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15 UNITED STATES DISTRICT COURT
16 CENTRAL DISTRICT OF CALIFORNIA

17 WESTERN DIVISION

18 SECURITIES AND EXCHANGE
19 COMMISSION,

20 Plaintiff,

21 v.

22 WORLD CAPITAL MARKET INC.;
23 WCM777 INC.; WCM777 LTD. d/b/a
24 WCM777 ENTERPRISES, INC.; and
25 MING XU a/k/a PHIL MING XU,

26 Defendants,

27 KINGDOM CAPITAL MARKET, LLC;
28 MANNA HOLDING GROUP, LLC;
MANNA SOURCE INTERNATIONAL,
INC.; WCM RESOURCES, INC.;
AEON OPERATING, INC.; PMX
JEWELS, LTD.; TOPACIFIC INC.;
TO PACIFIC INC.; VINCENT J.
MESSINA; and INTERNATIONAL
MARKET VENTURES,

Relief Defendants.

Case No. CV-14-2334-JFW-MRW

DECLARATION OF KRISTA L.
FREITAG IN SUPPORT OF EX PARTE
APPLICATION FOR ORDER
AUTHORIZING SALE OF
ADDITIONAL PERSONAL
PROPERTY (MANA FASHION
GARMENTS)

Ctrm: 16
Judge: Hon. John F. Walter

1 I, Krista L. Freitag, declare:

2 1. I am the permanent receiver for Defendants World Capital Market Inc.,
3 WCM777 Inc., and WCM777 Ltd. d/b/a WCM777 Enterprises, Inc., Relief
4 Defendants Kingdom Capital Market, LLC; Manna Holding Group, LLC; Manna
5 Source International, Inc.; WCM Resources, Inc.; ToPacific Inc.; To_Pacific Inc.;
6 and their subsidiaries and affiliates (collectively, "Receivership Entities").

7 2. This declaration is made in support of my Ex Parte Application for
8 Order Authorizing the Sale of Additional Personal Property ("Application"). I have
9 personal knowledge of the facts set forth herein and, if called as a witness, could and
10 would testify to such facts under oath.

11 3. As was previously reported in my Second Interim Report to this Court,
12 through the ToPacific entities, approximately \$1,000,000 was transferred to MaNa
13 Fashion, an entity owned by Sue Wang, purportedly to purchase various articles of
14 apparel, including jeans, shorts, pants and leggings (the "Garments"). During my
15 initial investigation, my counsel and I attempted to contact Ms. Wang and serve
16 subpoenas upon her and her related companies, including leaving multiple messages
17 with her purported employees and attempting service of subpoenas over a number of
18 days. I received no response to these attempts to contact Ms. Wang and her
19 companies.

20 4. I later located information on Ms. Wang's accountant, Dong &
21 Associates, CPA, and, through counsel, served the accountant with a subpoena for
22 records. The accountant eventually provided an e-mail address for Ms. Wang and
23 my counsel e-mailed a copy of the subpoena to Ms. Wang and a demand for
24 information. Ms. Wang finally acknowledged my attempts to contact her on May
25 23, 2014, and thereafter engaged counsel to respond to the subpoenas. After some
26 further delay and requests for extensions of time to respond, Ms. Wang produced
27 limited documents on July 18, 2014, but upon further requests, failed to respond for
28 a significant period of time.

1 5. Based on my investigation, MaNa Fashion is related to/affiliated with
2 JJ Sparkles, Inc. and Yuanhao, Inc. who had also received transfers of \$500,000
3 each from the Receivership Entities. Per these entities' public registration
4 statements filed with the California Secretary of State, Sue Wang (who is named as
5 a salesperson for MaNa Fashion) is the named agent for service of process for both
6 MaNa Fashion and JJ Sparkles, and Yuanhao's registered business address matches
7 that of JJ Sparkles. I am continuing my investigation into the remaining funds
8 disbursed to the other entities and will pursue these matters as appropriate.

9 6. I have also recently learned that Ms. Wang is the sister of the principal
10 defendant in this action, Ming Xu. When I previously inquired about the transfers to
11 MaNa Fashion with Ming Xu, he did not disclose that Ms. Wang was his sister.
12 Thus, I was not aware of such a relationship until Ms. Wang disclosed the
13 relationship through her counsel.

14 7. Based on the documents obtained and subsequent discussions with Ms.
15 Wang and her counsel, I have confirmed that the \$1,000,000 was paid by the
16 Receivership Entities in exchange for the Garments. The Garments are currently
17 stored in a secure and independent storage facility accessible by Ms. Wang, who has
18 agreed that I may sell and remove the Garments.

19 8. I recently visited the storage facility to evaluate the marketability and
20 current condition of the Garments. My visit revealed that the Garments are mostly
21 stored in disorganized fashion, with many of the articles of apparel stuffed in large
22 plastic bags and boxes with limited recognizable form of organization either by
23 style, size or other methods generally acceptable in the industry. As a whole, the
24 Garments consist of approximately 100,000 individual, non-branded articles of
25 apparel of mixed sizes and styles, most of which appear to have been designed (and
26 purchased by Ms. Wang) for previous seasons. Based on my knowledge and
27 experience in the garment industry, such non-branded apparel with inconsistent
28 sizes and styles have limited value and are more readily suitable to bulk-sales to

1 apparel wholesalers at discounted rates. I believe that a sale of the Garments, if
2 attainable, may yield between \$100,000 and \$250,000 through a bulk sale.

3 9. Prior to the filing of this Application, I considered an offer a possible
4 sale to a potential buyer who was introduced to me by Ms. Wang. This buyers was
5 based in Puerto Rico, and after some negotiation, ultimately was not able to present
6 a viable offer to purchase. At this time, given the impending holiday-season, I
7 believe that a prompt sale of the Garments will maximize the potential recovery for
8 the receivership estate.

9 10. In addition, based on the nature and condition of the Garments, I
10 believe that the requirements for conducting three independent appraisals and
11 separate publication of notices for sale impose a considerable financial burden on
12 the receivership estate with no corresponding benefit given the limited value and age
13 of the Garments. In any event, I will utilize my experience in negotiating sales of
14 personal property out of receiverships to obtain the highest and best value for the
15 Garments.

16 11. Based on the above, I respectfully request this Court enter an Order
17 authorizing me to take all necessary steps to effectuate a prompt sale of the
18 Garments out of receivership.

19
20 I declare under penalty of perjury under the laws of the State of California
21 that the foregoing is true and correct.

22 Executed this 5th day of November, 2014, at Los Angeles County, California.

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25 KRISTA L. FREITAG
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