

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 9799 / June 1, 2015**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 75088 / June 1, 2015**

**ACCOUNTING AND AUDITING**  
**ENFORCEMENT**  
**Release No. 3659 / June 1, 2015**

**ADMINISTRATIVE**  
**PROCEEDING File No. 3-15815**

**In the Matter of**

**DICKSON LEE, CPA**

**Respondent.**

**ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS AND A  
CEASE-AND-DESIST ORDER PURSUANT  
TO SECTION 8A OF THE SECURITIES ACT  
OF 1933, SECTIONS 4C AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
AND RULE 102(e) OF THE COMMISSION'S  
RULES OF PRACTICE**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate to enter this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 4C<sup>1</sup> and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(iii) of the Commission’s Rules of Practice<sup>2</sup> against Dickson Lee (“Lee” or

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<sup>1</sup> Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others . . . (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

<sup>2</sup> Rule 102(e)(1)(iii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided

“Respondent”).

## II.

Following the institution of these proceedings on March 27, 2014, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents to the entry of this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933, Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice (“Order”), as set forth below.

## III.

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>3</sup>:

### SUMMARY

This action arises out of a fraudulent scheme by L&L Energy and Dickson Lee to create the appearance that L&L was run by a professional management team and conceal Lee’s control of the company. L&L Energy is a Tukwila, Washington-headquartered coal company with all of its operations in China and Taiwan. At all relevant times, it was led by Dickson Lee, its former Chairman of the Board and Chief Executive Officer. From approximately August 2008 to June 2009, L&L and Lee repeatedly and fraudulently misrepresented to the public that it had certain persons serving in critical executive management roles at the company when, in reality, those persons served in no such roles.

First, in its Form 10-K for the fiscal year 2008, L&L falsely represented that Lee’s brother served as the company’s CEO when, in reality, Lee’s brother held the title of CEO in name only while Lee ran the day to day operations of the company. In that same filing, L&L represented that a former company employee (“the purported Acting CFO”) had served as the company’s Acting Chief Financial Officer when, in reality, the purported Acting CFO had emailed Lee prior to the 2008 Form 10-K and rejected the Acting CFO position. In the company’s next three quarterly report filings for 2009, L&L and Lee continued to misrepresent that the purported Acting CFO was in fact the company’s Acting CFO. For example, L&L’s public filings contained certifications required under the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”) that ostensibly bore the purported Acting CFO’s electronic signature when, in reality, the purported Acting CFO had not signed any L&L public filings during this period; did not provide authorization for her signature to be placed on any L&L public filings; and did not perform any of the reviews necessary to have a basis for any of the attestations contained on

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and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

<sup>3</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

the Sarbanes-Oxley certifications.

In approximately May 2009, the purported Acting CFO learned that L&L had been falsely representing her as the company's Acting CFO and confronted Lee and the chair of L&L's Audit Committee. In response, Lee separately admitted to the purported Acting CFO and the Audit Committee Chair that the purported Acting CFO had not performed the duties of L&L's Acting CFO, and then directed the Audit Committee Chair to conceal this fact from both the company's Board and the public. Lee maintained his fraudulent scheme by continuing to falsely represent to L&L's Board of Directors that the purported Acting CFO had served as the Acting CFO. Lastly, during the fall of 2009, in connection with an application for L&L to gain listing on NASDAQ, Lee misled NASDAQ by informing it that the company had made all of the required Sarbanes-Oxley certifications – including during the period of the purported Acting CFO's ostensible service. As a result, L&L became listed on the NASDAQ.

### **RESPONDENT**

**Dickson Lee**, age 66, is the company's founder and has been L&L's Chairman of the Board and Chief Executive Officer since August 2008. Lee previously served as CEO from 1995 through July 2007 and Chairman at various periods. He previously held CPA licenses in Washington and New York (both licenses have lapsed, with the Washington license lapsing in June 2012) and previously audited public companies. Lee obtained his Series 7 license in 1998 and his Series 24 and 27 licenses in 2000. Lee was an associated person with a number of broker dealers until about 2005.

### **OTHER RELEVANT ENTITIES**

**L&L** is a Tukwila, Washington headquartered coal company with all of its operations in China and Taiwan. The company became public through a reverse merger in August 2001. L&L's common stock is registered with the Commission pursuant to Exchange Act Section 12(b).

### **FACTS**

#### **A. The Purported Acting CFO Rejects Acting CFO Position**

1. In August 2007, L&L publicly announced that Lee had resigned his position as L&L's Chairman of the Board and CEO. Lee resigned those positions shortly after he was disciplined by the National Association of Securities Dealers, Inc. ("NASD") and received a one-year suspension of his license for conducting private placement offerings of L&L securities in which the private placement memoranda contained false statements. Lee believed that, if he was an L&L officer, his suspension would impede L&L from becoming listed on a stock exchange.

2. At that time, Lee convinced L&L's Board to install his brother as the CEO of L&L (hereinafter "Lee's brother"). During the one-year period (August 2007 – August 2008) in which Lee's brother held the title of L&L's CEO, however, Lee continued to run the

company as he had when he held the title of CEO.

3. In January 2008, L&L's stock became quoted on the Over-The-Counter Bulletin Board ("OTCBB"). In order to gain listing on a larger trading venue, such as NASDAQ, Lee sought to hire a Chief Financial Officer ("CFO").

4. L&L hired a CFO in February 2008, but within two months that person resigned. As L&L sought a replacement CFO, Lee proposed the name of a former employee and L&L director (hereinafter, "the purported Acting CFO") as a candidate for L&L's Acting CFO position during the search for a permanent replacement.

5. In approximately June 2008, Lee discussed engaging a U.S.-based placement agent (the "placement agent") to assist L&L in raising money from investors. This placement agent encouraged L&L to hire a CFO. In a June 18, 2008 email, Lee referred to the purported Acting CFO as a member of the management team that had been requested by the placement agent. In another June 2008 email, Lee wrote that the purported Acting CFO could become L&L's Acting CFO in order to meet the placement agent's "requirement."

6. On June 23, 2008, members of L&L's board and Lee held a meeting. At that meeting, Lee communicated that the purported Acting CFO would be appointed as the company's Acting CFO because the placement agent "suggested that L&L needs to have [an] Acting CFO (a Non-Officer position) as one of the conditions to move L&L's funding forward."

7. On that same day, at Lee's instruction, Lee's assistant sent the purported Acting CFO an email thanking her for becoming L&L's Acting CFO. The purported Acting CFO, however, had never accepted the Acting CFO position.

8. On July 14, 2008, the purported Acting CFO forwarded to Lee the June 23, 2008 email she received from his assistant regarding the Acting CFO position and informed Lee that she was "unable to become L&L Acting CFO as I don't have time to make any contribution to L&L. I need to take care of my own job and my kids as well . . . I wish you could find a more suitable CFO soon."

#### **B. L&L Falsely Represents Lee's Brother and the Purported Acting CFO as the Company's CEO and Acting CFO**

9. On August 12, 2008, L&L filed its Form 10-K with the Commission for its fiscal year ended April 30, 2008 (the "2008 Form 10-K"). Lee reviewed the filing before it was made public.

10. L&L, in its 2008 Form 10-K, falsely represented that Lee's brother had performed the functions of the company's CEO when, in reality, Lee continued to perform those functions.

11. Moreover, in that same filing, L&L reported for the first time that the purported Acting CFO had been named as the company's Acting CFO, disclosing that "she is a CPA with experience of both U.S. and China accounting practices. She was a senior auditing manager for

a New York CPA firm with PCAOB qualification, and conducted US GAAP audits for US public listed companies.” These representations were false because the purported Acting CFO had rejected the Acting CFO position.

12. L&L’s 2008 Form 10-K contained certifications required under Sarbanes-Oxley for the company’s principal executive officer and principal financial officer, namely, its CEO and CFO. These certifications contained the electronic signatures of both Lee’s brother and the purported Acting CFO by which each of them attested to, among other things, the fact that the 2008 Form 10-K contained no untrue statements of material fact.

13. Neither Lee’s brother nor the purported Acting CFO, however, provided any such attestation and neither Lee’s brother nor the purported Acting CFO provided any authorization to have their electronic signatures placed on their respective Sarbanes-Oxley certifications.

14. L&L, in its 2008 Form 10-K, also falsely represented that it had – with the participation of its CEO (Lee’s brother) and CFO (the purported Acting CFO) – evaluated the effectiveness of the design and operation of its disclosure controls and procedures, and based on such evaluation, the company, its CEO (Lee’s brother), and CFO (the purported Acting CFO) concluded that the disclosure controls and procedures were effective.

### **C. L&L and Lee Continue their Scheme to Falsely Represent the Purported Acting CFO as the Acting CFO**

15. On August 25, 2008, after his one-year NASD suspension was over, Lee officially returned to the position of L&L’s CEO and Chairman of the Board.

16. On September 15, 2008, L&L filed with the Commission its Form 10-Q for the period ended July 31, 2009 (the “First Quarter 2009 Form 10-Q”). Lee signed the filing. Like the 2008 Form 10-K, the First Quarter 2009 Form 10-Q contained a Sarbanes-Oxley certification that was ostensibly electronically signed by the purported Acting CFO. Moreover, the First Quarter 2009 Form 10-Q also contained the representation that the CEO (Lee) and the purported Acting CFO had evaluated the effectiveness of the design and operation of the company’s disclosure controls and procedures and those controls and procedures were effective.

17. The purported Acting CFO, however, did not serve as the company’s Acting CFO in any capacity; did not authorize her electronic signature to be placed on the Sarbanes-Oxley certifications; did not perform any of the reviews or functions enumerated on the Sarbanes-Oxley certifications; and did not evaluate the effectiveness of the company’s disclosure controls and procedures.

18. The First Quarter 2009 Form 10-Q also contained a Sarbanes-Oxley certification for Lee. In his Sarbanes-Oxley certification, Lee falsely certified that, to his knowledge, L&L’s First Quarter 2009 Form 10-Q contained no untrue statements of material fact.

19. In approximately December 2008, L&L retained a U.S.-based investment research firm to write a research report concerning L&L. In late December 2008, the research

firm emailed Lee a draft research report for his review. The research report contained a prominent section on L&L's management team, listed the purported Acting CFO as the company's CFO and stated that the purported Acting CFO "coordinates all accounting for L&L." Lee caused a revised version of the research report to be sent to the research firm with some "minor changes," but did not correct the false statements regarding the purported Acting CFO. This report was published in approximately April 2009 and included the false statements regarding the role of the purported Acting CFO.

20. On December 22, 2008, L&L filed with the Commission its Form 10-Q for the period ended October 31, 2008, and on March 23, 2009, L&L filed with the Commission its Form 10-Q for the period ended January 31, 2009. Lee signed both of these filings. These two public filings again contained false, electronically signed, Sarbanes-Oxley certifications by the purported Acting CFO. Moreover, these two filings contained the false statements concerning the purported Acting CFO's evaluation of the effectiveness of the company's disclosure controls and procedures.

21. These two public filings also contained Lee's own Sarbanes-Oxley certification in which he again falsely certified that, to his knowledge, the Form 10-Qs contained no untrue statements of material fact.

22. As noted above, L&L placed electronic signatures on the public filings to reflect that the purported Acting CFO had signed the requisite Sarbanes-Oxley certifications. The Commission staff requested from L&L, but never received, the actual signature pages bearing the purported Acting CFO's signature for each of the requisite Sarbanes-Oxley certifications.

23. On August 12, 2009, L&L filed its 2009 Form 10-K, which contained Lee's Sarbanes-Oxley certification that, based on his and the CFO's most recent evaluation of the company's internal control over financial reporting, all fraud involving management had been disclosed to the company's auditors and to the company's Audit Committee. This certification was false because Lee had not disclosed to the company's external auditors or the company's entire Audit Committee that the purported Acting CFO was misrepresented in L&L's previous filings as its Acting CFO.

#### **D. Lee Admits to Purported Acting CFO that She Did Not Perform the Work of the Acting CFO**

24. In approximately May 2009, the purported Acting CFO became aware that L&L had falsely represented her as the company's Acting CFO in the company's public filings and, on May 6, 2009, sent Lee an email that included her July 14, 2008 email in which she rejected the Acting CFO position. In the email, the purported Acting CFO wrote that she "clearly indicated that [she] would not accept the offer of being the Acting CFO of L&L," and asked Lee for an immediate explanation.

25. On May 13, 2009, Lee emailed the purported Acting CFO and wrote, "[t]here is a misunderstanding of the Acting CFO role . . . Based on your input, your name is removed to please you." The purported Acting CFO replied that – just because she and Lee had known each

other for ten years – it did not mean “that you could use my name, without authorisation, to the file 10K to the U.S. SEC.” In response, on May 19, 2009, Lee emailed the purported Acting CFO and separately admitted, “[y]ou did not actually conduct the work as Acting [CFO].”

#### **E. Lee Admits to L&L’s Audit Committee Chair That Purported Acting CFO Did Not Serve as Acting CFO**

26. On May 21, 2009, the purported Acting CFO emailed Shirley Kiang, who was then the Chair of L&L’s Audit Committee and member of its Board of Directors. In the email, the purported Acting CFO told Kiang that she had a “serious and urgent” matter related to L&L’s public information made without her knowledge and asked Kiang to investigate.

27. Kiang subsequently contacted Lee and asked whether the purported Acting CFO had actually served as the company’s Acting CFO. Lee initially informed Kiang that the purported Acting CFO had served as the company’s Acting CFO and was making false allegations in an attempt to obtain money from the company.

28. Kiang asked Lee for evidence to support his assertion that the purported Acting CFO had served as the company’s Acting CFO. In response, Lee provided Kiang with a letter that appeared to be addressed to the purported Acting CFO, dated May 28, 2008, and purported to be signed by Lee’s brother as the company’s CEO. The letter asked the purported Acting CFO to confirm that she had agreed to accept the Acting CFO position and stated that if the company did not receive a response to the letter within ten days, the company would treat her lack of response as her acceptance of the position.

29. This letter, however, was not created on May 28, 2008; was not signed by Lee’s brother; and was never sent to the purported Acting CFO. Rather, this letter was created on May 26, 2009 – almost one year after the purported Acting CFO had rejected the Acting CFO position – and was stored in Lee’s L&L computer network folder.

30. On June 4, 2009 – after receiving no response from Kiang – the purported Acting CFO emailed Kiang again. The purported Acting CFO again asked Kiang to investigate her allegations, specifically that she was misrepresented in L&L’s filings as the company’s Acting CFO, and included her July 14, 2008 email to Dickson Lee rejecting the Acting CFO position.

31. After receiving the June 4 email, Kiang again asked Dickson Lee for an explanation. Lee then admitted to Kiang that the purported Acting CFO had not actually served as the company’s Acting CFO and that he had used the purported Acting CFO’s name on L&L’s public filings without the purported Acting CFO’s permission. Lee directed Kiang to not disclose this information to anyone, including the company’s Board of Directors or the public, and told her that if this information became publicly known, L&L’s stock price would drop.

32. After this, Lee continued to falsely represent to the company’s Board of Directors that the purported Acting CFO had served as the company’s Acting CFO.

33. During the nearly one-year period in which the purported Acting CFO was falsely represented as the company's Acting CFO, L&L raised approximately \$750,000 from investors using stock purchase agreements in which L&L expressly attested to the accuracy of its public filings and private placement documents that referred the investor to publicly available additional information about the company.

#### **F. L&L Makes Materially False and Misleading Statements on NASDAQ Application to Gain NASDAQ Listing**

34. In approximately September 2009, L&L completed an application to become listed on the NASDAQ. As part of the application process, NASDAQ requested a variety of information, including confirmation that the company had made all of the required Sarbanes-Oxley certifications.

35. L&L, in a communication from Lee, confirmed that the company had made all of the required Sarbanes-Oxley certifications. L&L misled NASDAQ in this communication because it did not inform NASDAQ that its required CFO Sarbanes-Oxley certifications for its 2008 Form 10-K or its three 2009 Form 10-Qs were false. As a result, L&L gained listing on NASDAQ in February 2010

### **VIOLATIONS**

36. By engaging in the conduct described above, Lee willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibits fraudulent conduct in connection with the purchase or sale of securities. Also, by engaging in the conduct described above, Lee willfully aided and abetted and caused violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

37. By engaging in the conduct described above, Lee willfully violated Section 17(a) of the Securities Act, which prohibits fraudulent conduct in the offer or sale of securities.

38. By engaging in the conduct described above, Lee willfully aided and abetted and caused violations of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder, which require issuers of registered securities to file factually accurate annual and quarterly reports. Also, Lee willfully aided and abetted and caused violations of Rule 12b-20 of the Exchange Act, which requires the addition to such reports of further material information necessary to make the required report statements not misleading.

39. By engaging in the conduct described above, Lee willfully violated, and willfully aided and abetted and caused violations of Rule 13a-14 of the Exchange Act, which requires, among other things, that principal executive and financial officers certify that based on their knowledge, the issuer's financial statements are accurate, and that, based on the principal executive and financial officer's most recent evaluation of the company's internal control over financial reporting, they have disclosed all fraud, whether or not material, involving management to the company's auditors and Audit Committee.

40. By engaging in the conduct described above, Lee willfully aided and abetted and caused violations of Rule 13a-15 of the Exchange Act, which requires each issuer's management, with the participation of the company's principal executive officer and principal accounting officer, or persons performing similar functions, to evaluate the effectiveness of the company's disclosure controls and procedures on a quarterly basis.

41. By engaging in the conduct described above, Lee willfully aided and abetted and caused violations of Section 302 of Regulation S-T of the Exchange Act, which requires that (i) a signatory to an electronic filing actually sign the signature page before or at the time of the electronic filing; (ii) the filer retain the original executed document for five years; and (iii) that the filer provide the Commission staff with a copy of the document upon request.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Lee's Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 4C and 21C of the Exchange Act, and Rule 102(e) of the Commission's Rules of Practice, it is hereby ORDERED that:

- A. Respondent Lee cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder, Rules 13a-14 and 13a-15 of the Exchange Act, and Section 302 of Regulation S-T of the Exchange Act.
- B. Respondent Lee be, and hereby is:
  - a. barred 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, or that is required to file reports pursuant to Section 15(d) of the Exchange Act.
  - b. denied the privilege of appearing or practicing before the Commission pursuant to Rule 102(e)(1)(iii) of the Commission's Rules of Practice.

By the Commission.

Brent J. Fields  
Secretary