

Opaque Chinese Entities Acquisition of The Chicago Stock Exchange China Casin's Misrepresentations to the SEC, the Public, and CHX Shareholders

BACKGROUND: China ChongQing Casin Enterprise Group Co., Ltd ("Casin"), through a wholly owned subsidiary North American Casin Holdings, Inc ("NA Casin") is the proposed acquirer of the Chicago Stock Exchange ("CHX"), subject to SEC approval or disapproval by August 9th. Casin has made material misrepresentations to the SEC and CHX's shareholders:

- **NO MONEY FOR THE ACQUISITION** - NA Casin has told the SEC and CHX that Casin and its various U.S. empty shell companies have \$25 million in cash.¹

The Truth: Casin's so-called "unrelated" investor groups are headquartered in either empty houses or low-priced apartments in New York's Flushing, Queens Chinatown neighborhood. No "investor group" has filed with the Chinese government (State Administration of Foreign Exchange), as required under Chinese law, seeking approval to send \$25 million cash out of China. The process can take up to 1 year before being rejected or approved.^{2 3}

- **CLOSE FAMILY MEMBERS DISGUISED TO MISLEAD SEC** - NA Casin told the SEC that Chongqing Jintian Industrial Co, Ltd ("Chongqing Jintian") would own 15% of CHX, and that Jintian's owner has no relationship with Jay Lu or Casin.⁴

The Truth: The owner of Chongqing Jintian is "Xiang," Jay Lu's uncle and a close family friend.⁵

- **TERMINATION FEE TO CHX** - Casin has promised to pay CHX a \$1.3 million termination fee should the SEC not approve the acquisition by August.

The Truth: Casin has not filed any application with the Chinese government (State administration of Foreign Exchange), as required under Chinese law, to apply for U.S. dollars. The process can take up to 1 year before being rejected or approved.⁶

- **MISLEADING GHOSTWRITTEN LETTERS BY NA CASIN CEO** - NA Casin told the SEC that Yong Xiao is the Chief Executive Officer of NA Casin and Xiao is fluent in English.⁷

¹ North American Casin comment letter submitted to the SEC: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1606533-135666.pdf>

² China State Administration of Foreign Exchange: <http://www.safe.gov.cn/wps/portal/english/Home>

³ Reuters: China's New Rules on Yuan Transfer: <http://www.reuters.com/article/us-china-yuan-idUSKBN14M032>

⁴ NA Casin comment letter to the SEC: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1606533-135666.pdf>

⁵ Jay Lu's powerpoint presentation discovered online (Page : <https://prezi.com/r-wqzzw4apry/rising-to-the-challenge/?webgl=0>)

⁶ Allen & Overy: China's New Restrictions on Outbound Investments: <http://www.allenoverly.com/publications/en-gb/Pages/Chinas-new-restrictions-on-outbound-investments-and-remittance.aspx>

⁷ North American Casin comment letter submitted to the SEC: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1606533-135666.pdf>

The Truth: Xiao is the head of Beijing Casin Investment Holding, a Chinese national who speaks no English. The perfectly written SEC letter bearing his name was written by Casin's lawyers.^{8,9}

- **FABRICATED ACADEMIC CREDENTIALS** - NA Casin stated in its filing to the SEC that Jay Lu, the owner of NA Casin is a college student at Johns Hopkins University.¹⁰

The Truth: Jay Lu is a student of Pasadena City College, not Johns Hopkins.¹¹ (Exhibit).

- **MORE MULTI-MILLION DOLLAR FOREIGN FRAUD IN CHICAGO?** - The various misrepresentations and maneuvers by Casin bear striking similarity to a recent EB-5 Investor Visa fraud where \$200 million was misappropriated by a developer in Chicago - landing him in prison.¹² (Exhibit).
- **POTENTIAL INSIDER TRADING ON CHX BOARD** – Anthony Saliba, a recent CHX board member structured a highly controversial "PUT" derivative instrument with Casin to skirt SEC regulations. While serving as a CHX board member, Saliba quietly acquired CHX stock at \$1 per share which would earn him a 1400% return on his money if the Casin deal is approved. Saliba's potential insider trading was not disclosed to the SEC or the public.¹³ It appears that Saliba is the architect of the Casin move to acquire CHX. He is a real estate developer and one of the many places he does business is China.

⁸ Jay Lu's powerpoint presentation discovered online: <https://prezi.com/r-wqzzw4apry/rising-to-the-challenge/?webgl=0>

⁹ North American Casin comment letter submitted to the SEC: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1606533-135666.pdf>

¹⁰ North American Casin comment letter submitted to the SEC: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1606533-135666.pdf>

¹¹ Jay Lu's powerpoint presentation discovered online: <https://prezi.com/r-wqzzw4apry/rising-to-the-challenge/?webgl=0>

¹² Crain's Chicago Business: Hotel developer gets three-year sentence in visa fraud case: <http://www.chicagobusiness.com/realestate/20170221/cred03/170229978/hotel-developer-gets-three-year-sentence-in-visa-fraud-case>

¹³ SEC comment letter: Conflict Inside CHX, Anthony Saliba Voting Collusion: <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1587761-132084.pdf>