Simon Yang
1912 NW 176th Terrace
Edmond, OK 73012

December 7, 2009

Katherine S. Driscoll
U.S. Commodity Futures Trading Commission
1155 21st St. NW
Washington, DC 20005

FILED
DEC 14 2009
ROBERT D. DENNIS, CLERK
U.S. DIST. COURT, WESTERN DIST. OF OKLA.
BY RC DEPUTY

Ref: Case No. CIV-09-1284-R

Mrs. Driscoll, Answer to Complain.

I am Simon Yang. I received a big file of the lawsuit on November 20, 2009 around 11 pm. I do not have a lawyer to help me in defending myself. I spent days to read over this big file.

I have been an investor with offshore Federated Management Group, Inc. and offshore Prestige Ventures, Corp. since February 2003. And I have been an independent contractor of the companies from Feb. 2003 to Sept. 2004. I have shared personally with only my friends on investments with these companies. Because my lack of knowledge I made a mistake by sending FMG materials to some fund managers around late July and early August 2003 through email and fax. Days later I stopped such a practice of mistake after receiving a warning call from a SEC official.

The offshore Prestige Ventures has been a real investment business but experienced hardship during this financial storm. Prestige has intended to return all funds of investors systematically. To my best knowledge, I have not violated any federal or state laws with financial investments except that mistake. I have not involved in any Ponzi scheme or any other crime in my lifetime.

This lawsuit is based so many misrepresentations and twisted facts from these witnesses. I will send explanations on those misrepresentations with the whole and detailed event. I believe that the court will not hear this case after knowing the actual event.

I will cooperate with the court for investigation, and the court will find me innocent of those charges against me.

Regards,

Simon Yang

Simon Yang

Lawsuit with Many Misrepresentations

U.S. Commodity Futures Trading Commission (the commission) has built the case with many partial, twisted and misrepresented facts against me Simon Yang. A court will serve justice with the whole and detailed facts of a case. A court cannot reach a right judgment with partial, twisted or misrepresented facts.

I am Simon Yang, and my legal name is Xiao Yang. I never used the name "Simon Chen". I present the actual and detailed event of my investment with offshore Federated Management Group Inc. (FMG) and offshore Prestige Ventures Corp. (PVC) and my helping other friend investors. With my knowledge and my understanding of this event, I find so many misrepresented or twisted facts among statements of the commission and the witnesses.

On Exhibit 6, Declaration of Ming Yu

4. Ming Yu was not a client of Ken Lee, nor Ken Lee was a trader for their funds. Ming Yu was an investor of offshore FMG initially and offshore PVC later since September 2003.
5. Ming Yu's investments were with offshore FMG and later offshore PVC, not with Lee.
7. I did not tell her any thing on PVC at that time since PVC was not incorporated yet. I told her and other on the offshore Panamanian company FMG in May and June 2003. I invested my funds over $250,000 with offshore FMG, not with Ken Lee.
9. I met Ming Yu and other Chinese friends of the Church first time in November 2001 when I started to attend the Chinese Baptist Church. I told her on the offshore FMG and Ken Lee, but not PVC since PVC was not yet founded in May or June 2003. I told her that I knew Ken Lee about 4 months, not about one year.
10. I was an independent contractor of offshore FMG at that time. I sent to Ming Yu and her husband Zhongxiang Luo files of the offshore company FMG Disclosure Document and FMG Audit Report. I did not use email address of PVC since PVC was not founded yet at that time (May or June 2003). I was an investor and an independent contractor of offshore FMG.
11. After Ming Yu opened account with offshore FMG in July 2003, Ken Lee started to use these email addresses around September 2003 after offshore PVC replaced offshore FMG.

12. This was misunderstanding of Ming Yu. Ming Yu was gathering information of offshore FMG, not offshoe PVC since PVC was not founded yet. Of course Ken Lee used brokerages to trade. Ken Lee would not reveal those brokerages since Ken Lee would protect his trading secret, which Ken Lee would not reveal to other investors.
13. At this time of 2003 before Ming Yu opened account with offshore FMG, I did not tell her or other on offshore PVC, since PVC was not founded yet. I invested with offshore FMG, not PVC or Ken Lee.
14. With request of those friends I made arrangement with Ken Lee, a meeting was set on a Sunday in June 2003. The obvious purpose of this meeting was to know more on the offshore FMG and Ken Lee, but not PVC since PVC was not founded yet.
15. The meeting was on a Sunday in the lobby of an office suite with a business name other than FMG or PVC.
16. During the meeting Ken Lee explained how he was able to keep all positive returns with a reserve of profits to smooth those large variations of monthly returns. Offshore FMG was in discussion, but not offshore PVC since PVC was not founded.
17. The primary goal of this meeting is to find out whether offshore FMG was a Ponzi scheme in every one's mind. Risk of investing with offshore FMG was discussed extensively, including returning funds to investors on sudden death of Ken Lee and his sons.
18. Ken Lee, not Simon Yang, did the answering in this meeting.
19. Ken Lee would like those Chinese friends to open accounts with offshore FMG, but not PVC since PVC was not founded yet.
20. Ken Lee told us that investors could withdraw funds any time from offshore FMG, not PVC. Investor accounts were insured through brokerages. Ken Lee did not say that investor accounts with offshore FMG were insured through offshore FMG credit union. Ming Yu's statement must be a misunderstanding in this field.
21. Simon Yang, not Ken Lee, passed application form of offshore FMG to Ming Yu by email.
22. At this time of meeting in June 2003, PVC was not founded yet. After my mistake with SEC, offshore FMG moved out its place, and offshore PVC was operational in September 2003. The offshore FMG was parent company of the offshore PVC.

23. Ken Lee did not give out documents of offshore FMG to any one there. It was Simon Yang who passed to Ming Yu those documents of offshore FMG including FMG Disclosure and FMG Audit Report before this meeting.
24. This was Ming Yu's mistake. There were no such instructions in the Auditor Report as seen in the file of this case. Rather other files of Application and Instruction were passed to Ming Yu by Simon Yang.
25. The offshore FMG Audit Report did not state that PVC is to have an audit of its financials annually, since the audit report of offshore FMG was issued in early 2003 and PVC was not founded yet.
26. At this time June 2003, offshore PVC was not founded yet. All documents were of offshore FMG.
27. It was offshore FMG, not offshore PVC, outperformed and gained monthly. Ken Lee never stated that his trading never suffered losses. In fact Ken Lee showed me a file of his trading record, winning trades were 55% and losing trades were 45% and I told Ming Yu and other friends this fact. Ming Yu decided to invest with the offshore FMG, not Ken Lee. Ming Yu never really relied on my sharing and wanted to examine herself.
28. Initially on July 2003 Ming Yu opened an account with the offshore FMG, not Ken Lee.
29. Over the period of years since July 2003, Ming Yu and others invested with offshore FMG initially and offshore PVC subsequently since September 2003 but not with Ken Lee.
30. .
31. I did not remember that I sent her three account statements. This must be a mistake with Ming Yu. Account statements were sent out from Ken Lee. I did not involved in offshore FMG daily operation. I was an investor of offshore FMG. Some times with problems of email system, Ken Lee sent someone's account statement to me and asked me to pass on.
32. .
33. Ming Yu' investments were with offshore FMG and offshore PVC, but not with Ken Lee. The actual investment capital of Ming Yu was around $26,000 after August 2006.

34. Ming Yu invested with the offshore FMG initially and late with offshore PVC, not with Ken Lee directly. By Oct. 2003, offshore FMG moved out of its place and offshore PVC became operational.

39. At this time 2008 Ming Yu invested with offshore PVC, not offshore FMG or Ken Lee.

40. This MIC was the last offer of PVC to investors for more cash so that PVC would use this new cash to trade individual commodity contract with the highest potential of return.

41. .

42. .

43. PVC refused 40% discount withdrawing cash out in late 2006, and cash crunch became harder later.

44. Trading statements are not supposed to provide to investors by PVC as the all funds do. Ming Yu invested with offshore PVC, not with individual trader Ken Lee. Ken Lee traded for PVC but not for Ming Yu directly. Simon Yang did not involved in trading for PVC.

45. I never sent account statements to Ming Yu or other friend investors. All account statements were sent from PVC by Ken Lee as seen repeatedly. Ming Yu has booked all the gains but has not yet cashed out all those gains.

46. Simon Yang never heard of "criminal records" of Ken Lee before this lawsuit. then how could Simon Yang inform other his friends? Why did Ming Yu not inform other friend investors like Simon Yang after learning such records?

47. Investors invested with offshore PVC, not with Ken Lee personally.

48. This is a twisted and misrepresented fact. Ming Yu did receive offshore FMG disclosure document even before she visited Ken Lee in June 2003 as she stated early. In fact, I passed this file and the Audit Report of FMG to her and her husband. Later in September or October 2003 I asked her to send these two files to me and she did so. She provided a page of The Audit Report of FMG in this file. I passed offshore PVC documents including PVC Disclosure document in September 2003 after offshore PVC became operational.

49. Who was responsible for not signing such paper when Ming Yu received both disclosure documents?

50. Was it a proved fact that Simon Yang was violating federal and state laws by sharing what he knew on offshore FMG and PVC and helping Ming Yu and other friends? If it was not proved fact, can someone inform others as a proved fact?
51. Was it a proved fact that Ken Lee used investors' funds to pay himself and others? Do managers of funds not deserve their payments for their work? If it was not proved fact, can someone inform others as a proved fact?
52. Was it a proved fact that offshore FMG and PVC credited more returns to investor accounts than FMG and PVC earned through actual trading? If it was not proved fact, can someone inform others as a proved fact?
53. Ken Lee did told Ming Yu and others in the meeting the risks of investing in commodity and currency, and FMG and PVC's disclosure documents and PVC web pages provided such information also. Again a twisted statement is made here.

There are so many, 40 out of 53 statements, misrepresented and twisted facts in Declaration of Ming Yu. How can a court reach a right judgment with such distorted information or evidence? How was this declaration was prepared for the court? Many statements seem not come from her mouth since I have known her since 2001.

On Exhibit 7, Declaration of Zhong Xiang Luo

4. Jim Luo and Ming Yu were investors of offshore FMG initially then offshore PVC. They were not clients of Ken Lee. As a trader Ken Lee traded all kinds of financial instruments on behalf of offshore FMG and later offshore PVC, but not individuals like Ming Yu and Jim Luo.
5. Jim Luo invested with offshore FMG then offshore PVC. but not of Ken Lee.
6. .
7. At that time Jim Luo learned about offshore FMG and Ken Lee, but not offshore PVC since PVC was not founded yet. I Simon Yang invested with offshore FMG but not with Ken Lee.
8. .
9. There are several mistakes here. I met Jim Luo and other Chinese friends in November 2001 when I attended the Chinese Baptist Church in Oklahoma City. It was around May or June 2003 I shared offshore FMG with other friends after knowing it for 4 months and investing with offshore FMG but not with Ken Lee. With his interest I

passed offshore FMG documents including FMG Disclosure Document and FMG Audit Report to him and his wife Ming Yu.

10. I was helping offshore FMG and Ken Lee as an independent contractor of offshore FMG.
11. Here is a misrepresentation. Since Ken Lee had a trading secret and liked to keep to his family, Ken Lee would not reveal brokerage accounts or actual trading records with investors. Ken Lee showed me and others the portfolio positions on computers.
12. With request of meeting Ken Lee from those friends, I arranged a meeting in June 2003. They liked to know more on offshore FMG and Ken Lee, but not offshore PVC since PVC was not founded yet.
13. The meeting was on a Sunday in the lobby of an office suit of a company with a business name other than FMG. PVC was not founded yet at this time.
14. Ken Lee was trading on behalf of offshore FMG not individuals, and individuals invested with offshore FMG.
15. All accounts were insured through brokerages, not FMG Credit Union.
16. .
17. There was no relationship between offshore FMG and PVC, because PVC was not founded yet at this time.
18. Simon Yang, not Ken Lee, passed offshore FMG documents including FMG Disclosure Document, FMG Audit Report, Application Form and Instructions to Jim Luo and Ming Yu by email.
19. This is an obvious mistake. FMG Audit Report did not include Application Form and Instructions.
20. The Audit Report did not state that PVC is to have an audit of its financials annually. PVC was not founded when the Audit Report was issued.
21. Jim Luo was confused with offshore FMG and PVC. At this time offshore FMG was in discussion since PVC was not founded yet.
22. It was offshore FMG, not offshore PVC, outperformed and gained monthly. Ken Lee never stated that his trading never suffered losses. In fact Ken Lee showed me a file of his trading record, winning trades were 55% and losing trades were 45%, and I told Jim Luo and other friends this fact. Jim Luo and his wife Ming Yu decided to invest with the offshore FMG, not Ken Lee. They never really rely on my sharing and wanted to examine themselves.

23. .
24. Ming Yu and Jim Luo invested with offshore FMG, not offshore PVC since PVC was not yet founded.
25. Again Ming Yu and Jim Luo invested with offshore FMG initially then offshore PVC, but not with Ken Lee.
26. This is a misrepresentation. They received their account statements from Ken Lee, never from Simon Yang. Simon Yang did not have any account statements to send to any one.
27. .
28. .
29. Jim Luo invested with offshore FMG and later offshore PVC, but not with Ken Lee. Ken Lee traded all kinds of financial instruments on behalf of FMG and PVC, but not individuals. Since 2006 Ken Lee explained that much of monthly gains were not cash, but credits from long-term investments.
30. Jim Luo was not supposed to receive any trading statements, since he invested with offshore FMG and offshore PVC, not with Ken Lee or Simon Yang.
31. Ken Lee, not Simon Yang, sent their account statements to them. They received the monthly gains, but they have not cashed their profits yet to this day.
32. Simon Yang never heard of "criminal records" of Ken Lee before this lawsuit, then how could Simon Yang inform other his friends? Why did Jim Luo not inform other friend investors like Simon Yang after learning such records?
33. Was it a proved fact that Simon Yang was violating federal and state laws by sharing what he knew on offshore FMG and PVC and helping Jim Luo and other friends?
34. Was it a proved fact that Ken Lee used investors' funds to pay himself and others? Do managers of funds not deserve their payments for their work?
35. Was it a proved fact that offshore FMG and PVC credited more returns to investor accounts than FMG and PVC earned through actual trading? If it was not proved fact, can someone inform others as a proved fact?

There are so many, 26 out of 35 statements, misrepresentations and mistakes in the Declaration of Zhong Xiang Lu (Jim Luo). How can a court reach a right judgment with such distorted information? How was this declaration was prepared for the court? Many statements seem not come from his mouth since I have known him since 2001.

On Exhibit 8, Declaration of Dexiang Luo

4. Family friends of Edward Luo invested their money with offshore PVC, not with Ken Lee.
5. They invested with offshore PVC, not with Ken Lee.
6. Edward Luo invested with offshore PVC, not with Ken Lee.
7. Ming Yu and Jim Luo invested with offshore PVC, not with Ken Lee.
8. Simon Yang and Ken Lee mentioned those investments with offshore PVC, not with Ken Lee.
9. .
10. I never told Edward Lu directly or indirectly that Ken Lee or a relative of Ken Lee traded commodities on behalf of the account. Ken Lee traded all kinds of financial instruments on behalf of offshore PVC, not individuals.

17. Simon Yang never heard of "criminal records" of Ken Lee before this lawsuit, then how could Simon Yang inform other his friends? Since Ming Yu and Jim Luo introduced offshore PVC to Edward Luo, Ming Yu and Jim Luo should inform him of "criminal records".
18. Simon Yang never heard of a civil judgment against Ken Lee before this lawsuit, then how could Simon Yang inform other his friends? Since Ming Yu and Jim Luo introduced offshore PVC to Edward Luo, Ming Yu and Jim Luo should inform him of the civil judgment.
19. Was it a proved fact that Simon Yang was violating federal and state laws by sharing what he knew on offshore FMG and PVC and helping other friends? Since Ming Yu and Jim Luo introduced offshore PVC to Edward Luo, Ming Yu and Jim Luo should inform him all things.
20. Was it a proved fact that Ken Lee used investors' funds to pay himself and others? Do managers of funds not deserve their payments for their work? It should be Ming Yu and Jim Luo, not Simon Yang, to inform him of all things since Ming Yu and Jim Luo introduced offshore PVC to Edward Luo.
21. Was it a proved fact that offshore PVC credited more returns to investor accounts than PVC earned through actual trading? If it was not proved fact, can someone inform others as a proved fact?

On Exhibit 9, Declaration of Jian Yue

4. Jian Yue has been investor of offshore FMG initially then offshore PVC. She was not client of Ken Lee. As a trader Ken Lee traded all kinds of financial instruments on behalf of offshore FMG and offshore PVC, but not individuals like Jian Yue.
5. Investment of Jian Yue and her family was with offshore PVC, not with Ken Lee.
6. This is again a misrepresentation. I knew Jian Yue and her family since 2001. Around May and June 2003 I told Jian Yue of offshore FMG and Ken Lee, but not offshore PVC since PVC was not founded yet. I told her personally that I invested over $250,000 with offshore FMG, and Ken Lee traded all kinds of financial instruments on behalf of offshore FMG. With Her interest I passed offshore FMG documents including FMG Disclosure Document and FMG Audit Report.
7. In June 2003 with request from friends I arranged a meeting for these friends to know Ken Lee and offshore FMG, but not PVC since there was no PVC. The major concern with such offshore FMG was a real business or just a Ponzi scheme.
8. The meeting was on a Sunday in the lobby of an office suit of a company with a business name other than FMG. PVC was not founded yet at this time.
9. This is a misrepresentation. It was offshore FMG, not offshore PVC, outperformed and gained monthly. Ken Lee never stated that his trading never suffered losses. In fact Ken Lee showed me a file of his trading record, winning trades were 55% and losing trades were 45%, and I told Jian Yue and other friends this fact.
10. Again this is a misrepresentation. All kinds of risks were discussed including trading futures, commodities and currency, even sudden deaths of Ken Lee and his sons.
11. At the meeting Ken Lee answered and explained all their questions on offshore FMG. (not PVC). Ken Lee, not Simon Yang, told them that investors could withdraw funds from offshore FMG any time. Investors did not invest with Ken Lee.
12. After careful studies of offshore FMG and Ken Lee, Jian Yue decided to invest with offshore FMG, not with Ken Lee.
26. Jian Yue invested with offshore FMG initially and offshore PVC later, but not with Ken Lee or Simon Yang. Ken Lee traded on behalf of the companies, but not individuals. Yian Yue was not supposed to receive any trading statement.

27. Simon Yang never heard of "criminal records" of Ken Lee before this lawsuit, then how could Simon Yang inform other his friends? Why did Jian Yue not inform other friend investors like Simon Yang after learning such records?
28. Misrepresentation. I passed all files of offshore FMG and PVC including Disclosure Documents to Jian Yue.
29. Whose responsibility was when Jian Yue received those files and did not sign then send out the papers?
30. Was it a proved fact that Simon Yang was violating federal and state laws by sharing what he knew on offshore FMG and PVC and helping other friends?
31. Was it a proved fact that Ken Lee used investors' funds to pay himself and others? Do managers of funds not deserve their payments for their work?
32. Was it a proved fact that offshore FMG and PVC credited more returns to investor accounts than FMG and PVC earned through actual trading? If it was not proved fact, can someone inform others as a proved fact?
33. This is just simple twisted statement. Jian Yue received Disclosure Documents of offshore FMG and PVC, and met Ken Lee in person for hours to examine and verify.

On Exhibit11, Declaration of Xihai Zhang

5. I knew Xihai Zhang and his family since 2001. Around May and June 2003 I told Xihai Zhang of offshore FMG and Ken Lee, but not offshore PVC since PVC was not founded yet. I told him personally that I invested over $250,000 with offshore FMG, and Ken Lee traded all kinds of financial instruments on behalf of offshore FMG. With His interest I passed offshore FMG documents including FMG Disclosure Document and FMG Audit Report.
6. On a Sunday June 2003 with request and interest from those friends Simon Yang arranged a meeting for those friends to know Ken Lee and offshore FMG, but not offshore PVC since PVC was not founded yet.
7. The meeting was held in a lobby of a office suite with a business name other than FMG.
8. .
9. This is a misrepresentation. It was offshore FMG, not offshore PVC, outperformed and gained monthly. Ken Lee never stated that his trading never suffered losses. In fact Ken

Lee showed me a file of his trading record, winning trades were 55% and losing trades were 45%, and I told Xihai Zhang and other friends this fact.

10. Again this is a misrepresentation. All kinds of risks were discussed including trading futures, commodities and currency, even sudden deaths of Ken Lee and his sons.
11. Ken Lee, not Simon Yang, answered all questions
12. Again this is a misrepresentation. At this time, PVC was not founded yet.
13. After the meeting and studies Xihai Zhang decided to invest $10,000 with offshore FMG. FMG assigned an account number 030604 to Xihai Zhang. This is not an individual account with a registered trader. Ken Lee traded all financial instruments on behalf of offshore FMG, not individuals like Xihai Zhang.
14. The pooled account was invested with offshore FMG and managed with LTS.
15. Again, Ken Lee traded on behalf of offshore PVC, not individuals, who invested with PVC.
16. .
17. Ken Lee, not Simon Yang, told that PVC did not have cash for withdrawals due to margin calls.
22. .
23. Xihai Zhang was supposed not to receive any trading statement since he invested with offshore FMG initially then offshore PVC. Ken Lee traded on behalf of the companies, but not individuals.
24. This is a twisted statement. In order to protect a trading secret Ken Lee would not reveal trading accounts with brokerages to investors. Ken Lee traded on behalf of the companies, but not individuals.
25. .
26. .
27. Simon Yang never heard of "a criminal record" of Ken Lee before this lawsuit, then how could Simon Yang inform other his friends? Why did Xihai Zhang not inform other friend investors like Simon Yang after learning such record?
28. Simon Yang never heard of a civil judgment against Ken Lee before this lawsuit, then how could Simon Yang inform other his friends? Why did Xihai Zhang not inform other friend investors like Simon Yang after learning such a judgment?

29. Was it a proved fact that Simon Yang was violating federal and state laws by sharing what he knew on offshore FMG and PVC and helping other friends? If it was not proved fact, can someone inform others as a proved fact?
30. Was it a proved fact that Ken Lee used investors' funds to pay himself and others? Do managers of funds not deserve their payments for their work? If it was not proved fact, can someone inform others as a proved fact?
31. Was it a proved fact that offshore FMG and PVC credited more returns to investor accounts than FMG and PVC earned through actual trading? If it was not proved fact, can someone inform others as a proved fact?

On Exhibit10, Declaration of Susie Southwell

4. This is a misrepresentation. Southwell was an investor of offshore PVC, but not a client of Ken Lee. Ken Lee traded all kinds of financial instruments on behalf of offshore PVC, but not individuals.
5. Southwell invested with offshore PVC, but not with Ken Lee.
6. Offshore FMG moved out of place in September 2003. Southwell learned about Ken Lee and offshore PVC from Ming Yu and Jim Luo, who invested with offshore PVC.
17. Southwee decide to invest with offshore PVC, but not with Ken Lee.
59. Southwell was not supposed to receive any trading statement since she invested with offshore PVC. Ken Lee traded on behalf of the company, but not individuals.
60. Actually Southwell has not cashed out her profits yet by this time.
61. This is a misunderstanding on Southwell. All trading accounts of offshore PVC with brokerages were margin accounts.
62. .
63. Simon Yang never heard of "a criminal record" of Ken Lee before this lawsuit, then how could Simon Yang inform other his friends? Why did Southwell not inform other investors like Simon Yang after learning such a record?
64. Southwell was not supposed to receive document of offshore FMG, since she invested with offshore PVC. I sent her PVC Outline file when she expressed interest. As she described early, this file covers the same materials of PVC Disclosure Document in a plain English. I forgot to send her this file. I would do so if she ask for it
65. Why did not Southwell ask for such document then sign it? Problems always belong to other people in this society.

66. .

67. Was it a proved fact that Simon Yang was violating federal and state laws by sharing what he knew on offshore FMG and PVC and helping other friends? If it was not proved fact, can someone inform others as a proved fact?

68. Was it a proved fact that Ken Lee used investors' funds to pay himself and others? Do managers of funds not deserve their payments for their work? If it was not proved fact, can someone inform others as a proved fact?

69. Was it a proved fact that offshore FMG and PVC credited more returns to investor accounts than FMG and PVC earned through actual trading? If it was not proved fact, can someone inform others as a proved fact?

70. Southwell received file of PVC Outline, which explains many things including risks with investment with offshore PVC.

Simon Yang's Experience of Offshore Investments with FMG and PVC

Investing in the stocks and investing with offshore FMG funds

I started investments with mutual funds since 1992 and investments in common stocks since 1993 when I was a Ph. D student at the University of British Columbia, BC, Canada. However I lost about 30% of my capitals in the stock market from 1993 to 1996 because of lack of investment knowledge. This experience just proved that I did not possess any talent of investments in the stock market. But I determined to learn such skills of investments from the best and most successful investors of recent history by reading their books and studying them and practice.

I opened an online individual brokerage account with $10,000 of my savings in 1997 and practiced what I learned from William O'Neil, founder of Investor's Business Daily. My hard work on stock investment after my daytime job of a research scientist had paid off in 1998. Then I started my investment profession full time in 1999 and my portfolio gained about 350% in 1999. The stock market turned down from early 2000 and continued to move down until late 2002. I was very fortunate that I did not lose much (about 5%) during this long down trend. I

managed to make 48.5% annual return with my small personal portfolio during these five years from 1998 to 2002. I believe that I outperformed 99% stock investors during this 5-year period.

Around May 2001 I felt strongly that this down trend of the stock market after the Internet Bubble would be long and its recovery would be very slow, and it would quite difficult for me to gain annual 20% with my skills of stock investment in the next 5 to 8 years. Therefore I started searching for other investments, which would perform well (at least 15% annual return) in such bad and poor stock market. I found a couple of such investment opportunities in 2002 but I did not feel so good about them to invest my capitals with them.

In early February 2003 I found such a company: Federated Management Group (FMG). According to information on its website, this fund performed extremely well. This just was too good to be true in several ways: all positive returns over 16 years, about 30% annual returns, and very consistent year over year and month over month, offshore operation from Panama City, Republic of Panama.

However there was a chance that FMG was a true business, not a Ponzi scheme, since I had studied many those best traders, who made 30% up annual returns over 10 years and longer. One of them even made annualized 100% over 19 years with his starting $400. Therefore I investigated this company with my best knowledge and efforts. Either FMG was a Ponzi scheme with 99% chance or a genius with its chance of lower than 1%, and there was not a chance of partial real and partial false business for such an amazing performance. I contacted FMG through email asking for more information. It turned out that there was an **alias** of the company, Ken Lee, in Fort Worth, Texas, not far from my home Edmond, OK. I expected him to be just a representative of the company, but I was a little surprised that he was the one who did those trading with such a wonderful performance. Over a week through emails and phone calls I asked him many questions, particularly on trading technically, by which an operator of Ponzi scheme would manifest himself. I felt good after this examination on Ken Lee, since he did know lots of trading skills, which 95% investment professionals lack.

Therefore I asked to meet him in person. Ken Lee was glad to meet me on February 23 at a place in Fort Worth, TX. I drove to that place (I forgot its address.). It was a business building with several levels. I located the suite with a business name of other than Federated

Management Group, which I expected to see. There were three offices and a lobby within this suite. Ken Lee was in the middle office. He looked like a gentleman with peace and good health, polite and easy going. Again I asked him many questions to seek any false during this conversation. Obviously he knew all things on trading which I knew, and more over than I knew. I asked him how he managed to perform so well year over year and month over month without a single loss month. Ken Lee answered like this: he found a little trading secret that helped greatly for such performance, and he used a reserve of profits to smooth large variations between actual monthly returns since some friend investors withdrew monthly gains. One of questions was: why is the name on entrance door that name, not Federated Management Group. He said that the lady his friend in the next office operated her mortgage business here and invited him to use this open office of her business since she needed his help on computers. Ken Lee occasionally answered coming phones for her when I talked with him over 4 hours while she was away from her office. He said that he has done this business from home for years before he moved his office here. I was expecting to see FMG with a single business building with many employees. I did not know that there were many restrictions on offshore businesses.

The purpose of this meeting was to confirm that FMG was a real business, not a scheme. I was assured from Ken Lee that I could withdraw part or all my funds all the time with 5-day advance notice. I felt confident with FMG so far, so that I wrote a check of $100,000 to invest with FMG and left that building at 3:30 pm. A snowstorm was coming and started snowing, and all traffic was blocked when I drove home. My wife called Ken Lee for my information around 8 to 9 pm and Ken Lee told her the snow storm and it stopped almost all traffic in Fort Worth /Dallas. Amazingly I arrived home safely around 11 pm with so many accidents on the road, and I was very tired. Unexpectedly Ken Lee called me the next morning to enquire my safety of driving home that night.

FMG offered me a commission (becoming an independent contractor) on all funds of myself and my friends. At this point, I really care the safety of my own capitals but not such a commission. If this investment turned out to be a bad one (Ponzi scheme), then I lost my capital. I did not care the commission offer, and such an offer could be a trap. I told Ken Lee that "I will not tell my friends to invest with FMG if I do not feel comfortable with my own capitals." Ken Lee responded accordingly.

To safeguard my investment with FMG, a Panamanian company, I kept contacts with Ken Lee at the daily basis. Clearly Ken Lee understood my concerns and willingly kept my companionship on trading /investing. Besides trading, we discussed many other things, including the faith in Jesus Christ. FMG continued its gaining pattern month after month after my initial investment, and I became comfortable and easy on my decision of investing with this offshore company, then I continued slowly to invest my funds of more than $250,000 into FMG funds over months. I was a little surprised in June 2003 that Ken Lee sent me an analysis results of FMG trading commodities with actual buy/sell data from Jan. 02, 1987 to June 05, 2003. There were 55% winning trades and 45% losing trades. A very good trader usually would not share such data with other traders. His point was to convince me with actual records of trading on commodities and futures. By this time Ken Lee knew that I did not intend to uncover his trading secrets for myself. No question was left that he was trading commodities heavily on behalf of FMG.

Becoming follower of Jesus Christ and attending Chinese Church

I was born and raised in Guangxi, China under dictatorship government and communisms. I did not believe in any traditional religion, and did not believe in existence of God the Creator of heaven and earth, but I accepted the teaching of evolution from childhood and man's absolute roll of mankind destiny. Because of excellence of my academy in biology and science, I was sent by Guangxi Province Government in1988 to the University of British Columbia, BC, Canada for graduate studies. In the summer of 1989 a Chinese family doctor Ken Lam offered to help me learning English after meeting me in my laboratory and invited me to his home every Sunday night. We became good friends, and he used stories of the Bible as teaching materials. I was glad that someone liked to discuss Christian religion and the Bible with me. I liked to know why most Canadians and Americans profess to be Christians without any pressure from their governments. I could not understand how sound-minded people would accept the Bible and believe in a man Jesus as God without physical evidence. Doctor Lam gave me Gospel booklets and a very good Chinese-English Bible. Out of curiosity I read those booklets and some stories of the Old Testament. I had so many questions on the Bible and asked him to explain to me. But Doctor Lam just failed to give me satisfied answers on them. I asked him and wife to show me evidence that the Bible is true and such miracles of the Gospels still occur. They just failed to convince me without physical and scientific evidence even though we became friends over these six years when I studied there. I visited their Chinese Pentecostal Church 2 or 3 times and discussed and debated with pastors and some Christians there.

I came to US in 1994 as unbeliever after earning Ph. D in Biological Science and Molecular Genetics. I worked hard daytime and became tired, so that I watched TV programs in the evenings. I did not attend any church during this time, but occasionally went with American friends. But several TV programs left strong impression and wonders to me. One of them was documentary of 1973 scientific examination of Shroud of Turin. I was shocked by such scientific reports of 40 famous experts. "Is it factual and historical that Jesus did rise from his death 2000 years ago?" Several TV programs showed that there are angels and demons around us, and some strange things still happening, which cannot be explained by natural science. Such similar events are recorded in the Bible. Is the Bible historical? Do miracles still happen today?

I did not like living in California after I became full time investor with the stock market. We moved from Thousand Oaks, CA to Oklahoma City, OK in February 2000. My wife liked to associate with fellow Chinese and she visited Chinese church in Thousand Oaks for friendship and in Oklahoma City. The stock market was in down trend in 2000 and 2001, and I kept my capitals as cash along the way, I did not make gain for my family, but there was not much for me to do. I did not like going to church for just making friends with other Chinese. To my impression, churchgoers are not so bright because they believe in some things, which cannot be proved naturally and scientifically.

When the terrorists' attach of September 11, 2001 on the Twin Towers of New York City occurred, I was watching the event alive on TV from its beginning. Some things inside of me stirred up: Why should people live? What is the point of making lots of money then you die? What is the purpose life? I asked this question when I was 15 year old in China, 26 year old in Canada, and now 38 year old in USA. At this time my wife and my children attended the Chinese Baptist Church in Oklahoma City. A famous Chinese preacher from California was preaching at the Chinese Church in Norman in early November 2001. My wife asked me to go with them as a driver of 40-minute highway drive. I did not have much to do otherwise, so I went there with them and listened his preaching. Surprisingly I found people in the church were happier than I were even though I had more money than they. I did not understand why. I liked to hear and see more evidence that the Bible is historical and true. After listening several sections on Friday and Saturday, I still did not see any evidence. Somehow I felt that I should go Sunday to find out more, so we went again to his preaching. But I was disappointed again after

the first session. Then the song leader approached me and gave me a book "Knowing the Truth" after knowing I was a biological scientist with Ph.D. Then I listened the second sermon and drove home that Sunday November 04, 2001. I was little disappointed of my effort by driving many times but not knowing any thing new on the Bible. "Those Christians do not need evidence to believe the Bible." This was just foolish to me.

Not much to do after coming home from the Norman Chinese church, I just opened the book "Knowing the Truth". I was so shocked after reading that little book that the Bible may be historical and such miracles of the Bible might be happening today, and there was a good chance that Jesus rose from the death historically. To me, the Bible would be indeed true and historical if the claims in this book were right. Therefore I determined to do my own research on the Bible with all reference. First, let me read the Bible from cover to cover, so I would not be misled by those preachers. Second, I would check on all those related claims in the little book. From that day on, I read the Bible hours daily and other materials and I could not sleep but not become tired for about two months. From the next Sunday on I attended almost all church services of the Chinese Baptist Church in Oklahoma City, OK. This was November 2001 while I was still an investment advisor of the stock market with my own capital. Therefore I met and knew all church members personally, including Zhongxiang Luo, Jian Yue, Xihai Zhang and Ming Yu (she went to that church with her family but she refused to accept Jesus Christ as Lord God at that time.). As we all came from China mainland with similar background, they and I became friends and had regular fellowship together. My family visited theirs and they visited us. My wife and I were baptized in water in the name of God the Father, God the Son and God the Holy Spirit on December 23, 2002 in the Chinese Baptist Church.

After reading the Bible daily and seeking the Truth from many sources, I found out that not all professing Christians believe the whole Bible and they believe and practice differently according to personal understandings. However I accept the whole Bible with its very verse and the Holy Spirit is working powerfully today among believers. Therefore I left this Chinese Baptist Church in January 2006 and attended other two churches of Full-Gospel charismatic Christians. To my knowledge no one from members of those churches came to invest with PVC through my sharing PVC investment. An investment is personal decision with personal taste. My intention is to bless and help other friends through my skills and knowledge.

Sharing Offshore FMG with Friends

After investments with offshore FMG funds for several months, I felt quiet confident with this Panamanian company, and I started sharing such investments with my friends personally around May 2003. Most my friends knew that I invested in the stock market with my personal funds. Occasionally some friends discussed financial investments with me, and I would introduce FMG funds to them by oral communications. When they expressed interests on this investment, I would lead them to the website of Federated Management Group and passed FMG documents (disclosure, audit report, application form and instruction). Most of my friends, around 60%, would not express further interest after my first oral communication on the issue, and I would not mention FMG funds to them without their expressed interest again. Few of them, about 10% to 20%, would ask for more information after studying FMG website. Some of those friends, about 5% to 10%, would started investments with FMG funds in one to three months. I would not do any persuasion to them for investments with FMG funds. I found out that most people could not tolerate such investment like trading stocks, commodities and currency because of risks, not needed to mention offshore investments.

I told offshore FMG funds to Ming Yu, Zhongxiang Luo, Jian Yue, Xihai Zhang and other friends in this church around May and June 2003 after my becoming confident with FMG funds with my own investments. I told them that these funds performed so well that one could not find among the mutual funds. They were private fooled funds and registered in Panama, but not registered in the USA. They were interested on these funds. Further I told them my personal experience with FMG funds by personal meeting and investments with over $250,000 personal funds since February 2003. They studied FMG funds on its website and its Disclosure Document and FMG Audit Report, which I passed to them by email. They asked me many questions on FMG funds and Ken Lee, and I told them what I knew from Ken Lee with my understandings, but they did not contact Ken Lee directly for explanations at this time. They expressed desires to know more on FMG and Ken Lee, and liked to meet Ken Lee directly as I did, so that I contacted Ken Lee to set a date for such meeting: a Sunday in June 2003. On that morning I drove to Ming Yu / Zhongxiang Luo house in Oklahoma City meeting them there. Zhongxiang Luo drove his 6-seat mini Van with six of us: Ming Yu, Zhongxiang Luo, Jian Yue, Xihai Zhang, Xihai's wife and me. There were another couple friends and a lady friend in a different car. Together this group of nine people met Ken Lee around 12 pm in the lobby of the office suite. The obvious purpose of this meeting was to verify personally what I told them on

FMG and Ken Lee: a Ponzi scheme or a real investment business. The meeting was very relaxing and easy going. Those friends asked all kinds of questions and Ken Lee explained all of them. I did not answer any question but listened to answers and explanations from Ken Lee. Ken Lee admitted easily that indeed he was a millionaire as I expected him to be. One of question I remembered well was like this: "If you die suddenly, how will we get our investments back since such offshore investments are off the limits of US government's regulations." Ken Lee answered like this: If I die suddenly without returning all funds to all investors, then my two sons or other persons James Taylor or Thomas Reeves will do that. If all those people die at one time, FMG has arranged a legal procedure that under such conditions, funds will be returned orderly to investors from brokerages holding FMG funds. Ken Lee explained risks very well to everyone there like this: "most people, over 90%, lose money, even all their original capitals by trading commodities and futures an currency. Trading commodities and futures takes much more risks that trading stocks." One asked Ken Lee: How did FMG funds return so well year over year and month over month over so long period, not even a single loss month? Ken Lee answered like this: "there is a trading secret or tip, which I found out myself during those years and I pass this only to my two sons. The actual returns of each month fluctuated up and down larger that those reported there, I smooth the monthly returns with a reserve of profits since some investors withdraw their monthly profits for their retirements, and they cannot handle a negative month." This meeting went on very well for all of us, and it lasted about 3 hours from 12 to 3 pm.

According to their words these friends started investments of little funds with FMG after this meeting, but I did not know any details since I did not involved in daily operations of FMG and I was one of investors as they. One of lady friend did not like what she saw and never invested with FMG. She was not comfortable with such a small office while claiming that FMG managed over $300 millions. Since these friends and I all met each other at weekly basis, and we often discussed things on investments with FMG.

Ken Lee told me several times that he preferred those small individual investors to big investors like fund managers since fund managers would like to control operations and this would hurt all of us small investors. Around May 2003 I suggested to Ken Lee that FMG funds should be enlisted with MAR, a hedge fund journal, so that many investors would follow FMG funds for their superior performance, and there was no limit on inflowing funds. Eventually Ken Lee was ok with the suggestion and I passed documents of FMG funds to MAR, which published FMG

funds in its July issue with Ranking #1 to #10 out of about 2000 funds with performance and consistence over 1, 3 and 5 years.

My mistakes and inquiry from SEC and CFTC

By the time of July 2003 I was much confident with FMG as a real investment business, but more than 95% my friends would not respond to its investment products as I did, and I lost my patience for their no appreciation. Not knowing government regulations on offshore investments like FMG and motivation of earning extra commissions, I started sending ad-like information to some fund managers by email or fax. Again there was no respond to my too-good-to-be-true ad. There were several enquiring phone calls and several emails asking for more information. No one became investors of offshore FMG. Days after sending those ad out by email around late July 2003, I received a phone call identified herself of Stock Exchange Commission (SEC) to examine FMG funds. I told her all my information of FMG funds came from the website and gave Ken Lee's phone to her. Then she ended the phone call. At that time I realized that I did some things wrong and SEC was coming after me and Ken Lee. I was very nervous and did not know what to do. I did not know what was wrong. I informed Ken Lee of the phone call and he said he would take care it. Later Ken Lee told me that two persons of SEC Dallas office visited him at his office for two hours and then left, and Ken Lee told me that I should not send such FMG ad to strangers by email or fax. And Ken Lee told me that I could tell my friends on offshore FMG and pass more information to them when my friends ask for; and FMG was an offshore investment and new investors came to invest with FMG by mouth-to-mouth and friend-to-friend traditional way for years. I should be all right with regulation agency like SEC by sticking with this traditional way. Over next several days I continued to receive calls from SEC for more information and I did not how to handle since I did not have any other information they required from me

Days later after I calmed down from the SEC calls, I informed the few friends investing with FMG funds of SEC examination. Therefore Ming Yu, Zhongxiang Luo, Jian Yue, and Xihai Zhang knew of the SEC examination. I decided that we should not do any thing but wait for results of such an examination. One my mistake brought SEC and Commodity Futures Trading Commission to examine FMG, and consequently this would do well to all of us investors: if FMG passes these checks by SEC and CFTC then we may invest more funds for a long term; if FMG failed these tests we will withdraw all our funds. I did not introduce FMG to other friends

but I just watched FMG closely for about two months. I did not receive any phone call or paper from SEC or CFTC, and FMG seemed to function normally and produced consistent monthly gains for July and August 2003.

Prestige Ventures Corp. replacing FMG

As the result of SEC and CFTC enquiry into FMG, FMG was moved out of place and registered in another country, and another Panamanian company Prestige Ventures Corp. (PVC) became operational with the same investment system " Legacy Trading System (LTS)" in September 2003. The few Chinese friend investors were transferred to PVC from the rest investors of FMG, and our account statements were changed from FMG form to PVC form, including Ming Yu / Zhongxiang Luo, Jian Yue, and Xihai Zhang. After receiving PVC files from Ken Lee I passed all those files of disclosure document, PVC outline, application form and banking information to all the existing friend investors of PVC. PVC website was active. Since then PVC did very well quietly until the first part of 2006.

Some time around September 2003 Ming Yu, Zhongxiang Luo, Jian Yue, Xihai Zhang and one couple friend investors would like to see their capitals make higher returns by combining their funds together into a pool of $160,000 by adding more new capitals from each individuals. To do this as a group, they held a meeting in Jian Yue's new house in Norman, OK, and my family and I were invited to the families' meeting. According to their words, balance of this pool grew over $1,000,000 some time later by adding new funds and monthly growth. I did not know who these pool investors were.

After investing with FMG initially then PVC later, few friend investors became confident with Ken Lee. This information of super-performing investment products plus personal experience and confidence was of good value. Suggestions of receiving commissions on new inflowing funds came to me from some Chinese investors since I had very good personal relationship with Ken Lee, but I was not a paid employee of PVC or FMG at any time. I was not so comfortable with such a suggestion, since such commission would bring in low quality investors and the original pure motive of introducing PVC to friends might be contaminated. PVC would not able to carry so much commission burden by giving commission to some investors and me on the same capitals. Expecting that PVC would not accept such suggestion of additional commission for such investors, I passed such a suggestion to Ken Lee. However PVC accepted such

proposed commission on inflowing new capitals from several investors. Ming Yu and Zhongxiang Luo were among those few investors, whom were paid a commission by PVC on new inflowing capitals of their friends. Their account statements reflected those commissions as 'customer deposit fees'. It was understood among those 'commission' investors that PVC was an offshore investment company, therefore PVC could not market its products to strangers as a US registered company could do; and new investors should be personal friends of existing investors through mouth-to mouth personal sharing.

Months passed and I felt that some low-quality investors came to invest with PVC from some friends. Therefore I asked PVC to cancel such commissions to all those commission investors including me around September to October 2004. I would like to see investors sharing this investment product with their friends out of their pure hearts, but not for such little commission. I believed that most investors did out of their hearts.

By some reasons of my personal computer, I lost all files of FMG from Ken Lee. I liked to have a copy of FMG Disclosure Document and The Audit Report for personal reference. Therefore I asked Ming Yu to pass a copy of those two files to me some time around October to November 2003 and she did so days later.

Subpoena from Commodity Futures Trading Commission

My mistakes of sending FMG information to fund managers by email and fax in late July 2003 came back to haunt me in January 2004. I thought that the investigation of FMG by SEC or others ended since there was no phone call or paper from September to December 2003, and FMG moved out of place and we invested with offshore PVC. I was really scared and did not know what to do with such investigation in hope that my mistake would not harm the business operation of FMG.

I received a subpoena from the commission in Feb. 5, 2004 after my refusing such mail early. I did not have any legal knowledge on such investigation or lawsuit. Really I was scared and did not know what to do. I went over the document of the subpoena and did not understand much. But I knew that the commission ordered me to produce many things like books, records and documents of FMG supporting the wonderful performance of the past 16 years. But I did not have any such a document, then how I could produce them to satisfy the request. I thought that it

became my obligation to produce those required documents since I told some fund managers of the performance.

I truly misunderstood the subpoena because of lacking legal knowledge. I could not produce those required documents. Therefore I chose to keep silence since the Fifth Amendment allows me to do so. Investigators of the commission kept contacting me several times and I refused to respond by providing such documents since I did not have any.

Some time around May 2004 the investigators contacted with me by phone, and I told them that I did not have any required documents they asked, therefore I could not produce any such document to them as required by the subpoena. And no one opened account with FMG from such email and fax marketing. They asked me to sign a declaration based this conversation information, and I was glad in signing the declaration document. The subpoena was over eventually. By this time I realized that how simple the subpoena should be by providing actual facts to the investigators, but I complicated it because of fear and lack of legal knowledge.

Experienced Difficulties during the Financial Storm

Those investors of PVC had very good experiences from 2003 to 2005, and they deposited and withdrew their funds according to their wills and PVC responded accordingly. However, some investors treated investment accounts with offshore PVC as their bank checking or money market fund accounts, and some investors were just too opportunistic. PVC was not structured for those persons. According to Ken Lee' email to me there were $750,000 withdrawals from PVC investors in December 2005 alone. To my knowledge PVC closed several "bad" accounts, and all their funds were returned to them with all profits.

I was glad that PVC was to close to new investors from January 2006 and withdrawals were allowed according to PVC statement. However by March to May 2006, PVC offered new programs with higher returns for more new capitals. I did not understand what was going on with PVC. Around April or May 2006, Ken Lee sent out mails on margin increase and asked for more cash investments from investors. To my knowledge some investors deposited some new capitals into those new higher return programs, but they could not easily withdraw their funds when such short-term programs matured. It seemed that PVC could not keep its words or plans on withdrawals. Investors became nervous and wanted to withdraw more funds for protecting

their original capitals with all kinds of excuses. PVC kept postponing delivery of withdrawal funds to investors. Returns of PVC programs decreased consistently from January 2006 to December 2006. As an investor of the stock market with margin account, I could not understand PVC's difficulties of cash crunch since its detailed investments were not revealed to all of us.

I arranged to withdraw funds for my family at a monthly basis since September 2004 after investing all my capitals and other sources with PVC. I went to China visiting family members and Christians there for 2 to 3 months in 2004, 2005 and 2006. I personally experienced the mighty power of God, and many miracles of the Bible occurred when I prayed for those needed Christians and sick family members at daily basis. I was so excited with my living God Jesus Christ. I came home from China trip in December 2006. I contacted Ken Lee by email as I did before my trip to China. Surprisingly I did not receive any reply, and my monthly checks were not sent to me in January and February 2007. My family just needed these checks from my PVC account to pay all daily expenses. I did not know what was going on with PVC. Eventually Ken Lee responded to my requests with a check of smaller amount. It seemed that PVC experienced a very difficult hardship of cash crunch.

In order to keep my family alive I attempted to sell my relatively new mini van Toyota twice, but there was no buyers strangely. My wife and I decided that we had to find jobs to provide for this family for this time and we could not rely on checks from my PVC account. We just had about $400 left in June 2007 with typical monthly expense of $5,000. We just had to use this little money for foods, utilities and gasoline, and had to miss payments of mortgage, car loan, and credit cards. I tried to find a job with my early profession as a research scientist, but with just one job interview no one offered me a job. I tried to get a job of whatever I could find and know to do, but I failed. I worked as a car sales person for two weeks because there was no other job for me. I sold two cars in two weeks and was paid with the minimal wage.

Thanks were to God for His mercy and love toward me and my family during this hard time. Without much job experience and education my wife Cathy Chen got a good temporal job with the Oklahoma Gas and Electric Company in August 2007. Income from her job paid for family's daily need, mortgage and car loan. Mortgage and car loan were not paid for three months because I did not have any money. I felt greatly relived from the financial crisis.

I left the job of car sales person since I could not bring a meaningful income for my family. However I could not find a job even with a wage of $10 an hour. I got all degrees of education Ph.D. Master and Bachelor, but no job was offered to me when I asked for one. I was very frustrated with my financial situation. I was willing to do any kind of job to pay for my family. I just ignored all those calls from credit card companies since I did not have cash to pay. By November 2007 I really had to have a job instead staying home with so many overdue bills, and I could not allow my wife working to pay for the whole family.

A PVC investor friend heard of my financial difficulties and my willing to work, and she called me and told me that I could earn good cash incomes by working at restaurants. I had felt that I could work as a waiter in restaurants but I did not know such good cash income from tips. After discussing with my wife I went to work as a waiter in a Chinese restaurant in Oklahoma City initially since December 2007 then changed to another in Norman, OK. Financial situation of my family changed for better since I found this waiter job. By October 2008 through friends I got a part time job at a pharmaceutical research company in Oklahoma City. Therefore by this time I have two part time jobs to generate incomes for my family.

Since January 2007 my family and I experienced very difficult financial hardship. I did not go to the federal or state government agents for foods or money, nor did I go to the Chinese Baptist Church or other churches for foods or money. Sadly even few church friends called to help or comfort. Since I had known Jesus Christ personally from November 2001 I have experienced His power and love and mercy directly. Therefore I asked Jesus Christ to help, comfort and deliver me. In these two years, Jesus Christ appeared to me personally four times to comfort me and help me. Jesus told me many things at daily basis. He is alive and He strengths me to overcome all difficulties. He is my God.

Some investors contacted me for more PVC information and liked to withdraw funds for their family needs. I told them what I knew about PVC and PVC had been short of cash due to margin calls since 2006 and margin had increased dramatically since 2006 to the end of 2008. I told them my personal experience. I could feel their pains and suffering when they tried to withdraw funds to release their pains or suffering. Ken Lee explained that those monthly gains PVC returned for investors were credits from some long-term investments but not cash, therefore

PVC could reported as monthly gains but those gains could not be withdrew as cash before those long-term investments matured.

By the time February 2008 Bear Stern failed and many banks failed. I was able to understand why there were repeated margin calls to investors using margin loans for long-term investments. I became known that PVC did hold many long-term investments that could not turn into cash easily in a short time.

Ken Lee told me that he added over $5 million his personal funds to release margin deficit for PVC in 2006 and 2007 since PVC investors would not add new capitals to release the margin deficit. In explanation to one of PVC investors, Ken Lee said that PVC had a margin deficit of $38 million at the peak in 2008, but was reduced to little by the end of Aug. 2009. A huge progress was made toward the goal of returning all funds to investors in early part (March to June) of 2010.

Not An Employee of PVC

I have never been an employee or paid agent of offshore PVC or FMG as I told all my friends. The reason I have kept a close relationship with Ken Lee has been for my own capitals. I have invested all my personal funds into PVC over the time, and later loaned some funds from banks and invested with PVC. I might be the largest investor of PVC individual investors, and later became the second largest investor after Ken Lee in 2008 and 2009. PVC held around $18 million of investors in at the end of June 2008 and there was additional $10 million of Ken Lee personal funds, which I suggested him not to report this $10 million to investors.

Initially out of my own interest I asked Ken Lee to pass me those monthly returns after the month ended, and I compiled the data into a table. Later, I sent out this table to my investor friends after some friends became PVC investors. When Ken Lee passed some news on PVC to me, I would pass them to friend investors when I felt this would help them knowing PVC. I helped PVC and the friend investors voluntarily without financial compensation from neither PVC nor friend investors. I did help PVC with preparation of some tables and papers like 'PVC Closing to New' and 'Distribution Plan' with request and instruction from Ken Lee. I never was in charging of sending account statements to PVC investors because I never had the account statements of PVC investors at any time. I was never paid by PVC or investors for such services.

Some investors called me or emailed me for answers and discussions, I spend many hours in helping them before 2006 and after 2006, but I never was paid by any one. When someone did not treat me well as if I owned him some service, I just would not answer such person's call or email. I even took some people out of my email list since they did not treat me right, because I just helped friends and I did not owned their service as a paid employee.

For example around June 2008 one evening I worked in the Chinese restaurant in Norman, OK. Jian Yue came to the restaurant to invite me personally to attend their group meeting on PVC as though she could not contact me though email or phone. A week later I attended the meeting after dinner. The meeting was held in the house of Ming Yu and Zhongxia Luo. There were Jian Yue, Xihai Zhang and another friend investor besides Ming Yu's couple. They asked me many questions on PVC, and I gave what I knew and my understanding. They seemed uncertain the actual financial situation of PVC at the time as Ken Lee explained to them. The word of lawsuit was mentioned again in this meeting. But they saw that I was very confident with PVC and they could not understand why. At the end I told them, you should do whatever best for your money. PVC did not pay me to attend the meeting of hours nor did they.

I heard of official investigation of PVC from Edward Luo in September 2009. I never heard of Ken Lee's criminal history. I wondered why official investigators would not contact me for PVC information since I know better on PVC than those friend investors. I received this lawsuit file at 11 pm on November 20, 2009 after I came home around 10:40 pm from waiting work at the Norman Chinese restaurant. It took me two full days to go over once this 1500 page file. I found that the commission has based this lawsuit on so many partial facts, twisted facts and misrepresentations.

I was surprised by Ken Lee's answer to my informing him that the commission with several investors has filed a lawsuit against PVC. Ken Lee replied like this: many investors' accounts will be closed in 3 to 4 months with the present market condition if there is not this lawsuit; however PVC will continue to work hard, as PVC has did, to return all funds to these and other investors. There was no anger or resentment in Ken Lee's reply, but commitment to serve all investors.

Jan. 2006.

Prestige Ventures, Corp,
PO Box 5956 El Dorado
Panama City, Republic of Panama
Zona 6

Closing to New

Dear PVC investors,

Prestige Ventures has been operating since July 2003 and has achieved wonderful successes on returning capital gains to investors year after year. Furthermore, Prestige Ventures expects to continue such performances with the proven investment strategies of Legacy Trading System in the future, and investors of long term visions will be rewarded abundantly with their investment capitals at the company.

In order to protect the interests of the existing good investors and to release some work loads on the company personnel, then consistent and wonderful annual gains will be returned to investors, Prestige Ventures decides to implement this policy of closing to account application of new investors and closing to addition of funds from the existing investors since April 01, 2006.

In other words, Prestige Ventures will not accept new investors or deposits of the existing investors to their PVC accounts since April 2006. There will be over two months for new investors to open accounts with the company and for the existing investors to add investing capitals to their PVC accounts for long term investments before April 2006.

However, Prestige Ventures might consider special cases of the determined good investors after April 2006, since people at the company feel good to help such few good investors. On the other hand, Prestige Ventures might close some accounts and return all funds to account holders, whom people at the company feel difficult to help.

The existing investors of the company are entitled to withdraw their funds with a seven-day advanced notification as they may need portions or all of their funds.

By implementing this policy, Prestige Ventures will be able to invest capitals without the unexpected flowing funds, consequently the company will be in a position to produce better returns with the investing capitals in the coming years.

Exh 1

7.25.2008

Distributions

It has been its desire that PVC returns the original capitals of investments and capital gains to investors as practically as possible. PVC operates its investment business in the futures markets of the world, and many factors, such as economy, government policy and confidence of investors, influence the futures markets; and the markets are beyond the ability and control of a given individual or company.

PVC has been a solid investment firm since its inception in 2003. As manager for investors, PVC focuses on preservation of the capital seeds as the first priority, and strives to make persistent capital gains monthly over monthly over the long term for all investors. PVC has accomplished these goals very well as compared with 99% other investment firms.

There have been difficulties with PVC to distribute funds to investors since 2006. There are several major reasons. Primarily, the financial sector of US economy has deteriorated since then and has caused big problems for the US economy recently (the financial storm), many companies have experienced cash crunch and some of them failed their businesses. Companies of security dealers (brokerages like Goldman Sachs, Morgan Stanley and Bear Stearns) tried to release their cash crunch by passing it to their customers (investment companies like PVC and individual investors) through margin calls. PVC just has to meet those margin calls with cashes to keep its investment programs intact. PVC has received those margin calls almost weekly in the past year. This is the major reason that PVC has been short of cash for maintaining high yields and distributions to investors since 2006.

Secondly, PVC has operated mostly its investment programs for a long term (years) with borrowed funds from brokerages (margins). It is just not practical to turn a long-term investment to cash easily in a short time period without heavy damages (losses) to investors. PVC just has to turn those long-term investments to cash systematically over a planned period. Just as every investor or investment firm, PVC does not know the movements of the markets in advance. Therefore PVC has to adjust its investment strategies accordingly with the movements of the futures markets and investment conditions.

Thirdly, investors intended to withdraw substantial amount of funds collectively from those long-term investment portfolios of PVC due to fear of losing their funds mostly. Confidence of investors on PVC would deteriorate when an investor did not receive withdrawals and told around to other friend investors. Such fear factor would make the difficult situation worse.

PVC has tried to overcome this cash crunch by offering better investment programs without management fees since 2006 on one hand, and on the other hand PVC has just stopped fund distribution at all to investors. All PVC investors and personals of PVC have experienced personally hard time mostly because of this cash crunch. Since this is an investment business in

Exh 2

the futures markets, there are risks of all kinds every day to all investors. Each of investors or fund managers just has to face and overcome the present storm somehow at a personal level.

PVC is still in a solid ground with its investment portfolios of net $17,973,206 on 2008 June 30. PVC has produced consistent monthly gains 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.

Plan A of distributions with no new cash funds from the existing investors: PVC is making progress and is on schedule for closing accounts within approximately 22 months. Before very large margin increases in the past few months PVC was on schedule to return funds within 18 months. With the large margin increases these times have been slipped back several times, but progress is still being made so very slowly. PVC still has not yet built the cash reserve to the level for releasing cash. PVC has to maintain a functional cash reserve for its daily operation and meet the weekly margin calls from brokers with cash. After meeting those cash requirements PVC will distribute cash funds to investors systematically from 22 to 26 months. The markets set the time, not PVC.

Plan B of distributions with new $100,000 from the existing investors: To speed up distributing cash funds to investors, $100,000 is to raised from good investors with cash funds ready for investing with PVC.

PVC has worked a practical plan with its parent company FMG. The investment programs FENIX and Rosetta 6 are affiliated with FMG, and they are not hampered by the margin requirements. Historical records of these two programs have spoken for themselves. The $100,000 will be added to those two investment programs, and PVC will start making enough cash gain to be able to make cash release to investors in 120 days or sooner (90 days). Distributions of cash funds will be first to those investors funding this $100,000 in Rosetta 6 and FENIX, then to other investors in 180 days.

Therefore, Plan B is better than Plan A for all PVC investors. In order to make Plan B functional PVC investors needs to inject $100,000 new funds collectively into PVC investment operation, and those investors of adding new funds will be rewarded greatly in comparison with investors doing nothing but waiting.

It becomes hopeful that PVC will release all funds to investors within 12 to 14 months with this $100,000 new cash. PVC has done its part to overcome this storm, and investors need to do their part of funding new cash to accomplish this distribution plan.

Please contact PVC (Ken Lee) by email for more information on investing with the investment programs FENIX and Rosetta 6.

2/27/2007

Good afternoon Ken,

I have not seen the expected monthly checks (January and February) to this day, and my one-month reserve of funds is running out, but bills are coming at the regular pace. What should I do to keep my wife and children alive and well if I do not receive funds of the monthly check from PVC?

I have prayed much more recently, even several hours a day, for guidance and help from the Lord, but I have not received any particular instruction on PVC /monthly check but got some ideas which I sent to you last Tuesday. I am still confident on PVC and you. The Lord has led me to invest with you in Feb. 2003 and I have enjoyed my best 4 years since then. I do not hear from the Lord that I shall make any changes with you/PVC.

However I would not like some things going on with PVC over the last year. The devil and his demons work on some PVC investors to stir troubles for you and PVC, we could not do much about that besides help with praying in the Holy Spirit. But PVC could adjust investment strategies to meet the challenges by raising up cash with maturing investment instruments (bonds) over time instead of keeping investing and trading for cash. Short-term trading with working cash would not able to meet such large withdrawals, the results of the last 12 months proves this point, every dollar you sent out to investors, then you filled in with your own dollar (about 4 million) for margin, the whole portfolios of PVC did not change for cash position. And large withdrawals are still coming or increasing. Some thing has to be done practically to meet the large withdrawals/closing accounts. This is my compelling thought after praying months with my PVC knowledge.

You have worked so hard with help of your own money for PVC, but most investors would not appreciate your work and kindness. They have their thoughts on your intension and motive. It is just not worthy for you to do so.

Yesterday Ing Yang called me and talked about PVC. He just does not believe what you said to all investors, including the monthly yields, your money for PVC margin (he thought this proved PVC losing money, not making money monthly.) and others. He also mentioned going to court for getting back their money. I have found that he is a person of fear and doubt, and I had asked him to close his account with PVC three times in the first 6 months with PVC even he wanted to be a helper. He told me that his group is willing to close out with 50% discount, some even at 30% discount (just to have their original principles). What unbelieves of his part.

Many PVC investors around me are watching me closely. If they find out that I borrow money from some friends or I work for money with some company to cover my bills, PVC would be hit immediately with over $2 million withdrawal and more later, even some may go to SEC and court house with PVC.

I have worked over 10 hours daily without pay to prepare myself for preaching the Gospel in China because I enjoy what I do, and the Lord has provided me and my family through you/PVC. Therefore I ask for your help by sending me the monthly check of $5,000 and $50,000 for my

Exh 3.

China ministry in 2007 (I plan to use this $50k in Sept. 2007). I do need your committed support for the China ministry, and I have believed you as you told me your such interests several times before. If according to your plan PVC can not send out those funds to me in recent months, would you help me and my family by sending those checks with your personal funds against my PVC account? Would you pray over this issue and let the Lord guide your heart?

Sincerely,
Simon

Prestige Ventures, Corp.

A Global Investment Company

Performance in 2009

These are monthly returns (%) of portfolios of Legacy Trading System ($60,000, $95,000, $160,000, $255,000, $500,000, $1,000,000), Program 88, Program FV, Program IFV, the Credit Union, Program GNM-36, Program GNM-60, Program FENIX, Program Rosetta 6, and **M**anaged **I**ndividual **C**ontract.

2009	60K	95K	160K	255K	500K	1.0M	88	FV	IFV	CU	G-36	FENIX	G-60	R 6	MIC
01	0.71	0.74	0.75	**0.89**	0.89	0.89	1.99	2.64	2.66	0.84	3.76	2.11	5.02	4.86	7.61
02	0.67	0.70	0.71	**0.84**	0.84	0.85	1.96	2.61	2.58	0.84	3.76	2.16	5.02	4.39	6.46
03	0.64	0.66	0.67	**0.80**	0.81	0.81	1.84	2.47	2.33	0.74	3.76	2.01	5.02	3.91	4.34
04	0.64	0.66	0.67	**0.80**	0.81	0.81	1.81	2.43	2.29	0.75	3.76	1.96	5.02	3.77	4.02
05	0.62	0.64	0.65	**0.77**	0.77	0.77	1.71	2.22	2.19	0.73	3.76	1.89	5.02	3.56	4.97
06	0.62	0.65	0.66	**0.78**	0.78	0.78	1.70	2.21	2.16	0.74	3.76	1.90	5.02	3.55	4.94
07	0.63	0.65	0.65	**0.76**	0.77	0.77	1.71	2.18	2.17	0.74	3.76	1.94	5.02	3.56	4.93
08	0.56	0.58	0.59	**0.70**	0.70	0.70	1.66	2.03	2.11	0.75	3.76	1.88	5.02	3.50	4.02
09	0.56	0.56	0.57	**0.68**	0.68	0.68	1.44	1.98	2.03	0.78	3.76	1.71	5.02	3.42	3.92
10	0.55	0.57	0.58	**0.66**	0.66	0.66	1.62	1.67	1.99	0.74	3.76	1.69	5.02	3.37	3.47
11															
12															
2009															

2008	60 k	95 k	160 k	255 k	500 k	1.0 m	88	FV	IFV	CU	G-36	FENIX	G-60	R 6	MIC
01	0.68	0.73	0.90	**1.07**	1.08	1.10	3.05	2.97	2.95	0.95	3.76	1.07	5.02	-	
02	0.70	0.75	0.92	**1.09**	1.10	1.12	3.08	3.01	2.98	1.04	3.76	3.87	5.02	-	
03	0.68	0.73	0.89	**1.06**	1.07	1.08	3.16	2.99	2.94	0.92	3.76	3.61	5.02	8.61	
04	0.69	0.74	0.91	**1.08**	1.09	1.10	3.05	2.96	2.92	0.97	3.76	3.58	5.02	9.01	
05	0.70	0.75	0.92	**1.09**	1.10	1.11	3.03	2.88	3.01	1.03	3.76	3.94	5.02	8.38	
06	0.71	0.76	0.93	**1.11**	1.13	1.13	3.00	2.92	3.03	1.05	3.76	3.99	5.02	9.69	
07	0.68	0.73	0.89	**1.06**	1.07	1.08	2.89	2.79	3.01	1.12	3.76	3.82	5.02	9.91	
08	0.68	0.73	0.90	**1.07**	1.09	1.10	2.86	2.81	3.04	1.06	3.76	3.98	5.02	9.12	
09	0.65	0.69	0.85	**1.01**	1.02	1.02	2.79	2.68	2.98	1.01	3.76	4.18	5.02	9.44	
10	0.63	0.68	0.83	**0.99**	1.00	1.00	2.62	2.29	2.82	0.96	3.76	3.79	5.02	8.14	
11	0.67	0.70	0.84	**0.97**	0.97	0.98	2.59	2.34	2.92	0.99	3.76	3.94	5.02	6.02	10.36
12	0.60	0.64	0.80	**0.93**	0.93	0.94	2.17	2.18	2.86	0.99	3.76	2.92	5.02	5.19	6.73
2008	**8.38**	**8.98**	**11.11**	**13.28**	**13.41**	**13.53**	**40.22**	**32.82**	**41.83**	**12.78**	**55.73**	**52.06**	**79.99**	**122.8**	**-**

Note: No compounded effect with FV.

Exh 4

Simon Yang

From: "Ken Lee" <klee88@prestigeventures.com>
To: "Simon Yang" <simonyang@cox.net>
Sent: Sunday, November 22, 2009 10:11 PM
Subject: Re: Funds

Thanks Simon, I have a fax, but it is only small and will not handle that sort of fax.

We are on the right track now and I wish they would have just waited about three to four months. I am looking to be able to close many accounts in that amount of time.

If things keep going the way they are now, I can close ALL accounts by the middle on 2010.

I love all of those you named and have been and will continue to work as hard as possible to get them paid.

Thank you Simon, and I will let you know about how to get it to me.

> ----- Original Message -----
> **From:** Simon Yang
> **To:** Ken Lee
> **Sent:** Sunday, November 22, 2009 9:47 PM
> **Subject:** Re: Funds
>
> Ken,
>
> I went over those court materials carefully these two days. 95% charges are against PVC/FMG/Lee, 5% charges are against me. Those investors are ones with the lawsuit: Ming Yu, Zhongxiang Lue, Edward Lue, Jian Yue, Xihai Zhang, and Susie Southwell. Ming Yu seems to be the chief.
>
> I feel that I should fax the main part of this over-1000-page file to you. What is your fuctional fax number? This portion is about 50 pages.
>
> Simon
>
>> ----- Original Message -----
>> **From:** Ken Lee
>> **To:** Simon Yang
>> **Sent:** Saturday, November 21, 2009 5:16 PM
>> **Subject:** Re: Funds
>>
>> Nothing here yet Simon, Let us Pray.
>>
>>> ----- Original Message -----
>>> **From:** Simon Yang
>>> **To:** Ken Lee
>>> **Sent:** Saturday, November 21, 2009 5:24 PM
>>> **Subject:** Re: Funds
>>>
>>> Ken,
>>>
>>> Here comes another storm: around 11 pm last night after comimg from waiting in the Chinese resturant, a big file was delivered to me in person: a lawsuit has been filed against PVC, FMG, K Lee and S Yang in the United States District Court for the Western District of Oklahoma.
>>>
>>> An attoney Steven Moriarty came to my home for PVC records and books and computers this morning around 10 am. And I told him that I did not and do not involve in any Ponzi scheme or wrongly activity, I do not have any thing to give. I was reading the file a little and needed to go over them. He told me to have a lawyer to handle this.
>>>
>>> I have heard of such a coming storm for months. I am not fearful this time, since I did not do any thing agaist the laws and my heart on this investment.
>>>
>>> I am reading over this big file. I assume you received the same file and have worked on it.

Exh 5

Just to update you.

----- Original Message -----
From: Ken Lee
To: Simon Yang
Sent: Saturday, November 21, 2009 10:48 AM
Subject: Funds

Disregard the last email Simon, the funds show now. I was afraid that a mistake had been made and the funds went elsewhere.

Thank you, and have a great weekend,

Simon Yang

From: "Ken Lee" <klee88@prestigeventures.com>
To: "Simon Yang" <simonyang@cox.net>
Sent: Saturday, November 28, 2009 12:57 PM
Subject: Re: case update

Thank you Simon, I have been comforted as well and have received confirmation from The Lord.

I will assume responsibility in this matter and do everything I can to show you had nothing to do with any thing.

I will sign the consent order as I have discussed it with Ms. Driscoll. I will discuss it more with her on Monday.

I know many of the facts have been twisted and turned to make things look terrible. Keep me in your Prayers as I have been doing for you and all.

I do not care to discuss any of the other matters as they are totally twisted.

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

Exh. 6

Simon Yang

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

Thank you Simon,

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

> Ken,
>
> I heard from The Lord a week ago: return the investment capitals (nimus
> those withdrawals) first and return the rest gains later (12 to 24
> months).
>
> In fact as in my record from The Lord: The Holy Spirit told me that "We
> will be out of this financial storm in Dec. 2009." On Dec. 08, 2008.
>
> Thanks be to The Lord for His Wisdom and Love.
>
> Simon
> ----- Original Message -----
> From: <klee88@prestigeventures.com>
> To: <simonyang@cox.net>
> Sent: Friday, December 04, 2009 8:22 AM
>
>
>>I need from you the amount you invested in Prestige Ventures Corp and
>>Federated Management Group, Inc.
>>
>> I also need to know the amounts you have received back from the listed
>> companies.
>>
>> We are working to resolve the issues we have been facing and your help
>> would be greatly appreciated.
>>
>> Thank you and I wish you a pleasant day.
>>
>>
>
>

Exh. 7.

Simon Yang

From: "Ken Lee" <klee@famcu.com>
To: "'Simon, PVC'" <syang@prestigeventures.com>
Sent: Thursday, November 04, 2004 3:07 PM
Subject: PVC

Simon,

I know that there are many good investment clubs or programs out there and do not know anything about these people.

I can understand the customers being concerned about their investments.

I work very hard for them, and hope they do not think that there is anything fishy about PVC. I average working 16 hours a day with this program. Perhaps that is one reason I am able to get a better yield than the average investor that works only a few hours a week and think they are really working hard at their investments.

I have a few good years left in me and then I want to retire and enjoy my free time and fruits of my labors. I really do not need the pressure of customers being afraid of what is going on with their funds. It just adds to the daily pressure of trying to make my goals on the investments.

do not know what else to say about the customers concerns other than keep the faith and enjoy what they are getting. I could always just stop doing what I am doing and return everyone's funds and that would be that, but I do not want to do that. As I said I have a few good years left and will let everyone know when I am ready to retire. My sons are doing a great job now, and perhaps they can continue this with just my funds.

Let me know what you think I should do with everyone, and I will do it.

Thanks Simon.

Exh 8

Simon Yang

From: "Ken" <klee88@prestigeventures.com>
To: "'Simon Yang'" <simonyang@cox.net>
Sent: Monday, January 29, 2007 12:16 PM
Subject: RE: 030806

Thanks Simon,

Ethan Han will receive 100% of his funds, but it will be about 4 years before he get all of his funds. The credits will not be paid to PVC until they mature. I can do nothing about it and I am glad that Wenxin admitted that he did receive the product listing.

Thanks, and everyone will get 100% of their funds back, it is just that the credits are not cash to give out. I would love to be able to give everyone their funds back right now and just retire and do what The Lord instructs me to do, but I went into wealth building and not just trying to raise cash in a short time, but as you know that is not what everyone wanted.

I am sorry to hear that Ing had anything to do with this. He was wanting funds just last week. I told him he would have to wait his turn even though he had done lots of work. I am doing everything I can to protect all the customers and PVC as well. PVC is the customers and I hope they realize that.

God Bless and thank you.

From: Simon Yang [mailto:simonyang@cox.net]
Sent: Monday, January 29, 2007 1:07 PM
To: Ken Lee
Subject: Re: 030806

Hello Ken,

After reading your first two emails on Wenxin, I continued to pray over 10 minutes for you and PVC and Wenxin. Then sent an email to Wenxin and asked him to call me so that I might explain to him.

Then he called me from his job, and we had a conversation over 30 minutes, which was not so pleasant. I explained the present PVC situation to him and some details on Ethan Han's account, those things he did not know. He became fearful and doubtful on his PVC funds after meeting Ing Yang and Ethan Han. All he wanted is his funds back from PVC.

However, he admitted that he received the 15-page file of PVC (prospectus) from me before he opened account with PVC, and he just read it days ago on his email file. He said he did not see any on withdrawals and 58% sellout. Then I explained those things for him, which is very similar to the operation of a stock mutual fund. There are risks on this investments with PVC, even losing all principals, and investors intrust their funds to fund managers to invest for profits with risks.

I also explained to him that PVC has operated legally in USA, there has no marketing PVC products whatso ever. What he and Ethan accused is not right at all, since Ethan did not allow me to explain to him.

What he wanted is his money, first principals then interests as Ethan. I told him there are two ways to get your funds from PVC, withdrawing funds at the pace of PVC or selling out your account. He cares only his money, he said "he will believe [illegible] said after receiving all his funds." They always suspect the intention and good will of you and me. Very hard to talk to the dead [illegible] money.

I think you have handled them very well, returning their principals first, later yields. I know it is hard to for you sell someone out at 58%. No one likes to do so.

Thanks,
Simon

> ----- Original Message -----
> **From:** Ken Lee
> **To.** 'Simon Yang'
> **Sent:** Monday, January 29, 2007 5:11 AM

Exh. 9

Subject: FW: 030806

This is what happens when everyone starts talking.

See if you can handle this for me and I am working as hard as possible to build cash back and know that I make some people angry because I just do not send out cash every time they ask for it. I have to replace any amounts of cash that I withdraw with margin and maintenance balance funds.

Just ask them to be patient and the cash reserves will be back to normal in a few months. We are working very hard at building them back, but when funds are withdrawn then we are right back to square one.

Thanks,

From: wenxin wu [mailto:wenxin3508@yahoo.com]
Sent: Monday, January 29, 2007 12:12 AM
To: Ken
Subject: 030806

Mr. Lee,

Today, I got to know that my friend, Mr. Yu Han, has taken all his money back from you. I am very disappointed to hear this news because my request was earlier than his. You did have cash when I asked you about half a month ago.You refused to give it back. I can not trust you any more.

I now request you to send back all my principle part ($10000.00) right away. You can send me the interest part later. I do not want to hear any excuse and I don't want to hear any 58% sellout stuff. You are always the one to set and change the playing rules. I did not get any Annual Report and Prospectus from you and your company. You just say whatever you want to say. You told Mr. Han that you gave Mr. Yang a statement showing the investment is long term. But Mr. Han and I never see that file when we open our accounts.

I want to receive all my principle part by Feb 15, 2007. If I do not receive the check by that date, I will notify Oklahoma and South Carolina Attorney General to investigate your company and how you and Mr.Yang lured investors without license. I mean it. Stop scamming me and other people.

Wenxin