

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,**

Plaintiff,

v.

**CHINA HOLDINGS, INC., AND
JULIANNA LU (a.k.a. JENNY XUEJIAN
LU),**

Defendants.

Civil Action No. 09-2045 (JDB)

DEFAULT JUDGMENT

Upon consideration of [12] the SEC's motion for default judgment against defendants China Holdings, Inc. ("China Holdings") and Julianna Lu, and the entire record herein, it is hereby **ORDERED** that:

1. The SEC's motion for default judgment is **GRANTED**.
2. Pursuant to 15 U.S.C. § 78u(d)(1), China Holdings and Lu are permanently restrained and enjoined from violating Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, by using any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange, directly or indirectly:
 - (a) to employ any device, scheme, or artifice to defraud;
 - (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light

of the circumstances under which they were made, not misleading; or

- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

in connection with the purchase or sale of any security.

3. Pursuant to 15 U.S.C. § 78u(d)(3)(B)(ii), 17 C.F.R. § 201.1003, and 17 C.F.R. § 201.1004, China Holdings and Lu are liable for total civil penalties in the amount of \$700,000 and \$140,000, respectively, computed as follows:

- (a) China Holdings is liable for the maximum civil penalty for fraud committed by a non-natural person in the amount of \$375,000 for the misrepresentations made in connection with the company's April 15, 2008 Form 10-KSB and its amendments, and the company's March 31, 2009 Form 10-K and its amendments. For purposes of computing this penalty, the statements made in these filings were treated as a single violation (since they involved the same misrepresentations) and April 17, 2009 was treated as the date of the violation (since the last Form 10-K/A at issue was filed on that date).
- (b) China Holdings is liable for the maximum civil penalty for fraud committed by a non-natural person in the amount of \$325,000 for the misrepresentations made in the company's April 23, 2008 Form 8-K and its amendments.
- (c) Lu is liable for the maximum civil penalty for fraud committed by a natural person in the amount of \$75,000 for the misrepresentations made in connection with China Holdings' April 15, 2008 Form 10-KSB and its

amendments, and China Holdings' March 31, 2009 Form 10-K and its amendments. For purposes of computing this penalty, the statements made in these filings were treated as a single violation (since they involved the same misrepresentations) and April 17, 2009 was treated as the date of the violation (since the last Form 10-K/A at issue was filed on that date).

- (d) Lu is liable for the maximum civil penalty for fraud committed by a natural person in the amount of \$65,000 for the misrepresentations made in China Holdings' April 23, 2008 Form 8-K and its amendments.

China Holdings and Lu shall satisfy this obligation by paying \$700,000 and \$140,000, respectively, within ten (10) business days after entry of this Final Judgment to the Clerk of this Court, together with a cover letter identifying China Holdings and Lu as defendants in this action, setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. China Holdings and Lu shall simultaneously transmit photocopies of such payments and letter to Vincente L. Martinez, Assistant Director, Office of Market Intelligence, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5631. By making these payments, China Holdings and Lu relinquish all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to China Holdings and Lu. China Holdings and Lu shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

4. Pursuant to 15 U.S.C. § 78u(d)(2), Lu is permanently prohibited from serving as an officer or director of any issuer that has a class of securities registered pursuant

to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

5. It is further **ORDERED** that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

SO ORDERED.

/s/ John D. Bates
JOHN D. BATES
United States District Judge

Date: September 24, 2010