

1 JINA L. CHOI (N.Y. Bar No. 2699718)  
ERIN E. SCHNEIDER (Cal. Bar No. 216114)  
2 schneidere@sec.gov  
SUSAN F. LaMARCA (Cal. Bar No. 213251)  
3 lamarcas@sec.gov  
JESSICA W. CHAN (Cal. Bar No. 247669)  
4 chanjes@sec.gov

5 Attorneys for Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
6 44 Montgomery Street, Suite 2800  
San Francisco, CA 94104  
7 (415) 705-2500

8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN FRANCISCO DIVISION

11  
12 SECURITIES AND EXCHANGE COMMISSION,

Case No. 3:14-CV-04294-RS

13 Plaintiff,

14 v.

15 EADGEAR, INC., EADGEAR HOLDINGS  
LIMITED, CHARLES S. WANG, FRANCIS Y.  
16 YUEN, AND QIAN CATHY ZHANG,

~~PROPOSED~~ FINAL JUDGMENT AS TO  
DEFENDANT FRANCIS Y. YUEN AND  
RELIEF DEFENDANT LAURATA P. CHAN

17 Defendants,

18 LAURATA P. CHAN,

19 Relief Defendant.  
20  
21

22 The Securities and Exchange Commission having filed a Complaint, and Defendant Francis  
23 Y. Yuen and Relief Defendant Laurata P. Chan having each entered a general appearance; consented  
24 to the Court’s jurisdiction over Defendant and over Relief Defendant and over the subject matter of  
25 this action; consented to entry of this Final Judgment without admitting or denying the allegations of  
26 the Complaint (except as to jurisdiction and except as otherwise indicated herein in Paragraph X,  
27 below); waived findings of fact and conclusions of law; and waived any right to appeal from this  
28 Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Francis Y. Yuen is permanently restrained and enjoined from directly or indirectly, in the absence of any applicable exemption:

A. Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; or

B. Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the SEC as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. § 77h;

in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Francis Y. Yuen is permanently restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

A. Employing any device, scheme or artifice to defraud;

B. Obtaining 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

1 C. Engaging in any transaction, practice, or course of business which operates or  
2 would operate as a fraud or deceit upon the purchaser;  
3 in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
5 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual  
6 notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents,  
7 servants, employees, and attorneys; and (b) other persons in active concert or participation with  
8 Defendant or with anyone described in (a).

9 III.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Francis Y.  
11 Yuen is permanently restrained and enjoined from, directly or indirectly, in connection with the  
12 purchase or sale of any security, by the use of any means or instrumentality of interstate commerce,  
13 or of the mails, or of any facility of any national securities exchange:

14 A. Employing any device, scheme or artifice to defraud;

15 B. Making any untrue statement of a material fact or omitting to state a material  
16 fact necessary in order to make the statements made, in the light of the circumstances under  
17 which they were made, not misleading; or

18 C. Engaging in any act, practice, or course of business which operates or would  
19 operate as a fraud or deceit upon any person;  
20 in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17  
21 C.F.R. § 240.10b-5.

22 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
23 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual  
24 notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents,  
25 servants, employees, and attorneys; and (b) other persons in active concert or participation with  
26 Defendant or with anyone described in (a).

IV.

1  
2 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Francis Y.  
3 Yuen is permanently restrained and enjoined from, directly or indirectly participating in the issuance,  
4 offer, or sale of any security of any entity controlled by, or under joint control with any person named  
5 a defendant in this case, including but not limited to securities of eAdGear (or of eAdGear Holdings  
6 Limited or of eAdGear, Inc.), and in particular:

7 a. This prohibition includes but is not limited to the securities described as “business  
8 packages” or “memberships” marketed by Defendants or any of them, including through the websites  
9 found at: [www.eadgear.com](http://www.eadgear.com), [www.eadgear.net](http://www.eadgear.net), [www.winteam777.com](http://www.winteam777.com), and [www.winteam168.com](http://www.winteam168.com);

10 b. This prohibition includes but is not limited to the offer or sale of securities, and the  
11 acceptance of any money or anything of value by Defendants for such securities, through the websites  
12 (or through the instructions provided in the websites) found at: [www.eadgear.com](http://www.eadgear.com), [www.eadgear.net](http://www.eadgear.net),  
13 [www.winteam777.com](http://www.winteam777.com), and [www.winteam168.com](http://www.winteam168.com).

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
15 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual  
16 notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents,  
17 servants, employees, and attorneys; and (b) other persons in active concert or participation with  
18 Defendant or with anyone described in (a).

19 V.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Francis Y.  
21 Yuen is permanently restrained and enjoined from directly or indirectly soliciting any person or entity  
22 to purchase or sell any security.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
24 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual  
25 notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents,  
26 servants, employees, and attorneys; and (b) other persons in active concert or participation with  
27 Defendant or with anyone described in (a).

## VI.

1  
2 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section  
3 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2) and Section 20(e) of the Securities Act, 15  
4 U.S.C. § 77t(e), Defendant Francis Y. Yuen is permanently prohibited from acting as an officer or  
5 director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange  
6 Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act,  
7 15 U.S.C. § 78o(d).

## VII.

8  
9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Francis Y.  
10 Yuen and Relief Defendant Laurata P. Chan are jointly and severally liable for disgorgement of  
11 \$1,571,000, representing ill-gotten gains resulting from the conduct alleged in the Complaint,  
12 together with prejudgment interest thereon in the amount of \$48,000.

13 Defendant and Relief Defendant shall satisfy this obligation by paying \$1,619,000 to the  
14 Securities and Exchange Commission pursuant to the terms of the payment schedule set forth in  
15 paragraph VIII. of this Final Judgment. Any money paid by Defendant to satisfy the forfeiture order  
16 in *United States v. Francis Y. Yuen*, No. CR-14-0488-YGR (N.D. Cal.) shall be credited toward the  
17 total amount owed to the SEC under the terms of the accompanying Consent and this Final Judgment.

18 Defendant and Relief Defendant may transmit payment electronically to the Commission,  
19 which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be  
20 made directly from a bank account via Pay.gov through the SEC website at  
21 <http://www.sec.gov/about/offices/ofm.htm>. Defendant and Relief Defendant may also pay by  
22 certified check, bank cashier's check, or United States postal money order payable to the Securities  
23 and Exchange Commission, which shall be delivered or mailed to

24 Enterprise Services Center  
25 Accounts Receivable Branch  
26 6500 South MacArthur Boulevard  
27 Oklahoma City, OK 73169  
28

1 and shall be accompanied by a letter identifying the case title, civil action number, and name of this  
2 Court; Francis Y. Yuen as a defendant, and Laurata P. Chan as a relief defendant, in this action; and  
3 specifying that payment is made pursuant to this Final Judgment.

4 Defendant and Relief Defendant shall simultaneously transmit photocopies of evidence of  
5 payment and case identifying information to the Commission's counsel in this action. By making this  
6 payment, Defendant and Relief Defendant relinquish all legal and equitable right, title, and interest in  
7 such funds and no part of the funds shall be returned to Defendant or to Relief Defendant. The  
8 Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

9 The Commission may enforce the Court's judgment for disgorgement and prejudgment  
10 interest by moving for civil contempt (and/or through other collection procedures authorized by law)  
11 at any time 14 days after any unpaid portion becomes delinquent under this Final Judgment.  
12 Defendant and Relief Defendant shall pay post judgment interest on any delinquent amounts pursuant  
13 to 28 U.S.C. § 1961.

#### 14 VIII.

15 Defendant Francis Y. Yuen and Relief Defendant Laurata P. Chan shall pay the total of  
16 disgorgement and prejudgment interest due of \$1,619,000 to the Commission, according to the  
17 following schedule:

18 (1) Defendant and Relief Defendant shall pay \$25,082, within 14 days of entry of this  
19 Final Judgment, which amount represents all funds deposited by them into and currently held (under  
20 the terms of the Preliminary Injunction, as Amended, entered in this case) in the client security trust  
21 account of their counsel.

22 (2) Defendant and Relief Defendant shall pay, within 14 days of entry of this Final  
23 Judgment, all amounts remaining in the account held in the name of Francis Y. Yuen (and Laurata Po  
24 Lee Chan) at Wells Fargo Bank (account number XXX-XXX8183) as of the date of entry of this  
25 Final Judgment; Defendant and Relief Defendant shall simultaneously provide to counsel for the  
26 Securities and Exchange Commission a statement for the above account showing the full value of the  
27 account on the date of entry of this Final Judgment.

1 (3) Defendant and Relief Defendant shall pay, within 5 days of the closing of the sale, and  
2 in any event within 180 days of entry of this Final Judgment, all proceeds from the sale of the  
3 property located at 7638 Ridgeline Drive, Dublin, California, after subtracting: any amounts paid to  
4 holders of mortgages or recorded liens, closing costs, and all amounts paid to satisfy any order of  
5 forfeiture in the criminal case, *United States v. Francis Yuen, et al.*, No. CR-14-0488-YGR (N.D.  
6 Cal.); Defendant and Relief Defendant shall simultaneously provide to counsel for the Securities and  
7 Exchange Commission a statement reflecting the final price received in the sale, and evidence of the  
8 amounts paid to other persons from those proceeds as set forth above.

9 (4) Defendant and Relief Defendant shall pay, within 270 days of entry of this Final  
10 Judgment, the balance of disgorgement and prejudgment interest remaining (after subtracting all  
11 payments made above from the \$1,619,000 owed, including all payments made by Defendant  
12 pursuant to any order of forfeiture in the criminal case), plus all post judgment interest accrued.

13 Payments shall be deemed made on the date they are received by the Commission and shall be  
14 applied first to post judgment interest, which accrues pursuant to 28 U.S.C. § 1961 on any unpaid  
15 amounts due after 14 days of the entry of Final Judgment. Prior to making the final payment set forth  
16 herein, Francis Y. Yuen and Laurata P. Chan shall contact counsel for the Commission for the  
17 amount due for the final payment. If Defendant and Relief Defendant fail to make any payment by  
18 the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding  
19 payments under this Final Judgment, including post-judgment interest, minus any payments made,  
20 shall become due and payable immediately at the discretion of the staff of the Commission without  
21 further application to the Court.

22 IX.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consents of Defendant  
24 Francis Y. Yuen and Relief Defendant Laurata P. Chan are incorporated herein with the same force  
25 and effect as if fully set forth herein, and that Defendant Francis Y. Yuen and Relief Defendant  
26 Laurata P. Chan shall comply with all of the undertakings and agreements set forth therein.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

X.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the Complaint are true and admitted by Defendant by Relief Defendant, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant and Relief Defendant under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

XI.

IT IS 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.

XII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Final Judgment replaces the Court’s Third Amended Order Granting Preliminary Injunction, Dkt. No. 77 (“Order”). The terms of that Order shall no longer have any effect.

IT IS SO ORDERED.

Dated: 2/1, 2016

  
RICHARD SEEBORG  
UNITED STATES DISTRICT JUDGE