

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 QIAN CATHY ZHANG

17 Defendants,

18 LAURATA P. CHAN,

19 Relief Defendant.

20  
21  
22  
23 The Securities and Exchange Commission having filed a Complaint, and Defendant Qian  
24 Cathy Zhang having entered a general appearance; consented to the Court's jurisdiction over  
25 Defendant and the subject matter of this action; consented to entry of this Final Judgment without  
26 admitting or denying the allegations of the Complaint (except as to jurisdiction and except as  
27 otherwise indicated herein in paragraph XIII, below); waived findings of fact and conclusions of law;  
28 and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Qian Cathy Zhang 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 Qian Cathy Zhang 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 Qian Cathy  
11 Zhang 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 Qian Cathy  
3 Zhang is permanently restrained and enjoined from, directly or indirectly participating in the  
4 issuance, offer, or sale of any security of any entity controlled by, or under joint control with any  
5 person named a defendant in this case, including but not limited to securities of eAdGear (or of  
6 eAdGear Holdings 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 Qian Cathy  
21 Zhang is permanently restrained and enjoined from directly or indirectly soliciting any person or  
22 entity 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.

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

## VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Qian Cathy Zhang is liable, jointly and severally with Defendant Charles S. Wang, for disgorgement of \$2,019,000, representing ill-gotten gains resulting from the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$61,280.

Defendant shall satisfy the obligation for disgorgement plus prejudgment interest by paying \$2,080,280 to the Securities and Exchange Commission pursuant to the terms of the payment schedule set forth in paragraph X. of this Final Judgment. Any money paid by Charles Wang to satisfy the forfeiture order in *United States v. Charles Wang*, No. CR-14-0488-YGR (N.D. Cal.) shall be credited toward the total amount owed to the SEC under the terms of this Final Judgment.

## VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Qian Cathy Zhang shall pay a civil penalty in the amount of \$200,000 to the Securities and Exchange Commission pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d). Defendant shall make this payment within 14 days after entry of this Final Judgment.

## IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, with respect to the obligations set forth above, in paragraphs VII. and VIII., Defendant may transmit payment 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

1 website at <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified check,  
2 bank cashier's check, or United States postal money order payable to the Securities and Exchange  
3 Commission, which shall be delivered or mailed to

4 Enterprise Services Center  
5 Accounts Receivable Branch  
6 6500 South MacArthur Boulevard  
7 Oklahoma City, OK 73169

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

11 Defendant shall simultaneously transmit photocopies of evidence of payment and case  
12 identifying information to the Commission's counsel in this action. By making this payment,  
13 Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the  
14 funds shall be returned to Defendant. The Commission shall send the funds paid pursuant to this  
15 Final Judgment to the United States Treasury.

16 The Commission may enforce the Court's judgment for disgorgement and prejudgment  
17 interest by moving for civil contempt (and/or through other collection procedures authorized by law)  
18 at any time 14 days after any unpaid portion becomes delinquent under this Final Judgment. With  
19 respect to the payment obligations in paragraphs VII. and VIII. above, Defendant shall pay post  
20 judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

21 X.

22 Defendant Qian Cathy Zhang shall pay the total of disgorgement and prejudgment interest due  
23 of \$2,080,280 to the Commission, according to the following schedule:

24 (1) Defendant shall pay \$117,336, within 14 days of entry of this Final Judgment, which  
25 amount represents all funds deposited by her into and currently held (under the terms of the  
26 Preliminary Injunction, as Amended, entered in this case) in the client security trust account of her  
27 counsel.

28 (2) Defendant shall pay, within 14 days of entry of this Final Judgment, all amounts  
remaining in the account held in the name of Qian Cathy Zhang (and Charles S. Wang) at JP Morgan

1 Chase Bank (account number XXXXX7816) as of the date of entry of this Final Judgment, except  
2 that Defendant may retain in the account an amount equivalent to 500 percent of the value of the  
3 monthly mortgage payment and taxes due on the property located at 37 Mount Horeb Road, Warren,  
4 New Jersey which may be used solely to pay such monthly mortgage and taxes; Defendant shall  
5 simultaneously provide to counsel for the Securities and Exchange Commission a statement for the  
6 above account showing the full value of the account as of the date of entry of this Final Judgment.

7 (3) Defendant shall pay, within 5 days of the closing of the sale, and in any event within  
8 180 days of entry of this Final Judgment, all proceeds from the sale of the property located at 37  
9 Mount Horeb Road, Warren, New Jersey, after subtracting: any amounts paid to holders of mortgages  
10 or recorded liens, closing costs, and all amounts paid to satisfy any order of forfeiture in the criminal  
11 case, *United States v. Charles Wang, et al.*, No. CR-14-0488-YGR (N.D. Cal.); Defendant shall  
12 simultaneously provide to counsel for the Securities and Exchange Commission a statement reflecting  
13 the final price received in the sale, and evidence of the amounts paid to other persons from those  
14 proceeds as set forth above. Also within 5 days of the sale of this property, Defendant shall pay all  
15 amounts remaining in the account held in the name of Qian Cathy Zhang (and Charles S. Wang) at JP  
16 Morgan Chase Bank (account number XXXXX7816) as of that date; and Defendant shall  
17 simultaneously provide to counsel for the Securities and Exchange Commission a statement for the  
18 above account showing the full value of the account as of that date.

19 (4) Defendant shall pay, within 5 days of the closing of the sale, and in any event within  
20 180 days of entry of this Final Judgment, all proceeds from the sale of the property located at Unit 04,  
21 Level 24, 28 Ted Rogers Way, Toronto, Ontario Canada, after subtracting: any amounts paid to  
22 holders of mortgages or recorded liens, and closing costs; Defendant shall simultaneously provide to  
23 counsel for the Securities and Exchange Commission a statement reflecting the final price received in  
24 the sale, and evidence of the amounts paid to other persons from those proceeds as set forth above.

25 (5) Defendant shall pay, within 270 days of entry of this Final Judgment, the balance of  
26 disgorgement and prejudgment interest remaining (after subtracting all payments made above from  
27 the \$2,080,280 owed, including all payments made pursuant to any order of forfeiture in the criminal  
28 case *United States v. Charles Wang, et al.*), plus all post judgment interest accrued.

1 Payments shall be deemed made on the date they are received by the Commission and shall be  
2 applied first to post judgment interest, which accrues pursuant to 28 U.S.C. § 1961 on any unpaid  
3 amounts due after 14 days of the entry of Final Judgment. Prior to making the final payment set forth  
4 herein, Qian Cathy Zhang shall contact counsel for the Commission for the amount due for the final  
5 payment. If Qian Cathy Zhang fails to make any payment by the date agreed and/or in the amount  
6 agreed according to the schedule set forth above, all outstanding payments under this Final Judgment,  
7 including post-judgment interest, minus any payments made, shall become due and payable  
8 immediately at the discretion of the staff of the Commission without further application to the Court.

9 XI.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is  
11 incorporated herein with the same force and effect as if fully set forth herein, and that Defendant Qian  
12 Cathy Zhang shall comply with all of the undertakings and agreements set forth therein.

13 XII.

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

22 XIII.

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

25 XIV.

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



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

IT IS SO ORDERED.

Dated: 2/1, 2016

  
RICHARD SEEBORG  
UNITED STATES DISTRICT JUDGE