

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,

Plaintiff,

vs.

CHINA INTELLIGENT LIGHTING AND  
ELECTRONICS, INC., et al,

Defendants.

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Case No. 13-cv-5079 (JMF)

~~PROPOSED~~ **FINAL JUDGMENT AS TO  
DEFENDANTS XUEMEI LI AND TIANFU LI**

THIS CAUSE comes before the Court on consideration of Plaintiff United States Securities and Exchange Commission’s Application for an Order to Show Cause Why Default Judgments Should Not Be Entered Against Defendants Xuemei Li and Tianfu Li (“Defendants”) pursuant to Rule 55(b)(2) of the Federal Rules of Civil Procedure. The Clerk entered a Certificate of Default against Defendants Xuemei Li and Tianfu Li on March 20, 2014 [Docket No. 44]. After a careful review of the record and the Court being otherwise fully advised, it is:

**I.**

HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants’ agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the

Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (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.

## II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants’ agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
  - (b) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- or

- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

**III.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from aiding and abetting violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)].

**IV.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(5) of the Exchange Act [15 U.S.C. §78m(b)(5)] and Exchange Act Rules 13b2-1 and 13b2-2 [17 CFR §§ 240.13b2-1 and 240.13b2-2];

**V.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Exchange Act Rule 13a-14 [17 CFR § 240.13a-14];

**VI.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendants, their officers, agents, servants, employees, attorneys, assigns and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from aiding and abetting violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. §78m(b)(2)(A)] by failing to make and keep books, records, or accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the issuer's assets.

**VII.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendants, their officers, agents, servants, employees, attorneys, assigns and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from aiding and abetting violations of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. §78m(b)(2)(B)] by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the

existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

**VIII.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Xuemei Li is liable for disgorgement of \$7,689,693, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$912,752.25, for a total of \$8,602,445.25. Defendant Xuemei Li shall satisfy this obligation by paying \$8,602,445.25, with appropriate offsets for any amounts collected from CIL, to the Securities and Exchange Commission within 14 days after entry of this Final Judgment.

**IX.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Tianfu Li is liable for disgorgement of \$21,587,538, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$2,723,841.27, for a total of \$24,311,379.27. Defendant Tianfu Li shall satisfy this obligation by paying \$24,311,379.27, with appropriate offsets for any amounts collected from NIV, to the Securities and Exchange Commission within 14 days after entry of this Final Judgment.

**X.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Xuemei Li shall pay a civil penalty in the amount of \$3,150,000 to the Securities and Exchange Commission pursuant to Section 20(d) of the Securities Act of 1933 [15 U.S.C. § 77t(d)] and Section 21(d)(3)(A) of the Exchange Act [15 U.S.C. § 78u(d)(3)(A)]. Defendant Xuemei Li shall make this payment within 14 days after entry of this Final Judgment.

**XI.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Tianfu Li shall pay a civil penalty in the amount of \$3,150,000 to the Securities and Exchange Commission pursuant to Section 20(d) of the Securities Act of 1933 [15 U.S.C. § 77t(d)] and Section 21(d)(3)(A) of the Exchange Act [15 U.S.C. § 78u(d)(3)(A)]. Defendant Xuemei Li shall make this payment within 14 days after entry of this Final Judgment.

## XII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants may transmit disgorgement and civil money penalty payments electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendants may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center  
Accounts Receivable Branch  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; their name as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Defendants shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making the payments, Defendants relinquish all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendants.

The Commission shall hold the funds (collectively, the "Fund") and may propose a plan to distribute the Fund subject to the Court's approval. The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff determines that the Fund will not be distributed, the Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 14 days following entry of this Final Judgment. Defendants shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

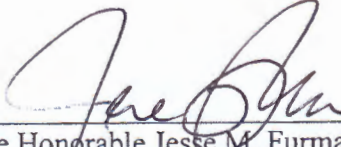
**XIII.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

**XIV.**

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: April 29, 2014

  
The Honorable Jesse M. Furman  
United States District Judge

*The Clerk of Court is directed to close this case.*