positive returns on my investment with Prestige so far, I decided to invest \$5,000 in the Treasury Bond and Note Offering for a promised fixed return of 4.75%. As part of my investment, Lee said he would allow me to transfer the capital and interest to my existing Account 050813 when the treasury investment matured. A copy of the March 10, 2006 email evidencing this agreement is attached here as Exhibit M. The offer came with wire instructions for a Prestige bank account numbered 004791756986 at Bank of America.

30. In a separate email, Lee told me that he would send back my \$5,000 when the bond matured. A copy of this email is attached here as Exhibit N.

31. Beginning in March 2006, Lee sent me monthly account statements for my investment in the Treasury Bond Offering. These statements had a separate and new account number, 050813-TB ("Account 050813-TB"). Copies of these statements are attached here as Exhibit O. The Account 050813-TB statements show positive monthly yields for every month my money has been invested in the Treasury Bond offering.

32. On April 7, 2006, Simon Yang sent an email to investors about the "PVC margin issue." In the email, Simon Yang told us that 36% of PVC funds are invested in the futures market and the remaining 64% was used for maintenance and margin calls. Simon Yang also stated that Lee had used over \$2 million of his personal funds to "prevent margin calls from the brokerage house," but decided to not continue to use his own funds because "some investors did not appreciate or respect Lee's hard work and kindness and used PVC as a bank account even a money market fund." A copy of this email is attached here as Exhibit P.

33. The next day, Lee sent an email to investors apologizing for the alarming nature of Simon Yang's email and stating that he would continue to fund margin calls with his own money or the money of Federated. He also mentioned in this email that he was following "exchange rules not the brokerage house or PVC's rules." A copy of this email is attached here as Exhibit Q. Lee has never identified the "exchange" to which he referred in his email.

34. In spring 2006, Lee sent me at least one email informing me of new trading programs offerings that Prestige was able to offer "in conjunction with our trading firm." The programs were called FV, Program 88 and MIC. Lee promised consistent positive returns by investing in each of them. A copy of the email is attached here as Exhibit R.

35. On May 3, 2006, Simon Yang emailed investors about these new programs and explained to us that, "PVC is offering PVC-FV (annual return around 60%, a 5-year program

36. The offering materials described these as "Matching Funds" programs, which meant that investors could use funds from one of their other accounts to invest, but would have to match whatever amount they transferred from an existing account with new funds in the same amount.

37. On June 30, 2006, Lee sent another email describing the offer of Matching Funds for FV, Program 88 and TB 060818. A copy of the email is attached here as Exhibit T.

38. In July 2006, I decided to invest \$10,000 in the TB 060818 program by transferring \$5,000 from Account 050813-TB and \$5,000 in new capital, and sent Lee a check for \$5,000. My emails with Lee concerning this decision are attached together here as Exhibit U. According to the statements Lee sent me for this account, my account number is TB-050813-2 ("Account TB-050813-2").

39. On September 22, 2006, Lee sent an email about yet another financial offering – the FAMCU credit union, which he also called the "Monthly Income Investment Program." According to Lee, investors would have to invest new funds in this program, but would have access to a monthly income stream that would be funded by Federated Management Group and not by PVC. A copy of this email is attached here as Exhibit V.

40. On October 10, 2006, Lee sent me my first statement for TB-050813-2. The statement showed my transfer of \$5,000 from Account TB 050813, my deposit of \$5,000 in new capital, and a return of \$807.50 for the two months since the account was opened. From then on, Lee sent me monthly account statements for Account TB-050813-2, each of which shows

positively monthly yields for the account. Copy of these statement and the emails forwarding them are attached here as Exhibit W.

41. In February 2007, I told Lee that, when my treasury bond matured at the end of that month, I wanted to transfer \$10,000 from Account 050813-TB to invest in the Program 88, and have the remainder in Account 050813-TB returned to me. My email correspondence with Lee about Program 88 is attached here as Exhibit X.

42. Lee agreed to transfer the \$10,000 but would not return the remaining funds. Instead, he told me that he would put me on a withdrawal list. He said this was because he was out \$5,000,000 from funding the margin account with his own money and could no longer do so.

43. Lee did not return the remainder of my funds, but he did create a Program 88 account for me, which is numbered 88-50813 ("Account 88-50813"). From the time of my initial investment in Program 88 February 2007, Lee sent me monthly statements for Account 88-50813. The statements all indicated that my investment earned approximately 3.2% each month. Copies of these statements and the emails from Lee forwarding them are attached here as Exhibit Y.

44. In April 2007, I emailed Lee to tell him that I had not received a statement for Account 88-050813. In response, he wrote that "I called them and they think they have found it and will have it to me shortly." A copy of the email chain is attached here as Exhibit Z. I do not know to whom Lee was referring when he wrote "them" and "they."

45. In August 2007, six months after I made my initial request, I again asked Lee to return the funds to me. In response, he told me that, because of market fluctuation, he had to freeze all distributions. He also said, "I was having to add too much to the margin account just keep [sic] the cash as [sic] a safe level." A copy of this email is attached here as Exhibit AA.

46. In December 2007, Simon Yang emailed the other investors and me an offer to invest in a foreign currency exchange program called FENIX. In the same email, Simon Yang wrote that Federated is the parent company of Prestige and also of the credit union, Federated Asset Management. A copy of this email is attached here as Exhibit BB.

47. In June 2008, Lee emailed an offer to invest in the Rosetta 6 program. The email stated that the Rosetta 6 "is comprised of six of the most profitable commodities available at this time," but did not specify those commodities. A copy of this email is attached here as Exhibit CC. Lee and Simon Yang offered these programs again on August 10 and August 23, 2008. Copies of these emails are attached here as Exhibit DD.

48. When I asked Lee in a June 2008 email when he would be returning my funds, he merely asked me if I had received the Rosetta 6 offering and told me that it would explain how the margin situation is going. A copy of this email is attached here as Exhibit EE. Lee did not return my funds.

49. On July 25, 2008, Simon Yang sent me a document entitled "Distributions." Among other things, it states "PVC [Prestige] is still in good ground with its investment portfolios of net \$17,973,206 on 2008 June 30. PVC has produced consistently good monthly returns since 2006 during this very difficult period for all investors. It is the intention of PVC to return all funds to investors systematically, and PVC has worked on plans of distributions over the past two years." A copy of "Distributions" is attached here as Exhibit FF. Lee sent me the same document in January 2009.

50. In the Distributions document, Lee presented two plans for distributions: Plan A and Plan B. Plan A would not require any new funds from investors, but, under it, distributions would not happen for almost two years.

51. Plan B, which Lee told us was the better plan for all Prestige investors, required an injection of \$100,000 more in funds so that Lee could take those funds and invest them in the FENIX and Rosetta 6 programs. He said that, because these programs were not "hampered by margin requirements," PVC would be able to start making enough cash to start making distributions within 90 to 120 days.

52. I continue my attempts to have Lee return the money I invested with him to trade through Prestige. Despite his representations to me that Prestige has netted consistently positive yields over the last three years, Lee has refused and has told me that there is not enough cash in the pool for him to be able to pay out returns.

53. Then, in a January 28, 2009 email, Lee sent me information about a Managed Individual Contract (MIC) offering. A copy of the email and its attachment is attached here as Exhibit GG. According to the attachment, called "Managed Individual Contract," existing investors wishing to get distributions from their account more quickly would be required to invest an additional \$6,345 per contract. The MIC investment, we were told through this document, would help only our account. We were also told in the attachment, however, "PVC will benefit by being able to use 20% of the amount we deposit for your margin requirement and those earnings will go to the reduction of margin in your accounts and allow for the closing of your account much faster."

54. The email attachment also said investing in MIC ensured that "Your account will not suffer earning power losses." The offer concluded, "If we do not raise the needed cash, it is going to be a long and painful journey to the accomplishment of closing all accounts."

55. In an email dated February 1, 2009, Ming Yu asked Lee about his plan and time table for being able to close her joint account or make distributions from the joint account as

requested by Ming Yu on behalf of herself and the other account holders. I received a copy of the email after I was copied in on a later response by Ming Yu to Lee. A copy of the email is attached hereto as Exhibit HH.

56. Exhibit HH indicates that Lee responded to Ming Yu on February 1, 2009, by stating, in part, "You need to hope that someone DOES invest more funds in PVC as that is what will get your account closed or be able to release funds to you." As also evidenced by Exhibit HH, on February 2, 2009, Ming Yu, on behalf of myself and others, expressed to Lee that we want Lee "to figure out a plan to close our account even at a loss ASAP." I was copied in on the email.

57. Exhibit HH also includes an email, dated February 4, 2009, from Lee to Simon Yang. In the email, Lee stated, in part:

We are doing very well in the MIC program now. . . . We need about \$25,000 to \$50,000 to make this program jump now. I have a [sic] had a couple customers contact me about keeping their accounts open after all others are closed. I would be willing to do that if they would fund into the MIC program now. That is what is going to keep us going and get the other accounts closed. If every customer would only add from \$1,000 to \$2,000 to their account we could close all accounts that want to be closed by the end of this year or just a month or two into next year. . . . You are the only one that I can visit with on this and we do need your help. . . .

58. Exhibit HH also contains an email, dated February 5, 2009, from Simon Yang to "David" that was forwarded to me by Simon Yang. In the email Simon Yang stated, in part:

I would like to share this message of Ken Lee with you, so that you may help Ken and you to close accounts sooner. It has been very hard for 95% people [sic] to accept PVC [Prestige] as a real business, particularly in face of Madoff issue. I have known Ken Lee personally since Feb. 2003. My personal source has consistently confirmed and informed me of PVC [Prestige] business and Ken Lee that this has been a real business with real money and real returns as well as real difficulties. My personal source has informed (confirmed also) me in early January that I will be out of this financial storm by the end of 2009 before Ken sent me the last emails on closing dates. And last week my personal source explained how PVC

[Prestige] would make this happen in face that Ken needs a little cash (\$25,000) to turn around \$20 million portfolio into cash. The following email of Ken Lee just confirmed what I hear from my personal source. Therefore, I will send in around \$5,000 my earning of restaurant waiter to PVC [Prestige] helping myself. I hope you will do so.

59. I have never seen any trading statements or any other proof that Prestige, Federated, Lee or Simon Yang used my money to trade commodities, stock options and futures, foreign currency, or securities.

60. Even though the account statements I received from Lee and Simon Yang show that the account earned profits every single month since my initial investment in August 2005, I have never received any profits on my investment in Prestige.

61. Even though Lee and Simon Yang made numerous references to a margin account, none of the account statements I received from Lee indicated the existence of a margin account.

62. According to the account statements Lee sent to me, as of January 31, 2009, spread among my separate accounts, my investment of \$20,000 had more than doubled to \$41,020.12.

63. I recently learned that Lee was convicted of bank fraud, plead guilty to securing execution of a document by deception and felony theft, and that there is a \$3,000,000 judgment against him and Federated for defrauding customers. If Federated, Prestige, Lee or Yang had told me this information before I invested, I would not have invested with Federated, Prestige or Lee.

64. I have never received a Federated or Prestige disclosure document.

65. I have never signed a document indicating that I received a Federated or Prestige disclosure document.

66. In addition to the emails specifically referenced here, Lee and Simon Yang sent me several more emails. These emails are attached together here as Exhibit II.

67. Neither Lee nor Simon Yang ever told me that Lee, Simon Yang, Federated and/or Prestige were violating federal and state laws in connection with the investments being offered to me, nor was I aware of this at the time I made my investments with Prestige.

68. Neither Lee nor Simon Yang ever told me that Lee would use investors' funds to pay himself, his family members, and personal expenses, nor was I aware of this at the time I made my investments with Prestige.

69. Neither Lee nor Simon Yang ever told me that the returns being credited to the Pooled Account and my individual accounts exceeded the returns being earned by actual trading, nor was I aware, at the time I made my investments with Prestige, that this would happen.

70. None of Lee, Yang, Prestige or Federated Management ever told me about risks of investing with them or the risks involved in trading foreign currency.

71. 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 24 day of September, 2009 at Oklahoma City, Oklahoma.


Susie Southwell

EXHIBIT C TO DECLARATION OF MING YU

**DECLARATION OF MING YU
PURSUANT TO 28 U.S.C. § 1746 and 12 O.S. § 426**

I, Ming Yu, hereby declare and state the following:

1. I am making this Declaration voluntarily and I have personal knowledge of the facts and circumstances described herein. I authorize use of this Declaration by the U.S. Commodity Futures Trading Commission and the Oklahoma Department of Securities and their respective representatives in any proceeding pertaining to the matters described herein.

2. I am over 21 years of age. I currently reside in Edmond, Oklahoma, and have done so since at least 2003.

3. My total assets are less than \$5 million.

4. As of the date of this declaration, I have been a client of Kenneth Lee ("Lee"), Federated Management Group ("Federated") and Prestige Ventures Corp. ("Prestige") for approximately six years. From the time of my initial investment to the present, it has been my understanding that Lee, through Federated and Prestige, operates as a trader of, among other things, commodity futures, stock options and futures, foreign currency and treasury bonds on behalf of individuals.

5. My total investment with Lee was approximately \$100,000.

6. My husband, Zhong Xiang Luo, and I own an environmental lab called Red River Laboratory in Oklahoma City, Oklahoma.

7. I first learned about Lee, Federated, and Prestige in the summer of 2003 when Simon Yang, a fellow Chinese-American and member of my church, Oklahoma Chinese Baptist Church in Edmond, Oklahoma, told me that he had invested money with Lee and Federated and had a long history of positive returns by doing so.

8. Simon Yang sometimes refers to himself as Simon Young, but for purposes of this declaration, I will refer to him as Simon Yang.

9. When I first met Simon Yang in 2003, he told me that Federated and Prestige are both run by Lee. At the same time, he told me he had known Lee for about a year and believed Lee to be a good, honest person. According to Simon Yang, he discovered Lee over the internet, then talked to him over the telephone and went to meet him. Simon Yang told me he decided to invest with Lee after meeting Lee.

10. At that time, Simon Yang told me that he was just helping Lee, but he showed me a Federated business card that identified him as Marketing Director of Federated. Simon Yang also emailed my husband and me from what appears to be a Prestige email account address (syang@prestigeventures.com) and sent us several documents from that account. A true and correct copy of an email from Simon Yang showing this email address is attached here as Exhibit A. Later on, Simon Yang told us that he was just an investor and was not affiliated in any way with Federated or Prestige.

11. Lee also emailed us from a Prestige account (klee88@prestigeventures.com) and from a Federated account (klee@famcu.com). My business email address is myu@redriverelcc.com and my personal email address is mingyu1005@yahoo.com. True and correct copies of emails from Lee are attached here as Exhibits B and C.

12. When gathering information about Federated and Prestige, I asked Simon Yang if Lee used a broker or brokerage company to trade. Simon Yang told me that the answer to my question was a secret and that Lee would never share that information with me or with any of his other investors.

13. In 2003, Simon Yang told other members of my church and me about Lee, Federated, and Prestige. Simon Yang represented that Lee, through Federated and/or Prestige, trades, among other things, commodities, futures, stock and/or stock options, and foreign currency. Simon Yang represented to us that he is an investor with Lee, Federated and/or Prestige and that he is making really good returns on his investments. Simon Yang also represented that he found Lee through the internet.

14. In the spring or summer of 2003, Simon Yang arranged a one-day trip to Fort Worth, Texas, for several families from my church. The purpose of the trip was to meet Kenneth Lee and learn more about Federated and/or Prestige ("Meeting"). My wife and I and other members of our church attended the Meeting. We all carpoled from the Oklahoma City area to Forth Worth to attend the Meeting.

15. The Meeting was held on a Saturday at the one-room office of Lee, Federated and/or Prestige. Lee, Simon Yang, and the families from my church were the only people present at the Meeting.

16. During the Meeting, Lee also talked about the returns he, Federated and/or Prestige had made through trading futures, commodities, stock and/or stock options, and foreign currency. Lee represented that he, Federated and/or Prestige made only positive returns.

17. I do not remember there being any discussion of the risks of investing in futures, commodities, stock, stock options, or foreign currency, during the Meeting.

18. Lee and/or Simon Yang told me that I would be able to withdraw funds from my account at any time.

19. At the Meeting, Lee pitched to us the idea of investing our money in Federated and/or Prestige. He also told us that we would each have separate accounts, but that all of the

20. At the Meeting, Lee also told us that we could withdraw the funds we had invested in Federated and/or Prestige at any time we wanted. In addition to that, he told us that each investor account was insured. According to Lee, Federated owned a credit union, and all of the investor accounts were insured through that credit union.

21. I am not sure of the name of Federated's credit union, but on the account application for Federated, which was provided to me by Lee and which I filled out before investing with Lee, there appears an entity called Federated Management Group, Inc. National Savings & Loan. A true and correct copy of the account application is attached here as Exhibit D.

22. I am not sure of the relationship between Federated and Prestige. At some point in 2003, I believe, Federated became known as Prestige. However, in a document I received from Lee, it says that Federated is the parent company of Prestige. A true and correct copy of this document is attached here as Exhibit E.

23. Besides talking to us about investing with him, Lee also provided us with several documents related to Federated. One of these was a 1987-2000 audited balance sheet for Federated ("Federated Audit Report"). The balance sheet shows that from 1987 to 2000, Federated's audited balance went from \$2,615,924 to \$190,327,134. A true and correct copy of the balance sheet is attached here as Exhibit F.

24. The Federated Audit Report included instructions to send our account application to Simon Yang by facsimile, email or courier for faster delivery.

25. The Federated Audit Report also stated that "Prestige Ventures is to have an audit of its financials annually and the auditor's statements will be available to all investors." Besides the Federated Audit Report, my husband and I have never received any auditor statements for Federated or Prestige.

26. According to documents that Lee and Simon Yang provided to me, Prestige used a hugely successful trading system called Legacy Trading System, which had been in practice for 16 years and, during that time, had consistent annual returns on average of 30%. According to these same documents, the Legacy Trading System consistently outperformed both the S&P 500 and the MAR Futures. A true and correct copy of the Legacy Trading System report is attached here as Exhibit G.

27. In reliance on Simon Yang's representations that Lee's investing was always profitable and that he knew Lee to be a good and honest person, and Lee's representations that (i) we would be able to take money out of our accounts at any time, (ii) through the Legacy Trading System, Prestige had outperformed both the S&P 500 and the MAR Futures over a 16-year period from 1987 through 2002, and (iii) Prestige, Federated and Lee's trading had never suffered losses, I decided to invest with Lee.

28. On July 7, 2003, my husband and I made our initial investment of \$1,000 with Lee. I believe I sent that money to a bank account in the name of Federated Management Group.

29. My husband and I share our Prestige account with several other investors. Together, we invested \$164,415 in one Federated and/or Prestige account with Lee.

30. My understanding is that my investment is in a joint account with these individuals, the account has its own account number, 030707, and that is separate from the accounts of other investors ("Account 030707").

31. I received at least three Account statements from Simon Yang. The statements all had account number 030707 on them, which reinforced what Lee had told us at our initial meeting – that we would each have individual accounts.

32. The Account 030707 statements show, on a monthly basis, amounts invested and withdrawn by our investor group and monthly yields. According to these statements, our account earned money every single month from July 2003 through January 2009 and in January 2009 had a closing balance of \$341,156.24. True and correct copies of Account 030707 statements dated February 10, 2005, December 10, 2006, and February 10, 2009 are attached here as Exhibits H, I, and J.

33. In the first few months after I made my initial investment with Lee, Lee told me that my returns were over 3% per month. In addition, from the time of my initial investment in July 2003 to August 2006, I was able to withdraw funds from Account 030707. In total, I withdrew \$74,000.

34. Because I believed what Lee told me about positive returns in Account 030707 and what was reflected in the Account 030707 statements provided by Lee, I decided to invest more money with Lee. On October 27, 2003, I wired approximately \$30,000 to a Bank of America account numbered 004791756986 in the name of Prestige using wire instructions that Simon Yang had given me. A true and correct copy of the wire instructions are attached hereto as Exhibit K.

35. Beginning in September 2006, Lee began refusing my requests to withdraw money on the grounds that margin calls had become too high.

36. In July 2008, Simon Yang sent me a document entitled "Distributions." Among other things, it states "PVC [Prestige] is still in good ground with its investment portfolios of net

\$17,973,206 on 2008 June 30. PVC has produced consistently good monthly returns since 2006 during this very difficult period for all investors. It is the intention of PVC to return all funds to investors systematically, and PVC has worked on plans of distributions over the past two years.” A true and correct copy of “Distributions” is already attached here as Exhibit L.

37. The Distributions document presented two plans for distributions: Plan A and Plan B. Plan A would not require any new funds from investors, but, under it, distributions would not happen for almost two years.

38. Plan B, which Lee said was the better plan for all Prestige investors, required an injection of \$100,000 more in funds so that Lee could take those funds and invest them in programs called FENIX and Rosetta 6. He said that, because these programs were not “hampered by margin requirements,” PVC would be able to start making enough cash to start making distributions within 90 to 120 days.

39. I continue my attempts to have Lee return the money I invested with him to trade through Prestige and Federated. Despite his representations to me that Prestige has netted consistently positive returns over the last three years, Lee has refused to refund my money and has told me that there is not enough in the pool for him to be able to pay out returns. Specifically, in a December 10, 2008 email responding to a request for funds, Lee told me “We have made some cash that we could have distributed, but as you know the markets turned upside down in October and our margins went up over 600% in the second week of October.” A true and correct copy of the email is attached here as Exhibit M.

40. Then, in a January 8, 2009 email, Lee sent me information about a Managed Individual Contract (MIC) offering. In the email, Lee said, “It is designed to help you in getting your account closed as soon as possible. This is not a margin call, but a call to get you help in

closing your account ... The MIC earnings will release margin and fund your account." A true and correct copy of the email is attached here as Exhibit N. According to an attachment to the email called "Managed Individual Contract," existing investors wishing to get distributions from their account more quickly would be required to invest an additional \$6,345 per contract. The MIC investment, we were told through this document, would help only our account. We were also told in the attachment, however, "PVC will benefit by being able to use 20% of the amount we deposit for your margin requirement and those earnings will go to the reduction of margin in your accounts and allow for the closing of your account much faster."

41. The email attachment also said investing in MIC ensured that "Your account will not suffer earning power losses." The offer concluded, "If we do not raise the needed cash, it is going to be a long and painful journey to the accomplishment of closing all accounts." A true and correct copy of the attachment is attached here as Exhibit O.

42. Later, in a February 1, 2009 email I asked Lee if we, the group of investors with funds in Account 030707 could close our account at a loss without investing more money and, if so, how long it would take to close. He responded in two separate emails. In the first, he said "Without cash I do not have a schedule. Only the economy has the answer to that. I did not crash the economy, and do not know the answer to your question, but with funds it would be within 12-14 months." In the second email, he wrote, "You need to hope that someone DOES invest more funds in PVC as that is what will get your account closed or be able to release funds to you." True and correct copies of these emails are attached here as Exhibits P and Q.

43. On February 4, 2009, I told Lee in an email that we, the group of investors with funds in Account 030707, were willing to close the account for 40% of its current value, which we believed to be about \$338,000 based on the most recent account statement Lee had sent us.

He responded to me that "the distribution would cost more than we could afford right now, but I will continue to work towards that goal." A true and correct copy of the email is attached here as Exhibit R.

44. I have never seen any trading statements or any other proof that Prestige, Federated, Lee or Simon Yang used my money to trade commodities, futures, foreign currency, or securities.

45. Even though the account statements I received from Lee and Simon Yang show that the account earned profits every single month since my initial investment in July 2003, I have never received any profits on my investment in Prestige.

46. I recently learned that Lee was convicted of bank fraud, plead guilty to securing execution of a document by deception and felony theft, and that there is a \$3,000,000 judgment against him and Federated for defrauding customers. If Federated, Prestige, Lee or Yang had told me this information before I invested, I would not have invested with Federated, Prestige or Lee.

47. I am aware of at least 20 other people in Oklahoma who have invested with Lee.

48. I have never received a Federated or Prestige disclosure document.

49. I have never signed a document indicating that I received a Federated or Prestige disclosure document.

50. Neither Lee nor Simon Yang ever told me that Lee, Simon Yang, Federated and/or Prestige were violating federal and state laws in connection with the investments being offered to me, nor was I aware of this at the time I made my investments with Prestige and Federated.

51. Neither Lee nor Simon Yang ever told me that Lee would use investors' funds to pay himself, his family members, and his personal expenses, nor was I aware of this at the time I made my investments with Prestige.

52. Neither Lee nor Simon Yang ever told me that the returns being credited to the Pooled Account and my individual account exceeded the returns being earned by actual trading, nor was I aware, at the time I made my investments with Prestige and Federated, that this would happen.

53. None of Lee, Yang, Prestige or Federated Management ever told me about risks of investing with them or the risks involved in trading foreign currency.

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 10th day of ~~August~~ September, 2009 at Oklahoma City, Oklahoma. my



Ming Yu

EXHIBIT D TO DECLARATION OF KARA MUCHA

10. There was a total of approximately \$6,843,101 deposited, approximately \$2,651,765 withdrawn, and approximately \$4,361,221 lost trading both on-exchange futures and off-exchange forex in the Federated and Prestige trading accounts at FCMs registered with the Commission and the one off-shore trading account as listed in Exhibit 3.³ ~~169,885~~

11. There was a balance of approximately \$1,784 in the Federated and Prestige trading accounts at FCMs registered with the Commission as of July 2009 as listed in Exhibit 3.

Trading Accounts – On-Exchange Commodity Futures Contracts

12. There were approximately fourteen trading accounts in the name of Federated and Prestige that traded on-exchange commodity futures contracts at FCMs registered with the Commission between at least January 2004 and at least July 2009. The accounts listed in Exhibit 1 were held at RCG, Refco LLC, Alaron, PFG, R.J. O'Brien, and Penson GHCO.

13. There were total losses of approximately \$2,816,005 from trading on-exchange commodity futures in the name of Federated and Prestige as of July 2009 at FCMs registered with the Commission.

14. There were no annual trading gains from trading on-exchange commodity futures in the name of Federated and Prestige between January 2004 and December 2008 at FCMs registered with the Commission for the fourteen combined trading accounts.⁴ The total losses of approximately \$2,816,005 from trading on-exchange commodity futures in the name of Federated and Prestige between January 2004 and July 2009 are broken down annually as follows:

³ There were two accounts in the name of Federated at OptionsXpress where equities and equity options were traded between June 2003 and March 2004. The two accounts had total losses of approximately \$72,437 including commissions and fees.

⁴ The trading values are calculated using the annual totals of monthly realized and unrealized profits and losses along with any FCM fees.