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13 Attorneys for Court-appointed Receiver  
 14 KRISTA L. FREITAG

15 **UNITED STATES DISTRICT COURT**  
 16 **CENTRAL DISTRICT OF CALIFORNIA**  
 17 **WESTERN DIVISION**

18 KRISTA L. FREITAG, Court-Appointed  
 19 Permanent Receiver for World Capital  
 20 Market Inc.; WCM777 Inc.; WCM777 Ltd.  
 21 d/b/a WCM777 Enterprises, Inc.; Kingdom  
 22 Capital Market, LLC; Manna Holding  
 23 Group, LLC; Manna Source  
 24 International, Inc.; WCM Resources, Inc.;  
 25 ToPacific Inc.; To Pacific Inc.; and their  
 26 subsidiaries and affiliates,

27 Plaintiff,

28 v.

29 SUE WANG aka SU E. WANG; JIANJUN  
 30 WANG; XIAOMEI DENG; HUAJIAN  
 31 WU; MANA FASHION INC., a California  
 32 corporation; JJ SPARKLES, INC., a  
 33 California corporation; YUANHAO, INC.,  
 34 a California corporation; SAZA  
 35 INVESTMENT LLC, a California limited  
 36 liability company; GENERGEIA INC., a  
 37 California corporation; and DOES 1  
 38 through 10, inclusive,

39 Defendants.

Case No. 2:15-CV-2147

**COMPLAINT FOR FRAUDULENT  
 TRANSFER, UNJUST  
 ENRICHMENT, AND  
 CONSTRUCTIVE TRUST**

1 Plaintiff Krista L. Freitag ("Receiver"), the Court-appointed permanent  
2 receiver for World Capital Market Inc.; WCM777 Inc.; WCM777 Ltd. d/b/a  
3 WCM777 Enterprises, Inc.; Kingdom Capital Market, LLC; Manna Holding  
4 Group, LLC; Manna Source International, Inc.; WCM Resources, Inc.;  
5 ToPacific Inc.; To Pacific Inc.; and their subsidiaries and affiliates ("Receivership  
6 Entities"), hereby brings the following Complaint against the above-captioned  
7 Defendants and alleges, on behalf of the Receivership Entities, as follows:

8 **JURISDICTION AND VENUE**

9 1. This Court has jurisdiction over this matter under 28 U.S.C.  
10 sections 1345 and 1367(a), and the doctrines of ancillary and supplemental  
11 jurisdiction, in that this action arises from a common nucleus of operative facts as,  
12 and is substantially related to the original claims in, the Securities and Exchange  
13 Commission's ("Commission") enforcement action styled as *Securities and*  
14 *Exchange Commission v. World Capital Market Inc., et al.*, U.S.D.C., C.D. Cal.  
15 Case No. 14-CV-2334-JFW-MRW ("Enforcement Action").

16 2. This Court may exercise personal jurisdiction over the above-captioned  
17 Defendants pursuant to Federal Rule of Civil Procedure 4(k)(1)(A).

18 3. Venue in the Central District of California is proper under 28 U.S.C.  
19 section 1391 because this action is an ancillary proceeding to the Enforcement  
20 Action and because the Receiver was appointed in this District pursuant to the  
21 Preliminary Injunction, Appointment of a Permanent Receiver, and Related Orders  
22 entered by this Court on April 10, 2014 ("Preliminary Injunction"), and the Order  
23 Freezing Assets, Requiring Accountings, Prohibiting the Destruction of Documents,  
24 Granting Expedited Discovery, Repatriating Assets, and Appointing a Receiver  
25 Over Relief Defendants ToPacific Inc., a Delaware Corporation and To Pacific Inc.,  
26 a California Corporation entered by this Court on May 21, 2014 ("Freeze Order")  
27 (together "Appointment Orders").  
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**PARTIES**

4. The Receiver is the duly appointed permanent receiver for the Receivership Entities and was appointed permanent receiver for the Receivership Entities pursuant to the Appointment Orders. Among other things, the Appointment Orders call for the Receiver to recover and marshal, for the benefit of creditors and investors in the Receivership Entities, any and all assets which were owned, leased, occupied, or otherwise controlled by the Receivership Entities or were otherwise purchased with assets of the Receivership Entities. The Receiver holds exclusive authority and control over the assets of the Receivership Entities, including over the causes of action alleged herein, over which this Court has ancillary and supplemental jurisdiction.

5. On information and belief, Sue Wang aka Su E. Wang ("Sue Wang") is a resident of the County of Los Angeles, California, and is the recipient of assets of the Receivership Entities as described further herein. Sue Wang is the sister of the only individual defendant in the Enforcement Action, Ming Xu a/k/a Phil Ming Xu ("Ming Xu"). Without admitting or denying the Commission's allegations, Ming Xu consented to a judgment of permanent injunction, disgorgement, and civil penalties against him in the Enforcement Action. The judgment was entered on July 30, 2014. The amount of disgorgement and civil penalties is to be determined at a later date based on a motion by the Commission.

6. On information and belief, Jianjun Wang is a resident of the County of Los Angeles, California, and is the recipient of assets of the Receivership Entities as described further herein.

7. On information and belief, Xiaomei Deng is a resident of the County of Los Angeles, California, and is the recipient of assets of the Receivership Entities as described further herein. Xiaomei Deng is the mother of Sue Wang and Ming Xu.

1           8.     On information and belief, Huajian Wu is a resident of the County of  
2 Los Angeles, California, and is the recipient of assets of the Receivership Entities as  
3 described further herein.

4           9.     On information and belief, MaNa Fashion Inc. ("MaNa Fashion") is a  
5 California corporation located and has its principal place of business in  
6 Los Angeles, California and is the recipient of assets of the Receivership Entities as  
7 described further herein. MaNa Fashion is owned by Sue Wang.

8           10.    On information and belief, JJ Sparkles, Inc ("JJ Sparkles") is a  
9 California corporation located and has its principal place of business in  
10 Los Angeles, California and is the recipient of assets of the Receivership Entities as  
11 described further herein. Sue Wang is JJ Sparkles' corporate secretary and Jianjun  
12 Wang is its president.

13          11.    On information and belief, Yuanhao, Inc. ("Yuanhao") is a California  
14 corporation located and has its principal place of business in Los Angeles,  
15 California and is the recipient of assets of the Receivership Entities as described  
16 further herein. Huajian Wu is the CEO of Yuanhao.

17          12.    On information and belief, Saza Investment LLC ("Saza Investment")  
18 is a California limited liability company located and has its principal place of  
19 business in Los Angeles, California and is the recipient of assets of the Receivership  
20 Entities as described further herein. Sue Wang is a member of Saza Investment.

21          13.    On information and belief, Genergeia Inc. ("Genergeia") is a California  
22 corporation located and has its principal place of business in Los Angeles,  
23 California and is the recipient of assets of the Receivership Entities as described  
24 further herein.

25          14.    Defendants Sue Wang, Jianjun Wang, Xiaomei Deng, Huajian Wu,  
26 MaNa Fashion, JJ Sparkles, Yuanhao, Saza Investment and Genergeia are  
27 collectively referred to herein as "Defendants."  
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1 remaining funds derived from these investments were used to purchase real property  
2 in the United States, play the stock market and make other speculative investments.

3 18. On March 27, 2014, the Commission initiated the Enforcement Action  
4 against the Receivership Entities, Ming Xu and others, alleging violations of federal  
5 securities laws. The Commission petitioned for the Receiver's appointment, which  
6 was ordered on a temporary basis on March 27, 2014. The Receiver was then  
7 appointed on a permanent basis on April 10, 2014. ToPacific Inc. and  
8 To Pacific Inc. were added as Relief Defendants to the Enforcement Action on  
9 May 7, 2014, and confirmed to be part of the receivership on May 21, 2014.

10 19. Since the filing of the Enforcement Action, Ming Xu has entered a  
11 general appearance, consented to this Court's jurisdiction over him and the subject  
12 matter of the Enforcement Action, and consented to the entry of judgment which  
13 was entered on July 30, 2014.

14 **II. The Receiver's Authority and Investigation Pursuant to Her**  
15 **Appointment**

16 20. Pursuant to the terms of her appointment, the Receiver is vested with  
17 exclusive authority and control over the assets of the Receivership Entities.  
18 Specifically, Article XII of the Preliminary Injunction and Article VIII of the Freeze  
19 Order vests the Receiver with the "full powers of an equity receiver, including, but  
20 not limited to . . . *full power to sue* . . . and take into possession all [receivership]  
21 property" (emphasis added).

22 21. The Receiver's investigation to date, including the results of her  
23 forensic accounting filed in the Enforcement Action on February 27, 2015, supports  
24 and confirms the Commissions allegations in the Enforcement Action, including  
25 that:

- 26 • The Receivership Entities' primary source of income was investor  
27 deposits, which was also the primary source of virtually all funds  
28 distributed to the investors;

- 1 • The vast majority of the Receivership Entities' business activities
- 2 revolved around raising and distributing investor funds;
- 3 • Investor funds were so materially commingled between and among the
- 4 Receivership Entities that the entities operated as a unitary enterprise,
- 5 rather than as separate entities.

6 22. In addition, the Receiver's ongoing investigation and forensic  
7 accounting reveals the Receivership Entities, including WCM777 Ltd.  
8 ("WCM777 Ltd.") and ToPacific, Inc. ("ToPacific") were used to receive funds  
9 raised from investors in the scheme and did not generate any material revenue other  
10 than funds received from investors.

11 23. Of the funds raised through the scheme, significant sums were  
12 transferred from accounts held in the name of WCM777 Ltd. to various foreign bank  
13 accounts at HSBC in Hong Kong, and a portion of these funds were later redirected  
14 to Defendants' accounts held domestically in the U.S. Similarly, funds from  
15 accounts held by ToPacific were also transferred to Defendants through a series of  
16 transfers as described below.

17 **III. Defendants Collectively Received Over \$2.5 Million of Receivership**  
18 **Entity Funds, of Which \$1,415,035 Remains Outstanding**

19 **A. Transfers of Receivership Entity Funds to Defendants**

20 24. From December 2013 until the Enforcement Action was filed,  
21 Defendants collectively received approximately \$2,559,950 in Receivership Entity  
22 funds through a series of direct and indirect transfers as detailed below.

23 25. From January 1, 2013, through March 27, 2014, more than \$29 million  
24 of Receivership Entity funds held by WCM777 Ltd. were transferred to various  
25 HSBC accounts in Hong Kong. These accounts include an HSBC account held in  
26 the name of World Capital Market with the account number of 817-697816-838  
27 ("WCM-HSBC Account") and an HSBC account held in the name of Suozhong Xu  
28 bearing the account number 619-010028-53 ("SuoZong Xu Account").

1           26.    On or about December 9, 2013, JJ Sparkles received \$125,975 of  
2 investor funds through a wire transfer from the SuoZong Xu Account. Shortly  
3 thereafter, on December 24, 2013, another \$225,975 of investor funds was wired to  
4 Saza Investment from the WCM-HSBC Account.

5           27.    In addition, on February 28, 2014, \$1 million in investor funds was  
6 transferred from ToPacific to MaNa Fashion, \$500,000 in investor funds was  
7 transferred from ToPacific to JJ Sparkles, and \$500,000 in investor funds was  
8 transferred from ToPacific to Yuanhao; all transfers were made via check. The  
9 MaNa Fashion check cleared ToPacific's account on February 28, 2014, and the  
10 JJ Sparkles and Yuanhao checks cleared ToPacific's account on March 3, 2014. On  
11 March 1, 2014, a transfer in the amount of \$200,000 from ToPacific to Genergeia  
12 was made via check; this check cleared ToPacific's account on March 4, 2014.

13           28.    On or about March 8, 2014, defendant Sue Wang received an additional  
14 \$8,000 in investor funds from SLDAI Huafeng Group, Inc. through two checks in  
15 the amounts of \$4,000 each from SLDAI Huafeng Group, Inc.'s own account and a  
16 separate related company account.<sup>1</sup>

17           29.    This above-described series of transfers of investor funds to Defendants  
18 is summarized as follows:  
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26 <sup>1</sup> SLDAI Huafeng Group, Inc. received a total of \$500,000 from ToPacific via  
27 check on February 25, 2014 (which cleared ToPacific's account on February 27,  
28 2014), as a purported investment made by the Receivership Entities. The  
Receiver is continuing her investigation into the funds transferred to SLDAI  
Huafeng Group, Inc. and will seek leave to add this company as a defendant or  
authority to file an independent action for disgorgement if the results of her  
investigation support such claims.



<u>Transfer or Check Clearing Date:</u>	<u>Recipient:</u>	<u>Amount:</u>	<u>Source:</u>
December 9, 2013	JJ Sparkles	\$125,975	WCM777 Ltd. <sup>2</sup>
December 24, 2013	Saza Investment	\$225,975	WCM777 Ltd. <sup>3</sup>
February 28, 2014	MaNa Fashion	\$1,000,000	ToPacific
March 3, 2014	JJ Sparkles	\$500,000	ToPacific
March 3, 2014	Yuanhao	\$500,000	ToPacific
March 3, 2014	Genergeia	\$200,000	ToPacific
March 8, 2014	Sue Wang	\$8,000	ToPacific
	<b>Total:</b>	<b>\$2,559,950</b>	

**B. Of the Funds Transferred to the Defendants, \$1,415,035 Remains Outstanding**

30. Pursuant to the Receiver's ongoing review of the Receivership Entities' available records, her continued investigation into their activities, and the results of her forensic accounting, which entailed analysis of 77 domestic and 23 foreign bank accounts, the Receiver has determined there was no reasonably equivalent value provided in exchange for the funds transferred to Defendants.

31. Moreover, as detailed below, these transfers to Defendants appear to have been carried out in a coordinated effort to siphon funds out of the Receivership Entities for Defendants' benefit prior to the filing of the Enforcement Action in March 2014.

32. Of the over \$2.5 million transferred to Defendants, approximately \$850,000 in cash has been returned. Specifically, on or around March 7, 2014,

<sup>2</sup> As described herein, the investor funds transferred on this date was first routed through HSBC accounts in Hong Kong that were funded with significant transfers from WCM777 Ltd.

<sup>3</sup> As described herein, the investor funds transferred on this date was first routed through HSBC accounts in Hong Kong that were funded with significant transfers from WCM777 Ltd.

1 \$450,000 was wired to ToPacific by JJ Sparkles, and on March 14, 2014, Yuanhao  
2 wired \$200,000 to ToPacific. Another \$200,000 was wired to ToPacific by Huajian  
3 Wu on March 19, 2014.

4 33. In addition to the funds directly returned to ToPacific by JJ Sparkles,  
5 Yuanhao and Huajian Wu, the Receiver obtained possession and control over  
6 various garments purportedly purchased by ToPacific in connection with the above-  
7 described transfer of \$1 million to MaNa Fashion. The Receiver applied for and  
8 obtained court-authorization in the Enforcement Action to sell the garments on  
9 November 6, 2014, and subsequently sold the garments for a net recovery  
10 of \$294,915.

11 34. Accordingly, of the over \$2.5 million of investor funds that was  
12 transferred to Defendants, \$1,415,035 remains outstanding for which no reasonably  
13 equivalent value was provided to the Receivership Entities in exchange.

14 **IV. Defendants Provided No Reasonably Equivalent Value in Exchange and**  
15 **Acted in Concert to Obtain the Funds for Sue Wang's Benefit**

16 **A. The \$1 Million Transferred to MaNa Fashion Provided No Value**  
17 **to the Receivership Entities**

18 35. As described above, ToPacific transferred \$1 million to MaNa Fashion  
19 on or around February 28, 2014. Early in her investigation, the Receiver asked  
20 Ming Xu about the transfer to MaNa Fashion, which he stated was for the purchase  
21 of various garments (described by Ming Xu as "products"). Ming Xu referenced an  
22 invoice purporting to show ToPacific purchased \$1,000,286 worth of garments from  
23 MaNa Fashion. The invoice listed Sue Wang as the representative of MaNa  
24 Fashion. Ming Xu did not disclose that Sue Wang was his sister.

25 36. After further research, correspondence and inquiries, the Receiver  
26 learned in September 2014 that Sue Wang is Ming Xu's sister. The Receiver also  
27 learned that although the garments had been purportedly sold to ToPacific, Sue  
28 Wang was the only individual who knew where the garments were stored and had

1 access to the garments. Per bank records and other information subsequently  
2 provided by Sue Wang, it became clear the \$1 million transferred from ToPacific  
3 funded the entirety of MaNa Fashion's bank account at JPMorgan Chase, which  
4 contained exactly zero dollars prior to the transfer.

5 37. On or around October 13, 2014, the Receiver met with Sue Wang and  
6 her counsel for an inspection of the garments. Sue Wang agreed to turn over the  
7 garments to the Receiver so they could be sold. The Receiver subsequently applied  
8 for authority in the Enforcement Action to sell the garments, which was granted on  
9 November 6, 2014, and subsequently sold the garments for a net recovery of  
10 \$294,915.

11 38. Based on the nature and timing of the purported sale of the garments  
12 from MaNa Fashion (which occurred on February 28, 2014, less than a month  
13 before the filing of the Enforcement Action), the fact that the garments purportedly  
14 sold never left Sue Wang's control, the fact that none of \$1 million was actually  
15 used by MaNa Fashion to purchase garments, and the subsequent transfer of  
16 \$730,000 to Ming Xu and Sue Wang's mother, Xiaomei Deng, to fund the purchase  
17 of real property (as explained in more detail below), the purported garment sale was  
18 a sham and provided no value to the Receivership Entities.

19 **B. The Remaining Transfers to Defendants Similarly Provided No**  
20 **Value in Exchange**

21 39. Likewise, there was no value received in exchange for the remaining  
22 transfers to JJ Sparkles, YuanHao, Saza Investment, Genergeia and Sue Wang  
23 herself (as reflected in the table above).

24 40. When the Receiver first identified the two \$500,000 transfers which  
25 cleared the ToPacific account on March 3, 2014, to JJ Sparkles and Yuanhao early  
26 in her appointment, there appeared to be no documents in the Receivership Entities'  
27 files to explain the nature or purpose of these transfers.

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1 41. There did, however, exist separate documents which purported to show  
2 a March 6, 2014 bill of sale, signed by Ming Xu on ToPacific's behalf, for the sale  
3 of \$450,000 worth of antique Chinese furniture to JJ Sparkles. The bill of sale was  
4 signed by Jianjun Wang on behalf of JJ Sparkles.

5 42. The Receiver conferred with Ming Xu about this transaction, and Ming  
6 Xu stated that this was for sale of certain furniture items.

7 43. Through her investigation, the Receiver was able to recover the  
8 furniture (and other artwork items) but a subsequent appraisal indicated it was worth  
9 no more than \$10,000.

10 44. In similar fashion, the Receivership Entities received no value in  
11 exchange for the remaining transfers identified above, including the December 9,  
12 2013 wire to JJ Sparkles of \$125,975, the December 24, 2013 wire to Saza  
13 Investment of \$225,975, the March 4, 2014 payment (via check) to Genergeia of  
14 \$200,000, and the two \$4,000 payments to Sue Wang.

15 45. In particular, there are no documents in the Receivership Entities'  
16 records to indicate the existence of any legitimate transaction underlying these  
17 transfers. The Receiver issued a subpoena to Sue Wang in the Enforcement Action,  
18 of which she acknowledged receiving service. As discussed below, Sue Wang has  
19 control over all of the entity defendants, authority and access to their funds, and  
20 orchestrated subsequent disbursements of these funds for her own benefit. Yet, she  
21 has failed to articulate any legitimate reasons for these transfers, produce any  
22 documents tending to show they are legitimate transfers, or demonstrate any value  
23 provided in exchange to the Receivership Entities.

24 **C. Of the Funds Transferred to MaNa Fashion, \$730,000 was Used to**  
25 **Purchase Real Property in Sue Wang's Mother's Name**

26 46. Of the \$1 million transferred to MaNa Fashion, \$730,000 was  
27 subsequently transferred to Xiaomei Deng, the mother of Ming Xu and Sue Wang,  
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1 to fund the purchase of real property located at 6812 Sultana Avenue, San Gabriel,  
2 California 91775 ("Sultana Property").

3 47. In particular, on March 13, 2014, shortly after receiving the \$1 million  
4 wire transfer from ToPacific, MaNa Fashion attempted to wire \$730,000 directly to  
5 Olympus Escrow Corporation ("Escrow") to fund the purchase of the Sultana  
6 Property. This wire was rejected by Escrow because the transferor of the funds,  
7 MaNa Fashion, did not match the name of the buyer, Xiaomei Deng.

8 48. The next day, on March 14, 2014, MaNa Fashion wired the \$730,000 to  
9 Xiaomei Deng's East West Bank account instead. On the same day, Xiaomei Deng  
10 transferred \$700,000 to Escrow from her East West Bank account toward the  
11 \$730,000 purchase price of the Property. Xiaomei Deng also paid Escrow an  
12 additional \$25,000 by check on the same day, and later wired an additional  
13 \$8,581.07 to Escrow on March 18, 2014, both from the same East West account, to  
14 cover the remainder of the purchase price and other costs associated with closing the  
15 sale.

16 49. Although the \$25,000 check paid to Escrow came from Xiaomei  
17 Deng's East West Bank account, it was signed by Sue Wang, further demonstrating  
18 that Sue Wang directed and coordinated the purchase of the Sultana Property.

19 50. Xiaomei Deng's East West account statements show this account  
20 contained only approximately \$1,000 in the beginning of March 2014 and was  
21 drained of its funds following these transactions, leaving an ending balance on  
22 March 31, 2014 of approximately \$676. As shown on these statements, all other  
23 deposits during this period totaled approximately \$40,000. Thus, the vast majority,  
24 if not all of the funds used to purchase the Sultana Property are directly traceable to  
25 the transfer of \$1 million from ToPacific to MaNa Fashion.

26 51. Following the purchase of the Property, escrow closed on March 21,  
27 2014, and a final settlement statement was issued, reflecting the above-described  
28 transfers and the final purchase price of \$730,000 - the exact amount transferred to

1 Xiaomei Deng by MaNa Fashion to fund the purchase of the Property. A grant deed  
2 was also issued transferring title to the Sultana Property to Xiaomei Deng.

3 52. Sue Wang did not disclose the Sultana Property to the Receiver either  
4 in response to the subpoena issued to Sue Wang in the Enforcement Action or in  
5 subsequent discussions, which related primarily to the garments.

6 53. Based on these facts, on December 12, 2014, the Receiver sought an  
7 order freezing the Sultana Property in the Enforcement Action while she further  
8 investigated claims against Defendants. The Court granted the application and  
9 issued an order freezing the Sultana Property on December 15, 2014.

10 **D. At least \$309,975 of the Funds Transferred Was Used to Purchase**  
11 **Other Property in Sue Wang's Name**

12 54. On February 5, 2014, Sue Wang purchased real property located at  
13 120 E. Main Street, San Gabriel, California ("E. Main Property"). The total  
14 purchase price was \$542,000 and was paid in all cash. At least \$309,975 of the  
15 funds used to purchase this property came from the Receivership Entities.  
16 Specifically, the entire \$225,975 transferred to Saza Investment and at least \$84,000  
17 of the \$125,975 transferred to JJ Sparkles, as identified in the table above, were used  
18 by Sue Wang for the purchase price of the E. Main Property, title to which was  
19 taken in Sue Wang's name.

20 55. Sue Wang did not disclose the E. Main Property to the Receiver either  
21 in response to the subpoena issued to Sue Wang in the Enforcement Action or in  
22 subsequent discussions, which related primarily to the garments. On December 31,  
23 2014, Sue Wang sold the E. Main Property to Erhua Chen and Jinxia Sun for  
24 \$500,000.

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1           **E. The Funds Transferred Were Also Used by Sue Wang to Pay Down**  
2           **an Outstanding Line of Credit Owed by Sue Wang and to Fund**  
3           **Ming Xu's Defense in the Enforcement Action**

4           56. Pursuant to other records recovered through the Receiver's  
5 investigation, a portion of the funds transferred to Defendants was also used by Sue  
6 Wang to pay down the outstanding balance on a line of credit she owed on real  
7 property located at 4026 Virginia Avenue, Baldwin Park, California 91706  
8 ("Virginia Ave. Property"), and to fund Ming Xu's defense in the Enforcement  
9 Action.

10          57. Specifically, the records show that on or around May 16, 2013, Sue  
11 Wang drew \$109,000 on a line of credit secured by the Virginia Ave. Property  
12 ("Line of Credit"). This money was deposited into Sue Wang's East West Bank  
13 account and subsequently used by Sue Wang to fund the purchase of real property  
14 located at 9831 Brockway Street, El Monte, California ("Brockway Property").

15          58. The Line of Credit was then paid in full on April 30, 2014, through a  
16 check issued by Sue Wang on her East West Bank account, using investor funds  
17 obtained through a series of coordinated transfers between Sue Wang, her mother  
18 Xiaomei Deng, and Huajian Wu. On June 4, 2014, a second transfer of \$10,000 was  
19 used to pay down the Line of Credit again after Sue Wang had drawn further funds.  
20 Accordingly, a total of \$119,000 of investor funds were used to pay down the Line  
21 of Credit obtained by Sue Wang secured by the Virginia Ave. Property, at least  
22 \$109,000 of which were used to purchase the Brockway Property.

23          59. Similarly, on April 8, 2014, Sue Wang used investor funds transferred  
24 to her East West Bank account to wire \$150,000 to The Volkov Group, the defense  
25 firm first engaged by Ming Xu to represent him in the Enforcement Action, and to  
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1 wire an additional \$200,000 to the Bank of China to an individual named Xu Guo  
2 Jun.<sup>4</sup>

3 **V. The Entity Defendants are Mere Alter Egos of Sue Wang**

4 60. As described above, Defendants acted in concert to funnel investor  
5 money out of the Receivership Entities through entities they control for the purchase  
6 of real estate and other assets held in their names and to benefit Sue Wang or her  
7 immediate family members. Sue Wang, Jianjun Wang and Xiaomei Deng have  
8 either been confirmed to be, or the facts indicate they very likely are, immediate  
9 family members of Ming Xu. The transfers from the Receivership Entities to  
10 Defendants all occurred at a time when the Commission and multiple state  
11 regulatory authorities had initiated investigations and/or issued orders against the  
12 Receivership Entities. The majority of the funds transferred to Defendants were  
13 transferred within 30 days of the Commission commencing the Enforcement Action.

14 61. The bank records which support the facts described herein reflect a  
15 series of rapid transfers between and among Defendants once the funds were  
16 received from the Receivership Entities. The records further indicate many of these  
17 accounts were either opened specifically to receive Receivership Entity funds or  
18 were closed shortly after they were drained of such funds.

19 62. As the records show, the entity Defendants were used by Sue Wang, in  
20 concert with the other individual Defendants, as mere shells or conduits to funnel  
21 investor monies out of the Receivership Entities to fund the purchase of real  
22 property (including the Sultana and E. Main Properties), the pay down of Sue  
23 Wang's outstanding obligations (including the Line of Credit secured by the Virginia  
24 Ave. Property, \$109,000 of which was used to purchase the Brockway Property),  
25 and the defense of her brother, Ming Xu, in the Enforcement Action. Sue Wang

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<sup>4</sup> The Receiver is in discussions with the Volkov Group regarding these transfers and is continuing to investigate the identification of Xu Guo Jun, although it is suspected that this may be another relative of Ming Xu and Sue Wang.



1 exercised complete control over the entity Defendants and their bank accounts and  
2 freely transferred funds to and from their bank accounts to accomplish her personal  
3 objectives.

4 63. Sue Wang has completely disregarded any legal formalities or  
5 separation of the entity Defendants, and thus there exists a sufficient unity of interest  
6 and ownership such that the separate personalities of the entity Defendants and Sue  
7 Wang do not truly exist.

8 64. Accordingly, there should be no distinction drawn between the funds  
9 transferred to the entity Defendants and the funds transferred to Sue Wang as the  
10 entity Defendants were used as mere alter egos of Sue Wang to accomplish a  
11 common improper objective.

12 65. It would thus be inequitable to recognize these entity Defendants'  
13 corporate form separate and apart from Sue Wang in issuing a judgment for  
14 disgorgement. To find otherwise would be to sanction a fraud or promote injustice.

15 66. Further, as described above, Jianjun Wang, Xiaomei Deng and Huajian  
16 Wu each acted in unity and concert with Sue Wang and cooperated and assisted her  
17 in diverting Receivership Entities' funds for her own use and personal benefit.  
18 These individual Defendants should thus be held jointly and severally liable with  
19 Sue Wang for disgorgement of the fraudulently transferred funds.

20 **COUNT I – FRAUDULENT TRANSFER**

21 **(As Against All Defendants)**

22 67. The Receiver incorporates herein each and every allegation contained  
23 in Paragraphs 1 through 66, inclusive, hereinabove set forth.

24 68. Defendants, collectively, received a total of at least \$2,559,950 in  
25 receivership funds transferred from WCM777 Ltd. or ToPacific. These transfers  
26 were made by the Receivership Entities and Ming Xu with the intent to hinder,  
27 delay, or defraud creditors, and were made from the proceeds of a Ponzi-scheme  
28 generated from investors in the scheme.



1 77. Defendants did not accept the funds in good faith and the Receivership  
2 Entities received no equivalent value or consideration in exchange therefore.

3 78. Of the \$2,559,950 transferred to Defendants, \$1,415,035 remains  
4 outstanding.

5 79. Defendants have thus been unjustly enriched in the amount of  
6 \$1,415,035, which amount is subject to immediate disgorgement to the Receiver.

7 **COUNT III – CONSTRUCTIVE TRUST**

8 **(As Against All Defendants)**

9 80. The Receiver incorporates herein each and every allegation contained  
10 in Paragraphs 1 through 79, inclusive, hereinabove set forth.

11 81. Defendants have been unjustly enriched in the amount of \$1,415,035 as  
12 a result of its receipt of transfers of at least \$2,559,950 from WCM777 Ltd. and  
13 ToPacific. Such transfers were made from proceeds of a Ponzi-scheme which were  
14 generated from investors in the scheme.

15 82. Because Defendants have been unjustly enriched in the amount of  
16 \$1,415,035, they hold that amount in constructive trust for the Receivership Entities.

17 83. The Receiver is therefore entitled to a judgment of \$1,415,035 against  
18 Defendants.

19 **PRAYER FOR RELIEF**

20 WHEREFORE, the Receiver prays for judgment against Defendants as  
21 follows:

22 **On Count I:**

23 (a) For a judgment against Defendants, jointly and severally, avoiding the  
24 transfer of all funds they received from the Receivership Entities, in an amount of at  
25 least \$1,415,035, which amount may be amended based on proof at trial; and

26 (b) For an order directing Defendants to immediately pay to the Receiver  
27 the amount of all funds they received from the Receivership Entities, in an amount  
28 of at least \$1,415,035, according to proof, plus prejudgment interest and costs; and

1 (c) For such other and further relief as the Court may deem proper.

2 **On Count II:**

3 (a) For a judgment against Defendants, jointly and severally, for all funds  
4 they received from the Receivership Entities, in an amount of at least \$1,415,035,  
5 which amount may be amended based on proof at trial; and

6 (b) For an order directing Defendants to immediately pay to the Receiver  
7 the amount of all funds they received from the Receivership Entities, in an amount  
8 of at least \$1,415,035, according to proof, plus prejudgment interest and costs; and

9 (c) For such other and further relief as the Court may deem proper.

10 **On Count III:**

11 (a) For a judgment against Defendants, jointly and severally, for all funds  
12 they received from the Receivership Entities, in an amount of at least \$1,415,035,  
13 which amount may be amended based on proof at trial; and

14 (b) For an order declaring Defendants to be holding an amount of at least  
15 \$1,415,035, according to proof, plus prejudgment interest and costs, in constructive  
16 trust for the Receivership Entities; and

17 (c) For such other and further relief as the Court may deem proper.

18  
19 Dated: March 23, 2015

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20  
21 By:           /s/ Ted Fates          

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