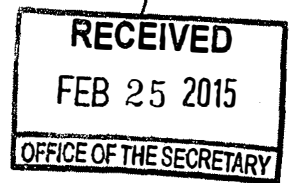


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Hard Copy



ADMINISTRATIVE PROCEEDING
File No. 3-15928

In the Matter of

SIMING YANG,

Respondent.

**SIMING YANG'S RESPONSE TO DIVISION OF ENFORCEMENT'S
MOTION FOR SUMMARY DISPOSITION**

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Siming Yang ("Yang") responds to the Division of Enforcement's ("Division") Motion for Summary Disposition ("Motion") as follows:

INTRODUCTION

This Court should deny the Division's Motion. First, there is a genuine dispute as to whether this Court has a jurisdictional basis to impose a sanction against Yang. The record is unclear whether Yang was associated with an investment adviser or broker-dealer. Moreover, the extraterritorial jurisdiction requirements of the Advisers Act and the Exchange Act may not confer this forum with jurisdiction to sanction Yang. Additionally, while permanent collateral bars are frequently imposed against someone when s/he is subject to an injunction based on the federal securities laws, the facts in this case are unique and do not warrant a permanent collateral bar.

DISCUSSION

A. Facts are in dispute as to whether there is jurisdiction to hear the Division's claim.

The Division brings this action pursuant to Section 15(b) of the Securities Exchange Act and Section 203(f) of the Advisers Act. There is, however, a genuine issue of material fact as to whether Section 15(b) and Section 203(f) provide for any jurisdiction over Yang. Questions of subject matter jurisdiction can be raised at any time, even after trial. *Steel Co. v. Citizens for a Better Environment*, 523 U.S. 83, 93, 118 S.Ct. 1003(1998); *Crosby v. Cooper B-Line, Inc.*, 725 F.3d 795, 800 (7th Cir. 2013).

Exchange Act Section 15(b) provides jurisdiction only in the event that Yang was associated with a broker-dealer. Advisers Act Section 203(f) is similar, applying only to those who were associated with an investment adviser.

Exchange Act Section 3(a)(18) defines a “person associated with a broker or dealer” to include a partner, officer, or director of such investment adviser or someone performing similar functions, or someone directly or indirectly controlling or under control by the broker or dealer, including employees. It excludes clerical or ministerial activities from the definition.

Similarly, Advisers Act Section 202(a)(17) defines a “person associated with an investment adviser” to include a partner, officer, or director of such investment adviser or someone performing similar functions, or someone directly or indirectly controlling or under control by the investment adviser, including employees. It excludes clerical or ministerial activities from the definition.

To assert jurisdiction the Division claims that Yang was employed by registered investment advisers BAMCO, Inc. (“BAMCO”), or Baron Capital Management, Inc. (“BCMI”), or that Yang was employed by registered broker-dealer Baron Capital, Inc. (“BCI”). The

Division also claims that Yang acted as an investment adviser to Prestige Trade Investments Limited (“Prestige”). A genuine issue of material fact exists as to whether any of the Division’s claims are true.

The Motion also recognizes another Baron entity, Baron Capital Group, Inc. (“BCGI”), a holding company that is neither a broker-dealer nor an investment adviser. To the extent Yang was employed by BCGI and not employed by or associated with BAMCO, BCMI or BCI, jurisdiction fails.

1. A genuine issue of material fact exists as to whether Yang was associated with a broker-dealer or investment adviser.

a. The Division makes contradictory claims about who employed Yang.

Throughout the course of the civil action titled, *SEC v. Yang, Prestige Trade Investments Limited, Fan, and Chang*, No. 12-cv-2473 (the “Litigation”), the Division contradictorily claimed Yang was employed by various entities. In its complaint, the Division claimed Yang was employed by Baron Capital Management. (SEC Complaint, ¶ 17, relevant portion of which is attached as “Exhibit A.”) However, the Division submitted to the Litigation court a declaration from Henry Mayorga, stating that Yang was employed by BCI. (Mayorga Declaration, ¶¶ 1, 4, attached as “Exhibit B.”) The Division also submitted to the Litigation court a declaration from Patrick Patalino, BCGI’s General Counsel. In that declaration, Patalino avoided referencing the particular entity that employed Yang, preferring to use the generic term “Baron.” (Patalino Declaration, ¶¶ 1, 2, 4, attached as “Exhibit C.”)

On July 12, 2013, the Division took the position that Yang was not associated with a broker-dealer or investment adviser. In response to Yang’s motion for summary judgment in the Litigation, the Division submitted to the court, “Plaintiff Securities and Exchange Commission’s Local Rule 56.1 Statement of Additional Material Facts” (“Statement of Facts”). In the

Statement of Facts, the Division asserted that Yang's employer was, in fact, none other than BCGI, the entity that was neither a broker-dealer nor an investment adviser. (SEC's Statement of Facts, attached as "Exhibit D," Fact No. 17.)

The date the Division submitted its Statement of Facts is significant because it was more than a year after April 4, 2012, when the Division initiated the Litigation. (See file stamp on page 1 of Exhibit A.) The Division submitted its Statement of Facts after it had ample time to thoroughly conduct discovery—indeed, discovery in the Litigation closed on December 12, 2012. (See minute entry, Dkt. No. 62, attached as "Exhibit E"). It was a full seven months later—after the Division had all the time it needed to obtain discovery and analyze the facts—that it represented to the Litigation court that Yang worked for BCGI, not BCI, BAMCO or BCMI.

b. The Division cannot truthfully attest to the authenticity of documents.

With its Motion, the Division has submitted a declaration ("Division Dec.") to this Court signed by a Division employee claiming "personal and first-hand knowledge" about the facts set forth in the declaration. The declaration attempts to authenticate various documents, including documents the Division purports are BAMCO or BCI documents that relate to Yang. The Division, however, cannot possibly have "personal and first-hand knowledge" about the authenticity of such documents. As one significant example, the Division claims to have "personal and first-hand knowledge" of, and therefore authenticates, the "offer letter" issued to Yang from BCI. (Division Dec, ¶ 19, referencing Exhibit Q, thereto.) The Division, however, cannot possibly have "personal and first-hand knowledge" of such document. How could it? Was someone from the Division present when the purported "offer letter" was given to Yang? Moreover, even a cursory review of the document demonstrates that it is not what the Division

attests it to be. To describe the document as an “offer letter” is false for the following reasons, at a minimum:

- The document is unsigned.
- The acceptance section includes no name, no signature and no date.
- The document reads: “[...] total compensation will be [AMOUNT].”
- The document reads “annual base salary of [AMOUNT] [...].”
- The document reads “a year bonus of [AMOUNT] [...].”
- The document reads “[...] moving expenses of [AMOUNT] [...].”
- The document reads “You will be eligible for [NUMBER] weeks vacation.

(Exhibit Q to Division Dec.)

Although this document reflects the most glaring inaccuracy with the Division Dec., the reality is that despite the Division’s attestations, the Division could not possibly have “personal and first-hand knowledge” about many of the documents it included as exhibits to the Division Dec.

Regardless of the authenticity of the Division Dec.’s exhibits, the contradictions among them demonstrate a genuine issue of material fact regarding the entities with which Yang was associated. Exhibits K and L of the Division Dec. relate to BAMCO. Exhibits O and P relate to BCI. Making matters more contradictory is that Exhibits K and L purport to be BAMCO documents that bear the signature of Patalino. As discussed above, however, Patalino signed an affidavit identifying his own employer only as BCGI, not BAMCO. (Exhibit C, ¶ 1.)

While the Division argues that the contradictory documents mean Yang had something to do with both BAMCO or BCI, or BAMCO and BCI, it is just as reasonable to conclude that the Baron family of entities did not always properly identify the proper entity on paper. It very well

may be that Yang was employed at BCGI with Patalino. That conclusion is consistent with the fact that no Form U4 ever was filed for Yang. He was not a broker-dealer registered representative and was not an associated person with an investment adviser. A genuine issue of material fact exists as to whether Yang had an association with a broker-dealer or investment adviser sufficient to grant this Court jurisdiction under the Advisers Act or the Exchange Act.

c. The Division's citation to Yang's prior testimony is misplaced.

The Division claims to settle the employer issue by citing a small portion of Yang's Litigation testimony where he stated that he believed he worked for BAMCO. Interestingly, during the Litigation it served the Division's interests at the time to claim that Yang worked for BCI, and not at BAMCO. Thus, the transcript attached as Exhibit N in the Division Dec. reflects that after Yang testified he believed he worked for BAMCO, the Division cross examined him on the subject in order to prove he did not work for BAMCO. Yang, however, did not insist during cross examination that the Division was wrong. Instead, Yang, the Chinese citizen whose first job in the United States was with one of the Baron family of companies, and who had first stepped foot in the United States for graduate school immediately before he went to work for one of the Baron companies, credibly testified that he did not know what entity he worked for, stating, "I don't know whether [what] they say [is] incorrect because I do not have the—I did not analyze the company structure." (Division Dec. Ex. N, p. 764: 17-20.)

Moreover, even if Yang had believed he worked for BAMCO, Yang's belief at the moment of his testimony does not make it a fact beyond dispute. Certainly not with the evidence that BCGI employs people and with the Division's representation in the Litigation that Yang worked for BCGI, not the broker-dealer or investment adviser entities. (Exhibit D, Fact No. 17.) With the record unclear about the entities with which Yang was or was not associated, this Court

cannot grant summary disposition based on the Division's claim that Yang was associated with either BCI, BAMCO or BCMI.

2. Yang cannot statutorily be sanctioned as Prestige's investment adviser.

Recognizing the frailty of its claim that Yang was associated with BCI, BAMCO or BCMI, the Division claims, in the alternative, Yang was investment adviser to Prestige, the co-defendant in the Litigation that the jury cleared of the Division's accusations of illegal insider trading. Thus, claims the Division, this Court has jurisdiction under the Advisers' Act to sanction Yang. The Division's argument fails for two reasons. First, Yang was not Prestige's investment adviser. Second, even if he was Prestige's investment adviser, the extraterritorial jurisdiction provisions of the Exchange Act and the Advisers Act do not extend to him.

a. Yang was not Prestige's investment adviser.

Yang was not Prestige's investment adviser. Prestige did not pay Yang to provide investment advice. Indeed, there is no evidence that Prestige paid Yang anything at all. The Division Dec. cites to a purported "Service Contract" that it attempts to authenticate based on an assertion of "personal and first-hand knowledge." The Division cannot possibly have such knowledge. Yang, who does have such personal and first-hand knowledge, has asserted that the purported "Service Contract" was the wrong version of such document. (See Yang Declaration, attached as "Exhibit F," ¶ 4.)

Regardless, Yang was to manage the entire company—not simply provide investment advice. Yang was responsible for a multitude of tasks on Prestige's behalf outside of providing investment advice, including drafting, organizing and implementing Prestige's annual operating plan; acting on behalf of Prestige; making investigations and selections; establishing any relations; acquiring or supplying any services necessary for investment management, including

but not limited to trading, delivery, registration, booking and account auditing; taking responsibility for administration and operation of Prestige; guaranteeing Prestige's office costs and expenses, including but not limited to all management, accounting and miscellaneous expenditures of Prestige; employing or dismissing all personnel other than those to be employed or dismissed by the board of directors and taking responsibility for the costs and expenses of the team; regularly disclosing operating data and making quarterly, semiannual and annual reports; notifying the board of directors when Prestige's operating losses are expected to reach 20%; and other unspecified duties. (Prestige Articles of Association at 7-9, Ex. 26 to Exhibit D, attached as "Exhibit G.")

If Yang is considered Prestige's investment adviser, then so would be the manager of every small company that happens to have an investment account. Such cannot be the case. Yang's responsibility was to run Prestige in its entirety; only part of those responsibilities related to investments. Such is not sufficient to consider Yang an investment adviser pursuant to the Advisers Act.

b. Statutes prohibit extraterritorial jurisdiction over Yang.

Even if Yang met the Advisers Act's definition of "Investment Adviser," this Court lacks jurisdiction because Yang falls outside the extraterritorial jurisdiction requirements. And even if Yang fell within the extraterritorial jurisdiction statutes, such statutes provide jurisdiction only to the federal district court, not to this forum.

The Division presumably infers jurisdiction over Yang based on Section 214(b) of the Advisers Act, titled *Extraterritorial Jurisdiction*. (Section 27(b) of the Exchange Act has identical language.) Section 214(b) provides:

The district courts of the United States and the United States courts of any Territory shall have jurisdiction of an action or proceeding brought or instituted

by the Commission or the United States alleging a violation of section 206 involving— (1) conduct within the United States that constitutes significant steps in furtherance of the violation, even if the violation is committed by a foreign adviser and involves only foreign investors; or (2) conduct occurring outside the United States that has a foreseeable substantial effect within the United States.

***i.* The actions were neither significant nor substantial.**

Yang is not a US citizen. There is no evidence that the conduct at issue occurred while he was in the United States. Indeed, the Division will concede that the undisputed evidence shows Yang was outside the United States when the trades at issue occurred. (See Homeland Security travel records, attached as “Exhibit H”; Ex. F. Dec., ¶ 6.) None of the trade instructions were made inside the United States. Zhongpin, the company whose stock was traded was a China-based company with its headquarters and operations in China. The fact that Zhongpin maintained a US address so its shares could be traded on a US exchange does not constitute “significant steps in furtherance of the violation.” Moreover, as discussed in greater detail below, the tiny number of shares traded on a US exchange had no “foreseeable substantial effect within the United States.” They did not materially alter the mix of information available to the market and had no impact on the stock price. At the very least, whether “significant steps” were taken in the US, or whether the trading had a “foreseeable substantial effect” are genuine issues of disputed fact, and should not be resolved via summary disposition.

***ii.* Extraterritorial Jurisdiction is provided only to courts.**

Even if extraterritorial jurisdiction over Yang were proper, that jurisdiction is provided only to the courts; not to administrative agencies. Advisers Act § 214(b); Exchange Act § 27(b). The statutes are quite clear: only “the district courts of the United States and the United States courts of any Territory” can hear cases on the basis of extraterritorial jurisdiction. (*Id.*) Had Congress sought to permit the SEC to initiate an administrative proceeding based on such

jurisdiction, it would have provided for it in the relevant statutes. The only forum that can hear a case against Yang, therefore, is a United States District Court. Follow-on administrative actions are improper when extraterritorial jurisdiction is relied on for the underlying action. Without a basis for jurisdiction, an administrative proceeding against Yang is improper.

B. A collateral bar against Yang is unwarranted.

Even if this Court finds proper jurisdiction over Yang, it should not impose a permanent collateral bar. While the collateral bar would have little literal impact, given that Yang will not be working in the US, publicity of a US-imposed bar would have a devastating impact on him in China, something that is beyond the public policy of such sanctions.

Additionally, although permanent collateral bars are typically imposed against those who have been enjoined from violations of the federal securities laws, issuing a bar is not a requirement merely because the Division brought this proceeding. There is a reason the statute allows for an administrative proceeding to determine “what if any” remedy is appropriate. If the relevant statutes contemplated that a bar was automatic, then it would have stated as much. The fact that administrative proceedings nearly always end in a bar should not have any bearing on whether this case should result in a bar. This case is different. This Court should consider:

- Yang received no profits.
- No investors were harmed.
- The market was not harmed.
- Prestige, the only purported victim, has asked that Yang not be sanctioned.
- The injunction, in and of itself, imposes a severe penalty on Yang.
- Although a jury eventually cleared him, Yang’s reputation has been terribly damaged from media reports on the insider trading charges.

- No similar cases have resulted in a permanent collateral bar.
- Yang does not pose a threat to investors or the marketplace.
- The violations relate to an isolated incident.

A bar in this case is wholly inappropriate. This case does not involve a Ponzi scheme, insider trading or some other investment scam. This case does not involve a multiyear (or even a multi-week) fraud. This case does not involve repeated instances of misconduct. This case does not involve numerous money-losing customers—or even one money losing customer.

This case involves front-running and filing an inaccurate Schedule 13D. The front-running involves one instance, with one stock, with one purported victim. That “victim” suffered no damages and has asked that Yang not be punished. (See letters from Prestige shareholders translated into English, followed by original Chinese, attached as “Exhibit I.”) The front-running resulted in no profits to Yang and caused Prestige no damages. In fact, Prestige’s Zhongpin purchases on March 15 were at a *lower* average price than the March 14 purchases involved in the frontrunning claim.

The inaccurate filing claims do not involve a failure to file a Schedule 13D that informs the market of an investor taking a large stock position. They do not involve the untimely filing of a Schedule 13D, such that it would allow the buyer to gain a market advantage. Here, Prestige, through Yang, filed the Schedule 13D in a timely manner, accurately disclosing its Zhongpin purchases and intentions. The Schedule 13D made Prestige’s endeavors known to the marketplace loudly, clearly and accurately.

The Schedule 13D misconduct involves the “notes” section to the schedule, where some purchases were not disclosed. Those purchases reflected less than 1% of Zhongpin stock if the options are included in the calculation, and one tenth of one percent if the options are not

included in the calculation. Given that Yang disclosed Prestige's purchases and intentions to the marketplace timely and accurately, the failure to include the additional relatively tiny additional purchases could not have in any way altered the analysis of the total mix of information in the marketplace. A permanent bar in this case would be an extreme and unwarranted outlier.

1. There is no likelihood of future violations of the federal securities laws.

Here, there is nothing that indicates any likelihood of future violations. Yang has never had any securities licenses. The injunction alone will for all intents and purposes prohibit Yang from ever working in the financial services industry—in China (through reputational damage) or the US. Even if it did not, the tremendous price Yang has paid, both literally and figuratively, is disincentive enough from ever again coming anywhere near a possible violation of the federal securities laws.

Yang is not living in the United States and does not plan to live here. Even if he did—a visa is doubtful based on the imposition of an injunction alone—he has no desire to ever trade in US securities, in any securities traded on US exchanges, or service any clients in the US. Thus even if theoretically Yang somehow were able to work in the Chinese financial services industry in light of the injunction, he would not run afoul of the US securities laws.

The Division argues that this Court should not believe Yang because Yang said the same thing in the Litigation, yet he made the Fidelity account trade in May 2013 anyway. The Division, however, has the time-line backward. Yang made the representation in the Litigation in April 2014, almost a full year *after* the May 2013 trade. Additionally, the trial was in January 2014, seven months *after* the May 2013 trade. As much as Yang loves the United States, the experience of sitting through the jury trial, much of which consisted of the Division calling him a fraud for illegal insider trading—a charge the jury cleared him of—has soured Yang's appetite

for availing himself to US investors, US stocks and the US financial markets.

The Division also seeks to characterize the May 2013 Fidelity account trade and Yang's agreement to Prestige's resolution not to pay him anymore as acts of "malfeasance." There is no allegation whatsoever, that such acts violated the federal securities laws in any way. Those acts related to the asset freeze imposed in the Litigation. Had the Litigation court believed of any ill intent, it could have found Yang in contempt. It did no such thing.

Finally, Yang understands and respects the US securities laws and he respects the jury's verdict and the injunction. A future violation of the injunction could subject Yang to a criminal contempt proceeding. Certainly the Litigation has taught him many expensive lessons. There is not a likelihood of future violations.

2. The wrongdoing is of an isolated nature.

The misconduct is of an isolated nature. There is no pattern of violations of the federal securities laws. Prior to this case, Yang had no history of securities law violations (or any law violations, for that matter). Additionally, in close to three years that have passed since the SEC brought its case, Yang has not been involved in any securities law violations.

The front-running activities at issue relate to the accumulation of the securities of one company over the course of one twenty four hour period. The inaccurate filings involve one disclosure and its virtually identical amendment (but for the number of shares), both of which accurately disclosed Prestige's interest in Zhongpin but did not include the additional relatively small number of shares. This too, is an isolated incident.

3. No investors were harmed.

The violations in this case did not result in significant harm to any investors. This is not just Yang's claim, but it is the finding of the trial court in the Litigation. (Memorandum Opinion

and Order attached as Exhibit E to Division's Motion ("Court Order"), p. 2.) This is not a Ponzi scheme case. Yang did not abscond with investor funds. Neither the inaccurate filing, nor the front-running, harmed any investors.

a. The Section 13(d) violation harmed nobody.

Regarding the Section 13(d) case, there is no allegation that the information central to the Schedule 13D was inaccurate. Section 13(d) requires those who acquire more than five percent of a class of stock in a company to disclose it in the Schedule 13D. The purpose behind the Section 13(d) is to prevent buyers from surreptitiously acquiring large volumes of stock without informing the marketplace. *SEC v. Teo*, 746 F.3d 90, 109 (3rd Cir. 2014).

In this case, the public policy supporting Section 13(d) was fulfilled. Prestige acquired more than five percent of Zhongpin stock. Yang accurately disclosed the acquisition on the Schedule 13D and its amendment. True, Schedule 13D also provides for the disclosure of additional information, such as whether any of Prestige's beneficial owners—in this case Yang—also purchased the same class of securities within sixty days. The additional Zhongpin share purchases were not disclosed. But the failure to include that information, particularly given the facts of this case, deprived nobody in the marketplace of any relevant information.

That is because the shares that were not disclosed could not possibly have an impact on the buying or selling decisions in the marketplace. In March 2012, there were approximately 37 million shares of Zhongpin. Prestige's 2,256,012 shares constituted approximately 6% of those shares. (March 22, 2012 Schedule 13D, attached as "Exhibit J.") Because of that disclosure, anyone considering purchasing or selling Zhongpin shares could consider Prestige's disclosure that it was a large owner of Zhongpin stock and planned to engage Zhongpin management, its board and other stockholders regarding the business, management, operations, assets,

capitalization, financial condition, governance, strategy and future plans of Zhongpin. (*Id.*, Item 4.) The additional Zhongpin shares that were not disclosed represented less than one percent of Zhongpin securities if the options (that expired worthless) are included, and just over one tenth of one percent of Zhongpin securities if the options are not included.

This is not a case where the undisclosed Zhongpin shares were being hidden from the marketplace to artificially depress the price of Zhongpin stock. The failure to disclose the relatively tiny percentage of shares could not possibly have harmed the investing public given that all the information about a much larger shareholder seeking to engage Zhongpin management already was disclosed. Indeed, this violation was nothing more than technical. The jury may have found that Yang violated Section 13(d), but he certainly did not violate the public policy behind the rule. As the court in the Litigation found, “[...] the Schedule 13D violations [...] were not terribly significant to the investing public given that Yang accurately disclosed on the forms the purchases of vastly greater amounts of stock by Prestige.” (Court Order, p. 2.)

b. The front-running did not harm Prestige.

Yang did not harm Prestige. Prestige made more than seven million dollars on its Zhongpin purchases, and there is no evidence whatsoever that its gains were in any way diminished by front-running. As the Litigation court held, “[...] it is unlikely that Prestige experienced any quantifiable harm from Yang’s front-running,” and there was a minimal degree of harm to the market. (Court Order, p. 2.)

Moreover, the Prestige investors have asked that Yang not be punished. (See letters from Prestige, “Exhibit I.”) Where the only purported victim of the fraud seeks not to punish the perpetrator, it would be inappropriate to do so.

4. The degree of scienter is slight.

This is not a case of an investment scam. This is a case that may have met the threshold for violations of the federal securities laws, but the degree of scienter is so slight that no public policy would be advanced by permanently barring Yang. Regarding frontrunning, Prestige, the alleged victim, had no concerns with Yang buying stock in advance of Prestige. (See Wang Chidong Letter and Fei Xiao Dec., attached as “Exhibit K.”) The frontrunning violation was in form, not in substance, as Yang did not comply with the specific consent requirements for the Zhongpin trade. Yang’s mistake was that in his mind, he did not need specific consent to make that particular trade because he had general consent to make any trades. (Exhibit K.) While those set of circumstances may meet the threshold for federal securities laws violations, the degree of scienter was slight. Indeed, not only does Prestige believe Yang did nothing wrong, but it has asked that he not be sanctioned. (Ex. I.)

Regarding Section 13(d), the Division attempts to conflate this case with other Section 13(d) cases where the violator sought to mislead the market into acting or not acting. Such is not at all the case here, given that Prestige’s purchases *were disclosed*. Only the comparatively tiny number of purchases were not disclosed on the Schedule 13D.

The cases the Division cites undermine its arguments and demonstrate the true point and policy behind filing a Schedule 13D. The Division cites to *SEC v. First City Financial Corp., Ltd.*, to support its claim about harm to the marketplace due to Section 13(d) violations. 890 F.2d 1215 (D.D.C. Cir. 1989.) The facts in *First City* could not be more different from the facts here. There, a buyer of more than five percent of a company’s stock did not timely file a Schedule 13D, which allowed the buyer to hide from the marketplace its plans to seek to take over the company. *Id.*, at 1217-21. That deception prevented information about the takeover

plan from entering the marketplace, resulting in a lower stock price. *Id.*, at 1230.

Compare those facts to the facts here. Here, Yang disclosed Prestige's purchases of Zhongpin stock and its intentions to engage the company. The small batch of additional shares that were not disclosed in the form did not serve the purpose of hiding any relevant event from the marketplace. In *First City*, the lack of information kept the stock price down artificially. In fact, the very quote the Division cites about "injury to other market participants," is preceded by a statement that the disclosure of the holdings "suggests to the rest of the market a likely takeover and therefore may increase the price of the stock." *Id.* Here, Prestige's stake in Zhongpin was disclosed and the marketplace was advised of Prestige's activist investor interests. It cannot be truthfully argued that the disclosure of the additional shares in addition to the accurately disclosed Prestige shares would have had any material impact on the stock price or on the total mix of information available to the marketplace. As the Litigation court held, "[...] the Schedule 13D violations [...] were not terribly significant to the investing public given that Yang accurately disclosed on the forms the purchases of vastly greater amounts of stock by Prestige." (Court Order, p. 2.)

The Division also cites *SEC v. Drexel Burnham Lambert Inc.*, for its citation back to *First City Financial*, 837 F. Supp. 587, 607 (S.D.N.Y. 1993). *Drexel* also discussed the purpose of Section 13(d), stating it "was intended to alert investors to potential changes in corporate control so that they could properly evaluate the company in which they had invested or were investing." *Id.* Once again, the facts in this case may constitute a technical violation, but not a violation of the public policy behind Section 13(d). Prestige's shares and intentions were accurately disclosed to the marketplace.

Additionally, similar to *First City*, the *Drexel* case involved much more than a small

number of additional shares not being disclosed on a Schedule 13D; it involved “efforts to gain control by illegal means,” a publicly traded company. *Id.*, at 589. Other defendants in that case included Michael Milken and the case related to the massive scams that landed him and Ivan Boesky in prison. *Id.* It was not a case where an acquirer’s shares and intentions accurately were disclosed but a relatively small additional purchase was not.

Perhaps the reason the Division is not citing cases involving similar conduct is because of the dearth of similar cases. The Division added the front-running and Section 13(d) claims many months after it brought its initial insider trading case. One has to question whether the Division ever would have brought those claims had they not been tacked on to the insider trading case. As the Litigation court stated, the “[...] insider trading claim [...] was the centerpiece of the case. That claim was the primary focus of the dispute prior to and during the trial.” (Court Order, p. 2.)

5. Yang should not be punished for having maintained his innocence and there is no chance of future violations of the federal securities laws.

Contesting accusations should not lead to a sanction. *First City*, a case the Division cited, makes this quite clear: “The securities laws do not require defendants to behave like Uriah Heep in order to avoid injunctions. They are not to be punished because they vigorously contest the government’s accusations.” 890 F. 2d at 1229. It bears repeating that the jury cleared Yang of the Division’s insider trading claim that was the centerpiece of the case. “That claim was the primary focus of the dispute prior to and during the trial.” (Court Order, p. 2.)

Yang comprehends and respects the jury’s verdict in its entirety and recognizes the wrongdoing. He has learned his lesson and will not run afoul of the federal securities laws. The injunction that the Litigation court imposed means that future violations can subject Yang to a contempt order. Yang has no intent to have any involvement in any trading in US companies or

on US exchanges. Yang has no intent to ever work in the US again. There is no likelihood of future violations of the federal securities laws. The “malfeasance” the Division points to in order to contradict Yang does not involve any actual or alleged violation of the federal securities laws, but relates to different issues entirely. The Division highlights a Fidelity account trade, but that trade occurred many months before the trial. “It is well settled that the Commission cannot obtain relief without positive proof of a reasonable likelihood that past wrongdoing will recur.” *SEC v. Bausch & Lomb Inc.*, 565 F.2d 8, 18 (2d Cir. 1977.) There is absolutely no reason to think Yang will ever violate the federal securities laws in the future.

6. Yang has been punished enough.

Yang has paid, and will continue to pay, a high penalty. He does not deserve an additional penalty. First, the Division’s insider trading charge against Yang has all but destroyed his reputation. In April 2012, the Division charged Yang with insider trading (without first attempting to speak to him), issued a press release and posted to its website a 21 page complaint, alleging Yang committed insider trading. (Press release attached as “Exhibit L.”) The media quickly ran with the story. (Eventually, the Division amended its complaint to add the front-running and Section 13(d) charges, but the press showed no interest in those claims.) Within days, newspapers, blogs and industry news outlets covered the story. (A sample of the English-written articles is attached as “Exhibit M.”) *The New York Times*, *Bloomberg Businessweek*, *Reuters*, the *Chicago Tribune*, London’s *Financial Times* and London’s *Independent* all reported the story. They all repeated the Division’s insider trading allegations against Yang and all posted their stories to the Internet for public viewing.

Food industry, investment industry and legal industry media, such as *Just Food*, *Meatandpoultry.com*, *The Blog of LegalTimes*, *Whistleblowerlawyernews*, *Investorshub*, *Investor*

Village, and *Secactions.com*, also ran with the story. Further, Asian-focused media also covered the Division's allegations, with articles in *Chinabusinessknowledge.com*, and *Chicago Asian Community Examiner*.

Most damaging to Yang's reputation was the coverage in the Chinese business media. Numerous Chinese media outlets carried the story of the Division's insider trading charges and asset freeze, trashing Yang's reputation in his homeland. (Samples of English translations of the Chinese articles attached as "Exhibit N.") These are not merely Chinese blogs. They are widely read and widely respected Chinese news outlets, similar to *CNN* and *The Wall Street Journal*.

Yang has had to live with the SEC's press release and the barrage of press reports. It took a terrible toll on Yang's reputation. One does not simply recover from such bad press, even though the legal system did not find him liable. In fact, other than securities law industry media, there was little coverage of the jury clearing Yang on the insider trading claims. The lasting media impression of Yang is that he is an illegal insider trader.

The day after the Division filed its insider trading charges against Yang, Yang's counsel at the time implored the Division to consider the damage that insider trading charges would bring upon Yang. "[T]he reputational injury to Mr. Yang is a serious concern and I wanted to get this out to you as soon as possible in the hope that there will be some way of mitigating that harm," his letter ended. ("Exhibit O.") Yet the Division continued to pursue its insider trading case, irreparably damaging Yang's reputation.

Additionally, the mere fact the Litigation court imposed an injunction has essentially ended his ability to earn a living in trading or financial services. Additional penalties are unwarranted. Though a bar would unlikely have a legal impact on Yang, as he does not intend to work outside of China, the publicity from a permanent bar would destroy whatever is left of his

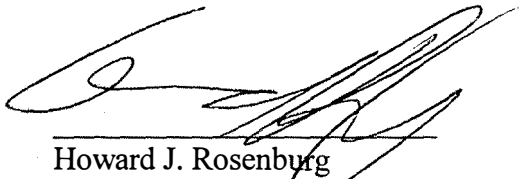
reputation in China.

CONCLUSION

Sufficient disputes of material fact exist such that this Court should deny the Division's

Motion.

Respectfully submitted,



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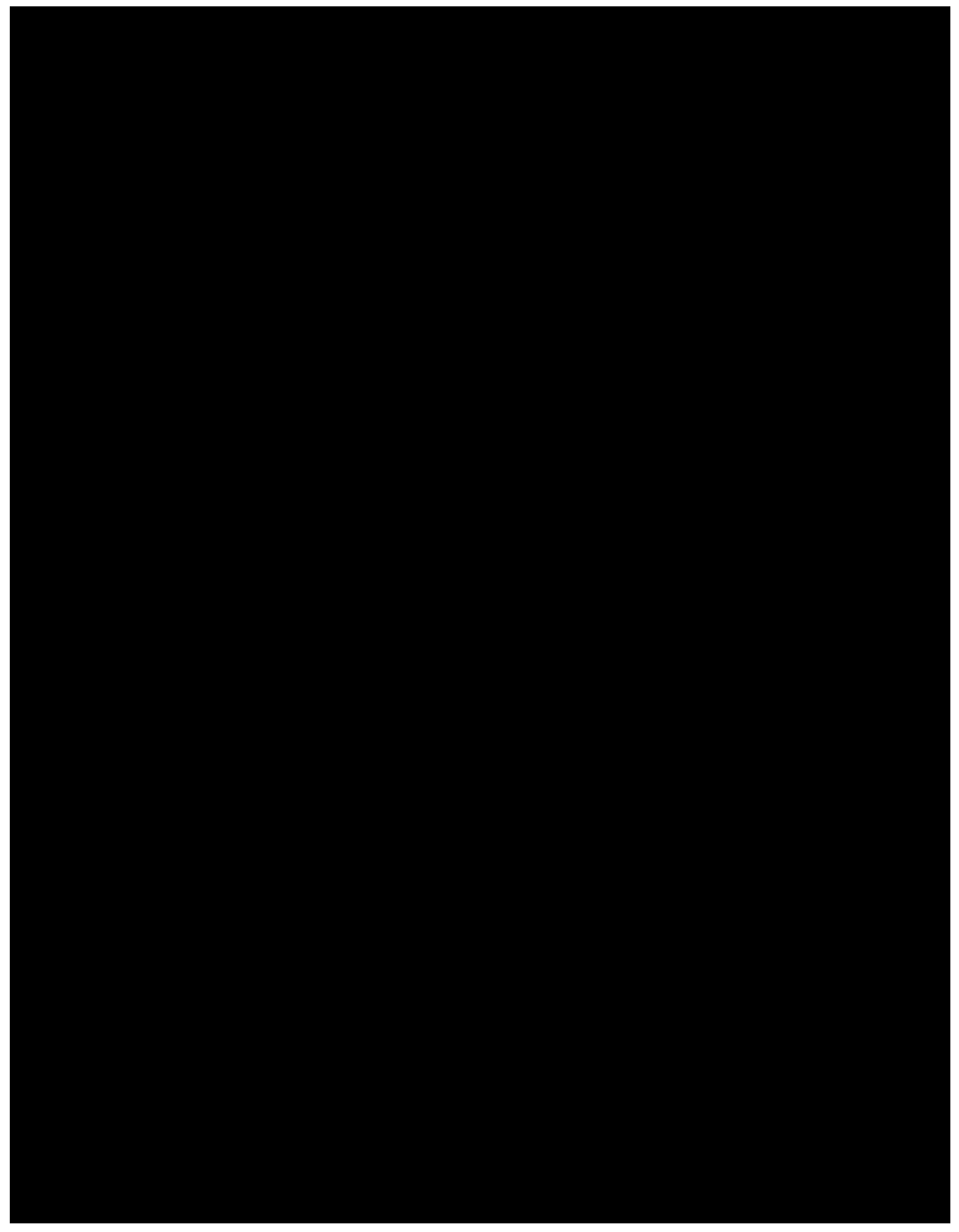


EXHIBIT A

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

U.S. SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

SIMING YANG, PRESTIGE TRADE
INVESTMENTS LIMITED, CAIYIN FAN,
SHUI CHONG (ERIC) CHANG,
BIAO CANG, JIA WU, and MING NI,

Defendants.

RECEIVED
Case No. 12-cv-02473
APR 04 2012
THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

Jury Trial Demanded

FILED UNDER SEAL

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the "Commission")
alleges as follows:

NATURE OF THE ACTION

1. This is an insider trading case involving the Defendants' recent highly profitable and highly suspicious trading in the securities of Zhongpin Inc. ("Zhongpin.") a China-based company.

2. Defendants purchased a substantial amount of Zhongpin shares and call options in the days and weeks before Zhongpin's March 27, 2012 public announcement that its Chairman and CEO, Xianfu Zhu, offered to acquire all of Zhongpin's outstanding stock for \$13.50 per share (a 46% premium over the previous trading day's closing price). The

market reaction to Zhongpin's public announcement was immediate: the day Zhu's proposal was announced, Zhongpin's share price increased approximately 21.8%.

3. The Defendants in this matter are six individual traders – and one entity trader that was created by Defendant Siming Yang – whose timely purchases of Zhongpin securities generated realized and unrealized gains of over \$9.2 million. All of the Defendants either are citizens of and/or reside in the People's Republic of China ("PRC").

4. On information and belief, each Defendant purchased Zhongpin securities while in the possession of, and on the basis of, material, nonpublic information concerning Zhu's plan to take Zhongpin private.

5. Before mid-March 2012, trading in Zhongpin securities was thin. For example, in February 2012, Zhongpin had an average daily volume of 208,188 shares traded.

6. However, in the two weeks before Zhu's offer was publicly announced, Zhongpin's trading volume skyrocketed over 600% to an average daily trading volume of 1,270,200 shares. That surge was fueled in large part by Defendants' timely purchases of Zhongpin stock.

7. In the two weeks before Zhongpin's public announcement of Zhu's proposal, Defendants bought a substantial number of Zhongpin shares and call options (a contract that grants the purchaser the right to buy an agreed number of shares by a certain time for a certain price – effectively allowing the option purchaser to place a bet that the share price will rise). This timely trading made up a significant portion of the market for Zhongpin stock. For example, trading by Defendant Prestige in the two week period before

Zhongpin's March 27th announcement represented about 41% of the total trading volume during that period.

8. These timely trades were notably inconsistent with the Defendants' prior trading behavior. For example, all but one of the Defendants did not place any trades in Zhongpin securities before the timely March 2012 trades. In fact, Defendant Chang's brokerage account was completely dormant for over one year before he bet heavily on Zhongpin securities. The trading activity also was wildly out of profile given the individual defendants' financial situation. For example, for most of the individual defendants, the purchases of Zhongpin securities in the two weeks before the company's public announcement equaled or exceeded their stated annual incomes and often represented a significant percentage of their total net worth. There also is evidence – in the form of shared Internet Protocol and Media Access Control addresses – reflecting that several of the defendants may have been working in concert using the same computer networks and hardware.

9. One of the individual Defendants, Siming Yang, stands out for the size of his trading. Although his employer – a New York-based registered investment adviser – has a stated policy that prohibited him from personal trading in public companies, Yang (a) created Prestige Trade Investments Limited (“Prestige”), an independent wholly-owned LLC in the British Virgin Islands, (b) opened a brokerage account in Prestige's name just two weeks before Zhongpin announced the proposal to go private, (c) fueled the Prestige account with over \$29 million transferred from overseas, and then (d) used those assets to purchase over 3 million shares of Zhongpin stock in the days leading up to Zhongpin's

public announcement. On March 27, 2012, the first trading day after Zhongpin's announcement, Prestige garnered over \$7.6 million in unrealized gains from its timely Zhongpin stock purchases.

10. Although the proceeds of Defendants' insider trading are currently held in United States brokerage accounts, certain Defendants already have sold a portion of their shares and could withdraw proceeds at any time. Absent a freeze on the Defendants' accounts, there is a substantial risk that all Defendants will attempt to liquidate some or all of their positions and transfer their trading profits out of the United States – potentially beyond the jurisdiction and reach of this Court. Accordingly, the Commission brings this action to freeze the proceeds of the Defendants' securities purchases.

JURISDICTION AND VENUE

11. The Commission brings this action pursuant to Sections 21(d), 21(e), and 21A of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §§ 78u(d), 78u(e), 78u-1].

12. This Court has jurisdiction over this action pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

13. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

14. On information and belief, all of the individual Defendants are PRC citizens and, with the possible exception of Defendant Yang, all individual defendants reside in the PRC. Although Defendant Yang may have a New York address, he is in the United States on a temporary work visa; he is not a permanent resident of the United States within the

meaning of the venue provisions. The sole entity Defendant, Prestige, is a British Virgin Islands corporation. According to its brokerage records, Prestige is based in Guangzhou, Guangdong Province, China with no principal place of business in the United States.

15. The Defendants have directly or indirectly made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the acts, practices, transactions, and courses of business alleged herein.

16. The Defendants will, unless enjoined, continue to engage in the acts, practices, transactions, and courses of business set forth in this Complaint, or in acts, practices, transactions, and courses of business of similar purport and object.

FACTS

Defendants

17. Siming Yang ("Yang"), age 35, is a PRC citizen. Yang maintains a residence in New York, New York, and, until recently, was employed as a research analyst with Baron Capital Management ("Baron"), a New York-based registered investment adviser that manages a family of mutual funds. Yang was terminated from that position effective March 30, 2012. Yang has a brokerage account with Wang Investment Associates ("Wang Investments"), which also is based in New York, New York. Yang also is the founder and sole owner of Prestige Trade Investments Limited.

18. Prestige Trade Investments Limited, is a British Virgin Islands corporation, created and wholly-owned by Siming Yang. According to brokerage records, Prestige is based in Guangzhou, Guangdong Province, China. Yang created Prestige in January 2012.

Prestige has a bank account at China Construction Bank Corporation in Hong Kong (“China Construction Bank”) and a brokerage account at Interactive Brokers, which has an office in Chicago, Illinois. In its account opening documents, Prestige describes itself as a “long term, research driven, deep value investor” that “actively pursue[s] share holder activism...”

19. Caiyin Fan (“Fan”), age 38, is a PRC citizen and, according to brokerage records, is a resident of Guangzhou, Guangdong Province, China. Fan is a joint account holder with Yang in a brokerage account held at New York-based Wang Investments.

20. Shui Chong (Eric) Chang (“Chang”), age 33, is a resident of Hong Kong. On information and belief, he is a PRC citizen. Chang was employed as a securities analyst with Deutsche Bank Securities, Inc. in New York, New York from August 2001 to October 2003. Chang has a brokerage account with E*Trade Financial (“E*Trade”).

21. Biao Cang (“Cang”), age 29, is a PRC citizen and a resident of Hong Kong. Cang has two brokerage accounts with Interactive Brokers.

22. Jia Wu (“Wu”), age 29, is a PRC citizen and a resident of Taizhou, Jiangsu Province, China. Wu has two brokerage accounts with Interactive Brokers.

23. Ming Ni (“Ni”), age 29, is a PRC citizen and a resident of Hong Kong. Ni has a brokerage account with Interactive Brokers.

Additional Relevant Entity

24. Zhongpin, Inc. (“Zhongpin”), is a Delaware Corporation headquartered in Change City, Henan Province, China. Zhongpin is a meat and food processing company

that specializes in pork and processed pork products. The company's common stock is registered under Section 12(b) of the Exchange Act and trades on the NASDAQ (under the ticker symbol "HOGS"). Its options trade on the Chicago Board Options Exchange ("CBOE") and other options markets.

Zhongpin's March 27, 2012 Announcement of its CEO's Proposal to Take the Company Private by Buying All of its Shares

25. Before the NASDAQ opened on Tuesday March 27, 2012, Zhongpin announced that its Chairman and CEO, Xianfu Zhu, had submitted a non-binding proposal to take Zhongpin private by acquiring all of Zhongpin's common stock for \$13.50 per share. The \$13.50 per share price represented a 46% premium over the previous day's closing price.

26. In response to the announcement, Zhongpin's share price immediately rose 21.8% from the March 26 close of \$9.21 per share to a March 27 close of \$11.22 per share.

27. At all times relevant to this Complaint, Zhongpin had a policy – available on its website – that prohibited any of Zhongpin's officers and directors from (a) trading Zhongpin securities while in possession of material non-public information about the company or (b) disclosing any material non-public information about Zhongpin without the company's authorization.

Defendants' Suspicious and Profitable Zhongpin Trading

Defendants Yang, Fan, and Prestige

28. From 2008 until March 30, 2012, Siming Yang was employed as a research analyst at New York-based Baron Capital, Inc. where he provided analysis for the Baron International Growth Fund.

29. At all times relevant to this Complaint, Baron had an internal policy that required pre-clearance of all personal equity trades. In February 2012, Baron adopted a written code of ethics that prohibited all personal trading by its analysts in the equities of publicly traded companies.

30. Yang graduated with a Masters of Business Administration from Columbia University in New York, New York in 2008.

31. Siming Yang maintains a residence in New York, New York.

32. On November 25, 2011, Yang and Defendant Caiyin Fan opened a joint brokerage account at Wang Investments, an online discount brokerage firm located in New York, New York.

33. In the account opening documents, Yang and Fan listed separate residences in Guangzhou, Guangdong, China. Yang identified himself as an "accountant" with a "retail company," and Fan stated that she was a kindergarten teacher. Both completed IRS Certificates of Foreign Status, attesting that their permanent residences were in China. Yang did not disclose to Wang Investments that he was a research analyst for a registered investment adviser and mutual fund administrator, and stated that he was a Guangzhou resident even though he went to school, had a job, and maintained a residence in New York City.

34. In the account opening documents for his joint Wang Investments account, Yang disclosed annual income of \$52,500 as of March 2011 and a net worth of \$125,000 to \$249,000 as of March 2011.

35. In the account opening documents for the joint Wang Investments account, Defendant Fan disclosed an annual income of \$65,000 to \$124,999 as of November 16, 2011 and net worth of \$500,000 to \$999,999 as of the same date.

36. From March 14 through March 26, 2012 – the two weeks before Zhongpin publicly disclosed the proposal to go private – Yang and Fan made net purchases of 2,571 Zhongpin call options through their Wang Investments account for a net purchase price of \$182,500.

37. During the same time period, Yang and Fan made net purchases totaling 58,000 shares of Zhongpin stock through their Wang Investments account for a total net purchase price of \$506,462.

38. In sum, in the two weeks before Zhongpin announced Zhu's proposal to take the company private, Yang and Fan invested \$688,962 in Zhongpin securities. That figure far exceeds the combined annual income that Yang and Fan disclosed to Wang Investments, is more than double the high end of Yang's disclosed net worth, and represents approximately 68.8% of the high end of Fan's disclosed net worth.

39. At the close of trading on March 27, 2012 – the first trading day after Zhongpin announced the proposal to go private – Yang and Fan had garnered \$733,006 in unrealized gains from their timely purchase of Zhongpin stock and call options through their Wang Investments account.

40. Yang and Fan's March 2012 trading in Zhongpin securities is highly suspicious given (a) the suspicious volume and timing of their purchases, (b) the fact that the purchases are wildly out of profile given Yang's and Fan's disclosed net worth and income,

(c) the equally suspicious, massive trading by Prestige, Yang's wholly-owned corporation (described below), and (d) the evidence of coordinated trading activity with Defendant Chang (discussed in ¶¶ 83-86 below).

41. On information and belief, Yang and/or Fan purchased the Zhongpin stock and call options while in possession of – and on the basis of – material non-public information regarding Zhu's proposal to take Zhongpin private.

42. In addition to the foregoing, Yang obtained more than \$7.6 million in unrealized profits by trades made through Prestige Trade Investments, Ltd. – a corporation he recently created.

43. In January 2012, Yang founded Prestige under the law of the British Virgin Islands.

44. On March 13, 2012 – just two weeks before Zhongpin's announcement of Zhu's proposal to take the company private – Yang opened a brokerage account in Prestige's name at Interactive Brokers.

45. Between March 15 and March 21, 2012, Yang transferred \$29.8 million from an overseas account at China Construction Bank into Prestige's account at Interactive Brokers.

46. This \$29.8 million amount was far in excess of the net worth that Yang disclosed on his account opening statements and is wildly out of profile considering Yang's disclosed income of \$52,500.

47. Prestige used the funds in its Interactive Brokers account to purchase over 3 million shares of Zhongpin stock in the two weeks before Zhongpin's announcement of Zhu's proposal to take the company private.

48. At the close of trading on March 27, 2012 – the first trading day after Zhongpin's announcement – Prestige had earned unrealized gains of over \$7.6 million on its timely purchase of Zhongpin stock.

49. The equity trades placed by Prestige represented about 41% of the trading volume of Zhongpin stock during the two-week period before the March 27, 2012 announcement, and about 8% of Zhongpin's total outstanding common stock.

50. Prestige's March 2012 trading in Zhongpin stock is highly suspicious given (a) the timing of Yang's opening of a brokerage account for Prestige (just two weeks before Zhongpin's public announcement), (b) the high volume and fortunate timing of Prestige's purchases, (c) the fact that the \$29 million that fueled the Prestige account is wildly out of profile given Yang's disclosed net worth and income, and (d) the evidence of coordinated trading activity with Defendant Chang (discussed in ¶¶ 83-86 below).

51. On information and belief, Yang's company, Prestige, purchased Zhongpin stock while in possession of, and on the basis of, material non-public information regarding Zhu's proposal to take Zhongpin private.

Defendant Chang:

52. Defendant Chang has a brokerage account with E*Trade.

53. In his July 2007 E*Trade account opening documents, Chang disclosed an annual income between \$50,000 and \$99,999 and a liquid net worth between \$100,000 and \$200,000.

54. From March 14 through March 27, 2012 – the two weeks before Zhongpin announced Zhu's proposed purchase of all company stock – Chang purchased through his E*Trade account 4,035 Zhongpin call options and 32,500 shares of Zhongpin stock for a total cost of \$446,895.

55. At the close of trading on March 27, 2012, the day Zhongpin announced Zhu's proposal to take the company private, Chang had earned \$828,188 in unrealized gains on his Zhongpin securities.

56. Before his purchase of Zhongpin securities in March 2012, Chang's E*Trade account had been completely dormant since November 30, 2010. For most of that dormant period, Chang maintained an account balance of less than \$7.00.

57. Chang's March 2012 trading in Zhongpin securities is highly suspicious given (a) the high volume and fortunate timing of Chang's purchases, (b) the fact that, before purchasing large amounts of Zhongpin securities, Chang had not used his E*Trade account at all for over a year, and (c) the evidence of coordinated trading activity with Defendant Yang (discussed in ¶¶ 83-86 below).

58. On information and belief, Chang purchased the Zhongpin stock and call options while in possession of, and on the basis of, material non-public information regarding Zhu's proposal to take Zhongpin private.

Defendant Cang:

59. Defendant Cang had two brokerage accounts with Interactive Brokers. The first was opened in July 2010 and the second was opened in May 2011.

60. In his most recent brokerage account application in May 2011, Cang disclosed to Interactive Brokers an annual income of \$50,001.

61. Between March 14 and March 21, 2012, Cang bought 306 Zhongpin call options for a purchase price of \$17,135.

62. That \$17,135 investment in Zhongpin securities represents approximately 34% of Cang's annual income disclosed in his account application just 10 months before.

63. On March 27, 2012, the first trading day after Zhongpin disclosed Zhu's offer to purchase all outstanding shares, Cang closed each of his option positions for a total net realized profit of \$39,745.

64. Prior to his timely purchases of Zhongpin call options in March 2012, Cang had not placed any trades in Zhongpin securities for at least two years.

65. Cang's March 2012 trading in Zhongpin call options is highly suspicious given (a) the comparatively high volume and auspicious timing of Cang's purchases, (b) the cost of the securities relative to Cang's disclosed income, (c) the fact that Cang had not traded in Zhongpin securities for at least two years prior to his timely purchases, and (d) the evidence of coordinated trading activity with Defendants Ni and Wu (discussed in ¶ 87 below).

66. On information and belief, Cang purchased the Zhongpin call options while in possession of, and on the basis of, material non-public information regarding Zhu's proposal to take Zhongpin private.

Defendant Wu:

67. Defendant Wu has two brokerage accounts at Interactive Brokers.

68. On his most recent account application in December 2011, Wu disclosed to Interactive Brokers an estimated net worth of \$77,022, liquid net worth of \$20,539 and annual income of \$41,181 per year.

69. From March 14 through March 21, 2012, Wu bought 257 Zhongpin call options for a total purchase price of \$15,568.

70. That \$15,568 investment in Zhongpin securities in the course of one week represents approximately 20% of Wu's total net worth and 38% of Wu's annual income as disclosed in his account application just four months earlier.

71. On March 27, 2012 – the first trading day after Zhongpin announced Zhu's proposed purchase of Zhongpin's outstanding shares – Wu closed out each of the option positions for a total net realized gain of \$34,288.

72. Wu had not traded Zhongpin securities in either of his accounts at Interactive Brokers in the year prior to his timely call option purchases in March 2012.

73. Wu's March 2012 purchases of Zhongpin call options are highly suspicious given (a) the volume and auspicious timing of Wu's purchases, (b) the cost of the securities relative to Wu's income and net worth, (c) the fact that Wu had not traded in Zhongpin securities in at least the year prior to March 2012, and (d) the evidence of coordinated trading activity with Defendants Ni and Cang (discussed in ¶ 87 below),

74. On information and belief, Wu purchased the Zhongpin call options while in possession of, and on the basis of, material non-public information regarding Zhu's proposal to take Zhongpin private.

Defendant Ni:

75. Defendant Ni opened a brokerage account with Interactive Brokers in May 2011.

76. In the account application, Ni disclosed a total net worth of \$102,928 and annual income of \$41,171.

77. In the two weeks before Zhongpin announced Zhu's planned purchase of all Zhongpin stock, Ni purchased 4,300 Zhongpin shares and 169 Zhongpin call options for a total purchase price of \$68,980.

78. In sum, in the two weeks before Zhongpin announced the Zhu offer, Ni invested \$68,980 in Zhongpin securities – a figure representing almost 67% of Ni's total net worth and approximately 168% of Ni's annual income as disclosed in account opening documents just 10 months before.

79. On March 27, 2012, the first trading day after Zhongpin announced Zhu's proposal to take the company private, Ni closed out each option position and sold all of his Zhongpin shares for a total net realized gain of \$57,108.

80. Before Ni's timely March 2012 trades, Ni had not placed any trades in Zhongpin securities for at least 10 months.

81. Ni's March 2012 purchase of Zhongpin stock and options is highly suspicious given (a) the volume and auspicious timing of Ni's purchases, (b) the cost of the securities

purchases relative to Ni's income and net worth, (c) the fact that Ni had not traded in Zhongpin securities for at least the 10 months prior to March 2012, and (d) the evidence of coordinated trading activity with Defendants Wu and Cang (discussed in ¶ 87 below).

82. On information and belief, Ni purchased the Zhongpin stock and options while in possession of, and on the basis of, material non-public information regarding Zhu's proposal to take Zhongpin private.

Evidence of Coordinated Activity

83. Available evidence reflects likely coordination among some of the Defendants.

84. It appears that Defendants Yang and Chang have used the same computer to access their brokerage accounts in the two weeks leading up to the Zhongpin announcement.

85. For example, on March 14, 2012, Chang accessed his account with E*Trade using a network with the same Internet Protocol ("IP") address that was later used to access the Prestige account with Interactive Brokers on numerous occasions between March 15 and March 23, 2012.

86. Chang and Prestige also used a second matching IP address to access their respective brokerage accounts on March 21, 2012.

87. Likewise, Defendants Cang, Wu and Ni each accessed their respective brokerage accounts using networks with the same IP addresses and hardware with identical Media Access Control ("MAC") addresses at various times between August 2011 and March 2012.

COUNT I
Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder
(Against All Defendants)

88. The Commission realleges and incorporates by reference paragraphs 1 through 87 as though fully set forth herein.

89. All Zhongpin shares and options referenced in this Complaint are securities, as that term is used in the Exchange Act, which are listed and traded on a domestic national exchange – *i.e.*, the NASDAQ and CBOE.

90. Upon information and belief, the Defendants purchased shares and call options as set forth above, while they were in possession of, and on the basis of, material, nonpublic information regarding Zhu's proposal to take Zhongpin private by purchasing the company's outstanding stock. Each Defendant: (a) knew, or recklessly disregarded, the fact that their trading was in breach of a fiduciary duty or similar duty of trust and confidence owed to the shareholders of Zhongpin, or to the source from whom they received the material, nonpublic information; and/or (b) knew or should have known that material, nonpublic information about the contemplated acquisition had been communicated to them in breach of a fiduciary or similar duty of trust and confidence.

91. Upon information and belief, any and all material, nonpublic information that Defendants received concerning Zhongpin, as set forth above, was disclosed in exchange for a personal benefit that benefited the communicator of such information.

92. As more fully described in paragraphs 1 through 87 above, the Defendants, in connection with the purchase and sale of securities, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any national

securities exchange, directly or indirectly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or omitted to state materials facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon another person, including purchasers and sellers and prospective purchasers and sellers of securities.

93. The Defendants each acted with scienter.

94. By engaging in the conduct described above, the Defendants each, directly or indirectly, violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that the Defendants committed the violations charged and alleged herein.

II.

Issue a Temporary Restraining Order and Orders of Preliminary and Permanent Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining each of the Defendants, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from,

directly or indirectly, violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

III.

Issue an asset freeze order in a form substantially similar to the order contained in the proposed order submitted in connection with the Commission's motion for relief which, among other things, prevents the Defendants, and each of Defendants' financial and brokerage institutions, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of such Order by personal service, facsimile service, email service, or service in accordance with such Order, or otherwise, from withdrawing, transferring, pledging, encumbering, assigning, dissipating, concealing, or otherwise disposing of any assets in their accounts maintained at the brokerage and financial institutions referenced in this Complaint.

IV.

Issue an Order requiring Defendants to repatriate any assets or funds transferred to foreign accounts that were obtained as a result of Defendants' insider trading in Zhongpin securities, including assets or funds that were obtained through other brokerage accounts, if any, and freezing those assets or funds.

V.

Issue an Order permitting expedited discovery.

VI.

Issue an Order enjoining and restraining the Defendants, and any person or entity acting at their discretion or on their behalf, from destroying, altering, concealing, or

otherwise interfering with the access of the Commission to relevant documents, books or records.

VII.

Issue an Order requiring each Defendant to disgorge all ill-gotten gains from the violative conduct alleged in this Complaint, and to pay prejudgment interest thereon.

VIII.

Issue an Order requiring each Defendant to pay civil monetary penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1].

IX.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

X.

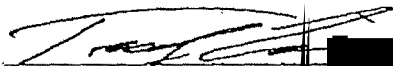
Granting such other relief as this Court may deem just and appropriate.

JURY DEMAND

The Commission requests a trial by jury.

Respectfully Submitted,

Dated: April 4, 2012.


Robert J. Burson (IL#3 [REDACTED])
Timothy S. Leiman (IL [REDACTED])
Jedediah B. Forkner [REDACTED]
Marlene B. Key [REDACTED]
175 West Jackson Blvd., Suite 900
Chicago, IL 60604
[REDACTED]
[REDACTED]

Attorneys for Plaintiff
U.S. Securities and Exchange
Commission

EXHIBIT B

He also was assigned the e-mail address syang@baronfunds.com.

5) Under Baron's IT policies, all documents and communications created or stored on Siming Yang's Baron-issued computer and Blackberry were Baron's property. In addition, aside from *de minimus* personal use, Baron-issued devices were to be used only for purposes of Baron-related business. Siming Yang received training on Baron's IT policies, and, like all Baron employees, was informed that he had no right to privacy in documents and communications created or maintained on his Baron-issued devices and that all such documents and communications were the property of Baron.

6) When Mr. Yang's employment was terminated in March 2012, he was informed that he would have to turn over his Baron-issued computer and his Blackberry.

7) Siming Yang did not inform me – or to my knowledge anyone under my supervision – that he had documents on his Baron-issued devices related to research into Zhongpin, Inc. or his work for Prestige Trade Investments, Ltd. (“Prestige”). In fact, prior to this litigation, I had not heard of either entity. While Mr. Yang would have been allowed to retain copies of purely personal documents (such as personal photographs or personal financial information) Mr. Yang did not ask for – and the Baron IT department did not give – permission to delete, alter, copy or transfer any documents related to Zhongpin, Prestige, or research into any public company.

8) Mr. Yang turned over his Baron-issued computer to Baron's IT department on March 30, 2012.

9) In searching for documents responsive to requests from the SEC, I (and Baron IT staff, acting at my direction) examined Siming Yang's hard drive for deleted documents. In doing so, I discovered that a number of documents had been deleted from Siming Yang's

desktop on March 30, 2012 – just before Mr. Yang left the company and turned over his computer.

10) The deleted documents had been removed from Siming Yang's desktop and, therefore, (a) were not visible to users through the desktop interface without further examination and (b) were designated to be overwritten which means that – with further use of the computer – the files could have been partially or entirely destroyed without the possibility of recovery. Because the Baron IT department preserved Siming Yang's hard drive and examined it we were able to preserve and recover the deleted documents from Mr. Yang's hard drive and prevent them from being permanently destroyed.

11) Among the documents that had been deleted from Mr. Yang's computer on March 30, 2012 was a pdf file titled "HSBC." A true and correct copy of that deleted document was produced to the SEC in response to their document requests in this matter (a paper copy of which has been Bates-stamped SEC-BC-0127991 through SEC-BC-0128033).

12) After Baron's IT department examined Siming Yang's hard drive and recovered the documents deleted on March 30, 2012, the hard drive was preserved so that SEC computer forensics personnel could make a forensic copy of all data on the drive.

13) Siming Yang did not return his Blackberry on March 30, 2012 as he was instructed to do. He did not return the Blackberry until April 3, 2012 – after several additional requests by Baron IT staff.

14) When the Blackberry was returned, I (and Baron IT staff working at my direction) examined the device.

15) Upon examining the device, I discovered that the Subscriber Identification Module ("SIM") card for Siming Yang's Blackberry had been altered. The SIM card is a

removable plastic card in the Blackberry device that is used to identify and authenticate users to the network (in this case, Baron's Blackberry Enterprise Server). The security features of the SIM card for Siming Yang's Blackberry had been bypassed and the configuration of the SIM card had been changed so that the Blackberry no longer received e-mail at syang@baronfunds.com, but rather, received e-mail addressed to syang08@gsb.columbia.edu.

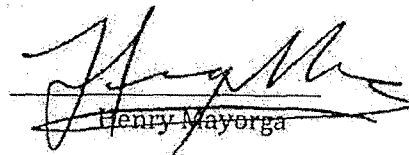
16) In addition, the phone number for Siming Yang's Baron-issued Blackberry had been transferred without permission to a different service provider – from Verizon (Baron's service provider) to Sprint.

17) Based on my knowledge of Baron's IT infrastructure, including Baron's Blackberry Enterprise Server, I believe that someone with technical proficiency altered Siming Yang's Baron-issued Blackberry – bypassing several security features of the device and Baron's Blackberry Enterprise Server – so that the device could receive e-mail at another address and could continue to be used outside of Baron's network infrastructure.

18) After Baron's IT department examined Siming Yang's Blackberry, the device was preserved and turned over to the SEC's computer forensics personnel upon their request.

I, Henry Mayorga, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct.

Executed on the 7th day of June 2013



Henry Mayorga

EXHIBIT C

IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS EASTERN
DIVISION

U.S. SECURITIES AND EXCHANGE)
COMMISSION,)
)
Plaintiff,)
)
v.)
)
)
SIMYING YANG, PRESTIGE TRADE,)
INVESTMENTS LIMITED, CAIYIN FAN,)
AND SHUI CHONG (ERIC) CHANG,)
)
Defendants.)

Case No. 12-C-2473
Hon. Matthew F. Kennelly

DECLARATION OF PATRICK PATALINO

I, Patrick Patalino, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct and that, if called to do so, I could competently testify as follows:

- 1) I am currently General Counsel and Vice President of Baron Capital Group, Inc. and have served in those positions since 2007.
- 2) Baron Capital Group, Inc is a holding company incorporated in New York with three subsidiaries: Baron Capital, Inc. , a limited purpose broker-dealer registered with the Securities and Exchange Commission; BAMCO, Inc. and Baron Capital Management, Inc., investment advisers registered with the Securities and Exchange Commission. Baron Capital Group, Inc. and its subsidiaries are collectively referred to herein as "Baron."
- 3) In my role as General Counsel, I am responsible for the Legal and Compliance Departments. The Legal and Compliance Departments are responsible for developing and implementing policies and procedures to ensure that Baron and its employees comply with

applicable law. To that end, Baron's Legal and Compliance Departments conduct training of Baron employees to ensure that they understand their responsibilities for complying with Baron's policies and procedures.

4) Defendant Siming Yang was hired by Baron as a Research Analyst beginning in October 2008. In that role, he primarily conducted company and market research on behalf of two of Baron's registered mutual funds: (1) the Baron Emerging Markets Fund, and (2) the Baron International Growth Fund. He remained employed with Baron until he was terminated effective March 30, 2012.

5) At all times during Siming Yang's employment at Baron, Baron had a written Code of Ethics which, among other things, set out Baron's policies for personal securities transactions of Baron's employees. Among other goals, those policies were intended to protect Baron's clients, manage potential conflicts, and prevent even the appearance of inappropriate personal trading by Baron employees, including insider trading.

6) At all times during his employment at Baron, Siming Yang was subject to Baron's Code of Ethics. A true and correct copy of Baron's Code of Ethics – bearing the Bates-stamp BC000021 – BC000048 – was produced to the Securities and Exchange Commission (the "SEC") in response to its document requests in this matter. Among other things, Baron's Code of Ethics required Siming Yang:

- (a) to obtain pre-clearance from Baron before making any personal securities transactions, including the purchase of equity securities;
- (b) to place personal securities trades only through a broker-dealer approved by Baron; and
- (c) to periodically submit reports to Baron's Legal and Compliance Departments, identifying (a) all brokerage accounts in which Mr. Yang had a beneficial or controlling interest, (b) all securities holdings, and (c) all personal securities transactions, including the date of the transaction, the

name and ticker symbol of the security, the nature of the transaction, the price and the number of shares purchased.

7) Siming Yang was required periodically to certify to Baron's Legal and Compliance Departments that he (a) received, read, and understood the Code of Ethics, (b) recognized that he was subject to the provisions of the Code, (c) had complied with the Code, and (d) had disclosed all personal securities transactions. Yang completed and submitted that certification for each period during his employment at Baron.

8) At all times during Siming Yang's employment at Baron, Baron did not permit its employees to purchase securities issued by publicly traded companies.

9) This long-standing practice of prohibiting employees from purchasing securities issued by publicly traded companies was officially added to Baron's Code of Ethics on February 14, 2012. I personally circulated that revised Code of Ethics to all Baron employees (including Siming Yang) by e-mail. A true and correct copy of the February 14, 2012, 2012 Amended and Restated Code of Ethics – Bates-stamped BC000049 – BC000074 – was produced by Baron to the SEC in response to its document requests in this matter.

10) At all times during Siming Yang's employment at Baron, Baron's Rules of Conduct prohibited employees from holding outside employment or engaging in any business activities that could conflict with their duties to Baron unless they had received written approval from the CEO. Siming Yang never requested or received such approval.

11) Siming Yang received training in Baron's policies regarding personal securities transactions, the disclosure of personal securities holdings, and the prohibition on employment outside of Baron. and . In addition, on an annual basis he was emailed a list of the Baron policies that applied to him, including the policies mentioned above, affirmed that

he had received and read them and certified that he had complied with them.

12) In December 2008, Mr. Yang violated Baron's policies regarding personal securities transactions by placing personal trades without first seeking pre-clearance from the Legal Department. The trades involved purchases of equity securities of publicly traded companies. Had Mr. Yang requested pre-clearance for those trades, his request would have been denied consistent with Baron's practice of not permitting its employees to purchase securities issued by publicly traded companies.

13) After discovering the violation, the Legal Department informed Siming Yang that he was required to pre-clear his personal trades with the Legal Department and that he was prohibited from purchasing securities issued by publicly traded companies. Siming Yang responded that he understood. Pursuant to the Investment Company Act of 1940, a record of Mr. Yang's violation and the action taken was documented and reported to the Baron Funds Board of Trustees.

14) As required by Baron policy, Siming Yang submitted periodic reports to Baron's Legal and Compliance Departments certifying his personal securities holdings and personal securities transactions.

15) Siming Yang never disclosed to Baron's Legal and Compliance Departments any of the following brokerage accounts:

- (a) Any brokerage account at Sogotrade in the name of Siming Yang;
- (b) Any brokerage account at Sogotrade in the name of Caiyin Fan and Siming Yang; or
- (c) Any brokerage accounts in the name of Prestige Trade Investments, Ltd.

16) Siming Yang never disclosed to Baron that he was the general manager, managing partner or investment adviser of a private investment vehicle called Prestige

Trade Investments, Ltd. ("Prestige"). In fact, although he was prohibited from outside employment while at Baron, Siming Yang never disclosed the existence of Prestige to Baron. Any work performed by Siming Yang on behalf of Prestige prior to March 30, 2012 was a violation of the provisions of Baron's Code of Ethics, Rules of Conduct and Employee Handbook that are designed to prevent conflicts of interest.

17) Siming Yang did not disclose to Baron -- or seek preclearance from Baron's Legal Department related to -- any trading in Zhongpin, Inc. (which is a public company, trading under the ticker symbol "HOGS") whether out of a brokerage account in his name or an account in the name of Prestige.

18) Any trades placed at the direction of, on behalf of, or for the benefit of Siming Yang in the securities of Zhongpin, Inc. prior to March 30, 2012 were in violation of Baron's Code of Ethics.

19) Baron also required Siming Yang to periodically complete an "Affirmation Report" in which Baron employees respond to various compliance questions. Mr. Yang's last Affirmation Report was submitted to Baron's Compliance Department on March 26, 2012 -- just a few days before he left the company. True and correct copies of Mr. Yang's Affirmation Reports were produced to the Commission in response to their document requests in this matter (Bates-stamped SEC-BC-0000254 through SEC-BC-0000302).

20) In his March 26, 2012 Affirmation Report submitted to Baron's Compliance Department, Mr. Yang affirmed the answer "No" to the following questions:

(a) "To the best of your knowledge, has any of the information that you have acquired in connection with your employment at Baron been used by you in any way that was contrary to or in competition with the interests of clients?";

(b) Have you sold any financial instruments away from the Firm or otherwise

participated in any private securities transactions (excluding transactions among immediate family members for which you received no selling compensation)?"; and

(c) Have you engaged in any outside business activities for which you have been employed or received compensation?"

21) At all times during Siming Yang's employment with Baron, Baron had information technology ("IT") policies that, among other things, provided that all documents and work product related to an employee's employment – including electronic documents and data files – are the property of Baron. In addition, at all times during Siming Yang's employment with Baron, Baron's Employee Handbook stated that "Confidential Information" is the property of Baron and may not be taken from Baron after an employee is terminated. The Employee Handbook's definition of Confidential Information includes "research about portfolio companies or prospective portfolio companies." Mr. Yang signed an acknowledgement that he read and understood the Employee Handbook in connection with commencing his employment at Baron.

22) Under the IT policy and the policy regarding the treatment of Confidential Information, any documents related to Siming Yang's analysis of Chinese public companies – including any documents related to the analysis of Zhongpin, Inc. – created or retained on Baron equipment were the property of Baron. Any deletion, removal or transfer of those documents by Siming Yang from his Baron-issued computer was a violation of those policies.

23) Under Baron's IT policies, Baron employees have no right to privacy in any of their communications made using Baron-issued equipment, including Baron-issued BlackBerries.

24) Siming Yang received training in Baron's IT policies, including the policy that

employee communications and work-related documents are Baron's property.

25) Siming Yang signed a "Meeting Sign-in Sheet" acknowledging that he received training in which Baron's IT privacy policies were explained. In response to the SEC's document requests in this matter, Baron produced to the SEC a true and correct copy of a PowerPoint presentation from that training and (b) the signature sheet on which Siming Yang acknowledged receiving that training (attached as Ex.10 to the SEC's Rule 56.1 Statement of Facts).

26) On or about March 19, 2008, I was out of the office at a conference and received a call from Linda Martinson, Baron's President and Chief Operating Officer, who informed me that Siming Yang's employment would be terminated effective March 30, 2012. She told me that Siming Yang would meet with her, Michael Kass (Portfolio Manager and Siming Yang's direct supervisor), and Ronald Baron (Chairman and Chief Executive Officer) to discuss his termination.

27) When I returned to the office, I met with Mr. Yang to discuss his termination, inform him of his obligations to the Firm in connection therewith, and answer any of his questions. During the meeting, Mr. Yang indicated that he was interested in raising money from investors in China so that he could start his own hedge fund. He specifically mentioned that, in the future, he wanted to raise approximately \$30 million for a hedge fund. I told Mr. Yang that he could not start his new hedge fund or raise any money for that fund until he officially left Baron on March 30, 2012.

28) Mr. Yang told me that he understood and that he would not raise any money until he left Baron. He then told me that he was eager to leave so that he could start doing so. Mr. Yang did not inform me that he had already started a private investment vehicle called

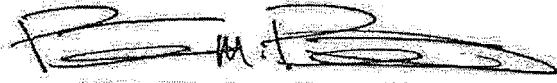
Prestige or that he had already raised money for Prestige from investors.

While employed with Baron, Siming Yang's was assigned the e-mail address:

syang@baronfunds.com.

I, Patrick Patalino, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the forgoing is true and correct to the best of my knowledge.

Executed: June 12th 2013

A handwritten signature in black ink, appearing to read 'P. Patalino', written over a horizontal line.

Patrick Patalino

EXHIBIT D

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

U.S. SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	Case No. 12-C-2473
v.)	
)	Hon. Matthew F. Kennelly
SIMING YANG, PRESTIGE TRADE,)	
INVESTMENTS LIMITED, CAIYIN FAN,)	
AND SHUI CHONG (ERIC) CHANG,)	
)	
Defendants.)	

**PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S LOCAL RULE
56.1 STATEMENT OF ADDITIONAL MATERIAL FACTS**

Plaintiff U.S. Securities and Exchange Commission (the "SEC") pursuant to Rule 56.1(b)(3) of the Local Rules of the District Court for the Northern District of Illinois respectfully submits the following Statement of Additional facts in response to Defendant Siming Yang's and Defendant Prestige Trade Investments Limited's ("Prestige's") Motion for Summary Judgment:

Defendant Siming Yang Opens a Joint Account at Sogotrade With Caiyin Fan

1. Yang had a personal e-mail account through Google with an address of [REDACTED]. (E.g., Dkt.#161-8, Yang Decl. at exhibits D, E and F.)
2. On November 21, 2011, account opening documents for account #5****135 were sent to Sogotrade (a division of Wang Investments) from Siming Yang's personal e-mail address at [REDACTED]. The account opening documents listed Caiyin Fan and Siming Yang as account holders. That account was formally opened on November 25,

15. As of the close of the market on March 27, 2012 – the first day after Zhongpin’s announcement – Prestige had unrealized gains of \$7,672,632 on its Zhongpin stock position. (Ex. 43, Kustus Decl. ¶¶ 9-10.)

16. In a presentation to Prestige investors, Yang represented that Prestige’s portfolio would be “properly diversified...by industry...by sector and country.” (Ex. 24, February 2012 Prestige Presentation V4 (Translated) at 8.)

Yang Violates His Employer’s Insider Trading Policies

17. Defendant Siming Yang was retained by Baron Capital Group, Inc. – a New York-based holding company that included broker-dealer and investment adviser subsidiaries – as a Research Analyst beginning in October 2008 to conduct company and market research on behalf of two of Baron’s registered mutual funds: (1) the Baron Emerging Markets Fund, and (2) the Baron International Growth Fund. He remained employed with Baron until he was terminated effective March 30, 2012. (Ex. 1, P. Patalino Decl. ¶ 2, 4; Ex. 2, Kass Decl. ¶¶ 3-4.)

18. At all times during his employment at Baron, Siming Yang was subject to Baron’s written policies which – among other goals – was designed to prevent even the appearance of insider trading by Baron employees. (Ex. 1, P. Patalino Decl. ¶¶ 5-11; Ex. 7, 2/12/2008 Baron’s Code of Ethics at 15-20; Ex. 8, Baron’s 2/14/2012 Amended and Restated Code of Ethics at 5.)

19. Among other things, Baron’s policies (a) required Yang to pre-clear all personal securities trades, (b) barred Yang from placing trades in publicly traded companies, (c) required Yang to submit periodic reports to Baron identifying all personal brokerage accounts in which he had a beneficial or controlling interest, all securities holdings and all

291-293.)

36. Yang and the other Reporting Persons stated on the Schedule 13D that they shared voting and dispositive power over the shares and that none of them held sole voting or dispositive powers over any other shares. Further, they stated that during the previous sixty days “no transactions in the Common Stock were effected by any Reporting Person” other than those disclosed on the form. (Ex. 27, 4/2/2012 Schedule 13D at 2-5, 7.)

37. The Schedule 13D reflected only those shares acquired by Prestige and did not disclose the shares that were purchased in the Yang/Fan account. (Ex. 27, 4/2/2012 Schedule 13D at 3.)

Yang’s Prestige Salary:

38. In exchange for managing the investments of Prestige, Yang was to receive a salary of .5% of assets under management and a bonus equal to a percentage of Prestige’s investment gains. (Ex. 26, Prestige Articles of Association at 8-9.)

Dated: July 12, 2013

Respectfully submitted by:

s/Timothy S. Leiman
Robert J. Burson [REDACTED]
Timothy S. Leiman [REDACTED]
Jedediah B. Forkner [REDACTED]
Marlene Key-Patterson ([REDACTED])
175 West Jackson Blvd., Suite 900
Chicago, IL 60604
[REDACTED]
[REDACTED]
Attorneys for Plaintiff
U.S. Securities and Exchange Commission

EXHIBIT E

**UNITED STATES DISTRICT COURT
FOR THE Northern District of Illinois – CM/ECF LIVE, Ver 5.0.3
Eastern Division**

U.S. Securities and Exchange Commission

Plaintiff,

v.

Case No.: 1:12-cv-02473

Honorable Matthew F. Kennelly

Siming Yang, et al.

Defendant.

NOTIFICATION OF DOCKET ENTRY

This docket entry was made by the Clerk on Monday, July 9, 2012:

MINUTE entry before Honorable Matthew F. Kennelly: Status hearing held and continued to 9/11/2012 at 09:30 AM. 26(a)(1) disclosures are to be made by 7/12/2012. Deadline for requesting leave to amend pleadings and add parties is 8/22/2012. Fact discovery is ordered closed 12/13/2012. Plaintiff's 26(a)(2) disclosures are due 1/27/2013 and defendant's are due 2/27/2013. Plaintiff's rebuttal disclosures are due 3/27/2013. Expert discovery is ordered closed 4/9/2013. Deadline for filing dispositive motions is 5/9/2013. (or,)

ATTENTION: This notice is being sent pursuant to Rule 77(d) of the Federal Rules of Civil Procedure or Rule 49(c) of the Federal Rules of Criminal Procedure. It was generated by CM/ECF, the automated docketing system used to maintain the civil and criminal dockets of this District. If a minute order or other document is enclosed, please refer to it for additional information.

For scheduled events, motion practices, recent opinions and other information, visit our web site at www.ilnd.uscourts.gov.

EXHIBIT F

DECLARATION OF SIMING YANG

I, Siming Yang, hereby declare pursuant to 28 U.S.C. § 1746:

1. I am a citizen of China and I am over 18 years of age.
2. I have first hand personal knowledge of the information contained in this Declaration.
3. I was a shareholder, board member and manager of Prestige Trade Investments Limited (“Prestige”), from at least March 2012 to at least May 2012.
4. I have reviewed Exhibit T to the SEC Division of Enforcement’s (“Division”) Motion for Summary Disposition, dated January 26, 2015 (“Motion.”), that the Division calls a “Service Contract.” Exhibit T is not a true and accurate copy of the Service Contract that I entered into with Prestige. In other words, Exhibit T is the wrong version of the document and did not govern the relationship between me and Prestige.
5. I have reviewed Exhibit Q to the Division’s Motion that the Division refers to as an “Offer Letter.” Exhibit Q, however, does not reflect any offer to me. The letter is unsigned and is full of blank terms.
6. I left the United States on February 21, 2012 and did not return until March 17, 2012.
7. Attached to this Declaration as “Exhibit A,” is a true and accurate copy of the Prestige Articles of Association.”
8. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. I understand that a false statement in this declaration could subject me to criminal penalties under the laws of China.

Executed on February 22, 2015

Siming Yang

SIMING YANG

EXHIBIT G

Prestige Trade Investments Limited

Articles of Association

March 10, 2012

D P Exhibit 20
Deponent Xao Fei
Date 12/14/12 Rptr JMB
Merrill Corporation
www.merrillcorp.com

Confidential--Subject to Protective Order Prestige 001049

General Provisions

In order to regulate the organization and conducts of Prestige Trade Investments Limited (hereinafter referred to as the "Company") and safeguard the legitimate rights and interests of the Company and its shareholders and creditors, this Agreement is hereby established by all shareholders upon discussion on an equal, fair and voluntary basis according to the *Company Law of the People's Republic of China*, the *Contract Law of the People's Republic of China* and relevant laws and regulations.

Where there is any conflict between this Agreement and relevant company administration laws and regulations of the British Virgin Islands or the laws and regulations of other countries, this Agreement shall prevail.

Chapter 1 Company name and address

Article 1 The Company is registered in the British Virgin Islands.

Company name: Prestige Trade Investments Limited

Registered address: C3401, Top View Garden, Pearl River New Town, Guangzhou

Chapter 2 Scope of businesses

Article 2 The Company's scope of businesses: use the Company's working capital to engage in securities investments and other investments. The objects of investments include securities and other objects of investment in the stock exchanges of the United States and China.

The scope of businesses as approved by and registered with the registration authority shall be applicable. The Company shall conduct its businesses within the registered scope of businesses and the specially-licensed scope of businesses.

Chapter 3 Registered capital and working capital of the Company

Article 3 The Company's registered capital: US\$30,000,000. The Company's working capital: US\$30,000,000

Article 4 Value per share of the Company's equities: US\$1,000,000.

Chapter 4 Names, contribution mode and contribution amount of shareholders

Article 5 Please see the following table for the names, contribution amount and proportions of shares of all shareholders.

Shareholder Name	ID Card No.	Contribution (USD)	Proportion of shares (shares)	Title
Xiao Fei		15,000,000	15	Chairperson
Wang Chidong		3,000,000	3	Director
Yang Siming		3,000,000	3	Director, General Manager
Lu Yuyin		5,000,000	5	
Wang Manqiong		2,000,000	2	
Xie Junbo		2,000,000	2	
Total		30,000,000	30	

Article 6 All shareholders make their contributions in cash.

Article 7 The Company shall issue a certificate of contributions to the shareholders after incorporation. Such certificate of contributions shall indicate the following:

- (I) Company name;
- (II) Company incorporation date;
- (III) Company registered capital;

(IV) Shareholder name, contribution paid and proportion of shares;

(V) Serial number and issue date of certificate of contributions.

The certificate of contributions shall bear the signature of the Company's legal representative and the official seal of the Company.

Article 8 The Company has a shareholder register which shall record the following details:

(I) Shareholder names;

(II) Registered addresses of shareholders;

(III) Amounts and proportions of shareholder contributions; and

(IV) Serial numbers of certificates of contributions.

Chapter 5 Rights and obligations of shareholders

Article 9 Shareholders shall have the following rights:

(I) The right to elect [others] and be elected as the Company's director and supervisor;

(II) Request to hold a shareholders' meeting according to the requirements of laws, regulations and these Articles of Association;

(III) Supervise the Company's operating activities and routine management;

(IV) Review the Company's Articles of Association, shareholders' meeting minutes and the Company's financial and accounting reports; make proposals and inquiries about the Company's operations;

(V) Receive dividends according to the Company's rules;

(VI) Participate in the distribution of [the Company's] remaining assets according to the proportion of shares after the Company's liquidation and dissolution;

(VII) When the Company undermines its legal interests, file a lawsuit with the People's Court having jurisdiction, asking for correction of such conduct, and claim compensation if financial losses are incurred thereby.

Article 10 Shareholders shall perform the following obligations:

(I) Make subscribed contributions as required;

- (II) Assume responsibilities for the Company within the scope of their subscribed contributions;
- (III) Not withdraw capital until one full year after approved registration of the Company;
- (IV) Abide by the Company's Articles of Association and keep confidential all business information of the Company;
- (V) Support the Company's operations and management, and offer reasonable proposals in order to promote development of the Company's businesses.

Article 11 All shareholders shall pay their respectively subscribed contributions in full within the schedule specified in the Investor Agreement.

Article 12 Where any shareholder fails to pay [their contribution] in full within seven days after receipt of the Company's notice of payment, other shareholders may file a written application for subscriptions or borrow monies for such contributions. Any shareholder who applies for bank loans according to this provision shall bear the preferential loan interest rate plus 3%. Such preferential interest rate shall be [the rate publicized by] HSBC.

Article 13 The shareholders shall receive dividends according to their respective proportion of investment.

Article 14 No shareholder is allowed to withdraw their contribution within one year after registration of the Company.

Article 15 Upon transfer of shares, [any] shareholder must first ask other shareholders to buy such shares. If no other shareholder agrees to buy such shares, the shares may be transferred to a party other than the original shareholders.

Article 16 After legal transfer of such shares, the Company shall record the name, address and purchase amount of the transferee on the shareholder register.

Chapter 6 Board of shareholders

Article 17 The Company has a board of shareholders which shall consist of all shareholders. The board of shareholders shall enjoy supreme authority in the Company and a shareholders' meeting shall be attended by the shareholders or their authorized representatives.

Article 18 The following functions shall be performed by the board of shareholders:

- (I) Elect and replace directors and determine the remuneration of directors;
- (II) Review and approve the reports of the board of directors;
- (III) Review and approve the annual financial budgeting plan and account settlement plan of the Company;
- (IV) Review and approve the Company's profit distribution plan and loss compensation plan;
- (V) Resolve on the increase or decrease of the Company's registered capital;
- (VI) Resolve on the issue of corporate bonds;
- (VII) Resolve on the transfer of shares by [any] shareholder;
- (VIII) Resolve on the Company's merger, split, change of organization, dissolution and liquidation;
- (IX) Formulate and amend the Company's Articles of Association.

Article 19 At the shareholders' meeting, shareholders shall cast their votes based on their respective proportions of shares.

Article 20 At least one regular shareholders' meeting shall be held each quarter. An interim shareholders' meeting shall be held immediately when the Company's original assets register a loss of 20%.

Article 21 A shareholders' meeting shall be convened by the board of directors and presided over by the chairperson. In the absence of the chairperson for special reasons, the chairperson shall designate another director to act on his/her behalf.

Article 22 A written notice shall be given to all shareholders seven days before any shareholders' meeting is held. Any shareholder who cannot attend the shareholders' meeting in person may authorize a representative to attend on his/her behalf.

In general, a resolution of the shareholders' meeting shall become valid only when it is approved by shareholders representing more than half of all voting rights of all attending shareholders.

Any resolution regarding the increase/decrease of the Company's registered capital, split, merger, dissolution, issue of corporate bonds and change of company form shall become valid only when it is approved by shareholders representing more than two-thirds of all voting rights of all attending shareholders. For the purpose of amendments to the Company's articles of association, the corresponding resolution shall become valid only when it is approved by shareholders representing more than three-quarters of all voting rights of all attending shareholders.

Article 23 Minutes of a shareholders' meeting shall be drawn up to include all resolutions passed in the meeting. All attending shareholders shall sign on the meeting minutes.

Chapter 7 Board of directors

Article 24 The Company has a board of directors that consists of three members, namely Xiao Fei, Wang Chidong and Yang Siming. The shareholders may increase the number of board members, but it shall include seven members at the maximum.

Article 25 The board of directors has one chairperson, which [position] shall be held by Xiao Fei with a tenure of one year. The tenure may be renewed upon expiry.

Article 26 Directors have a tenure of one year which may be renewed upon expiry. The board of shareholders shall not dismiss any director without justification before his/her tenure expires.

Article 27 The board of directors reports to the board of shareholders and exercises the following duties:

- (I) Convene a shareholders' meeting and make a work report to the shareholders' meeting;
- (II) Execute resolutions passed in a shareholders' meeting;
- (III) Formulate the Company's financial budgeting plan and account settlement plan;
- (IV) Formulate the profit distribution plan and loss compensation plan;
- (V) Formulate the plan for the increase or decrease of registered capital and working capital;
- (VI) Formulate the plan for acquisition, sales, merger, split and change of organization and dissolution of the Company;
- (VII) Decide the Company's internal management organization;

- (VIII) Employ or dismiss the Company's general manager; nominate or dismiss the Company's deputy general manager(s) and chief financial officer as nominated by the general manager; and decide the remuneration thereof;
- (IX) Listen to the work report made by the general manager, and supervise his/her work;
- (X) Decide the basic management policies of the Company;
- (XI) Other duties granted by the board of shareholders and relevant laws and regulations.

Article 28 The board of directors shall hold at least two board meetings each year. A written notice shall be given to all directors seven days before a meeting is held.

A meeting of the board of directors shall be convened and presided over by the board chairperson. Where the board chairperson is prevented from performance of duties by special reasons, he/she may designate another director to act on his/her behalf. More than one-third of the directors may propose the holding of a board meeting.

Any board resolution must be passed by more than half of all directors.

For voting on resolutions, the directors have one vote each.

Minutes of a board meeting shall be drawn up to record all board resolutions. All attending directors shall sign on the meeting minutes.

Chapter 8 Operational management organization

Article 29 The Company has an operational management organization which includes one general manager and several other management personnel.

Yang Siming shall act as the general manager after incorporation of the Company.

The general manager shall report to the board of directors and perform the following duties:

- (I) Take full responsibility for investments as the Company's investment manager;
- (II) Draft, organize and implement the Company's annual operating plan and investment plan;

- (III) Act for and on behalf of the Company according to laws;
- (IV) Make investigations and selections, participate, establish any relations and buy or sell invested securities assets without prior approval of the board of shareholders or board of directors, if required for the sake of business;
- (V) Acquire or supply any services necessary for investment management, including but not limited to (trading, delivery, registration, booking and account auditing);
- (VI) Take responsibility for administration and operation of the Company; guarantee the Company's office costs and expenses, including but not limited to all management, accounting and miscellaneous expenditures of the Company;
- (VII) Employ or dismiss all personnel other than those to be employed or dismissed by the board of directors; take responsibility for the costs and expenses of the team (including salary expenses);
- (VIII) Regularly disclose operating data and make quarterly, semiannual and annual reports;
- (IX) Notify the board of directors in a timely manner when the Company's operating losses are expected to reach 20%;
- (X) Other duties granted by the Company's Articles of Association, board of directors and relevant laws and regulations.

Article 30 Any outflows of the Company's capital must be notified to all shareholders in advance and approved by three directors in writing.

Article 31 At least two meetings of the board of directors shall be held each year to make a comprehensive report on the investment results of the Company.

Article 32 The general manager may not concurrently serve in any other role.

Article 33 The compensations for the general manager and his/her team are as follows:

- (I) Salary: the salary shall be paid on the first day four months after the investment funds are transferred in. The salary shall be 0.5% net value of the investment assets, which shall be calculated according to the closing price of the previous business day.
- (II) Bonuses:

Conditions	Commissions
------------	-------------

Absolute rate of return is below 10%	0
Absolute rate of return is higher than 10% but lower than 30%	20% of absolute returns
Absolute rate of return is higher than 30%	30% of absolute returns

Article 34 No director or employee of the Company is allowed to open a bank savings account for the Company's assets in his/her own name or the name of any other person.

No director or employee of the Company is allowed to provide guarantees using the Company's assets for the Company's shareholders or any other person or liability.

Article 35 The Company shall not provide guarantees or mortgages for other companies or individuals. Any mortgages that the Company wishes to provide for the sake of its own financing within the specially-licensed scope of businesses need to be approved by three directors in writing. The Company's official seal shall be kept by the chairperson.

Article 36 No director or employee of the Company is allowed to engage in any conduct to the detriment of the Company's interests. All incomes arising from such conducts shall be vested in the Company.

No director or employee of the Company is allowed to establish any contract or conduct any transaction with the Company unless permitted by the Company's Articles of Association or board of shareholders.

Any director or employee of the Company who causes damages to the Company due to violations of laws, regulations or the Company's Articles of Association in the performance of duties shall bear liability for compensation in accordance with laws.

Article 37 The directors, general manager and investment team members of the Company may establish securities trading accounts in their personal names. Where their objects of investment are the same as those of the Company, they must obtain the oral or written approval of the board of directors in advance and guarantee that their personal transactions will not damage the Company's interests. They shall bear all legal liabilities for all their personal transactions and keep the Company harmless from same.

Article 38 The directors and employees shall satisfy the qualification requirements in relevant laws and regulations of the State.

Any director or employee who commits any malfeasance or jobbery may be dismissed according to the Articles of Association at any time, and held legally liable for violations of laws.

Chapter 9 Supplementary provisions

Article 39 All historical risks, creditor's rights and liabilities associated with any purchased BVI company shall be fully borne by previous shareholder Yang Siming temporarily, and all other new shareholders shall be exempted from same.

Article 40 The Company shall deliver notices via mail or personal delivery; fax may also be adopted if necessary. Any notice mailed or personally delivered shall be deemed to have been delivered upon receipt of the reply. Any notice that is delivered via airmail or fax shall be deemed to have been delivered upon receipt of the recipient's confirmation.

Article 41 The Articles of Association shall be amended if the Company's registered items and other key provisions are changed.

Article 42 All supplementary agreements regarding these Articles of Association, as passed by the board of shareholders, shall constitute an integral part of the Articles of Association.

Article 43 The Articles of Association are issued in _____ original copies. Each shareholder shall hold one copy and the Company shall keep _____ copies.

Article 44 In witness whereof, the following authorized representatives of shareholders formally sign these Articles of Association on ___ (Month) ___ (Day) _____ (Year).

(The signing page of all shareholders; no body text below).

Signatures:

EXHIBIT H



DATE: Thursday, July 18, 2013

A. I HEREBY CERTIFY that the annexed documents listed or described below, as redacted to remove sensitive personal identifying information (PII) of CBP employees and/or sensitive internal security codes, are true and correct copies of official records (or extracts there from) maintained in TECS and that I am the custodian thereof:

Information on the following for January 01, 2008 through March 30, 2012

Siming YANG, aka Si Ming YANG, DOB: 08/04/1976	
Person Crossing History	23 Records
Passport Number [REDACTED]	21 Records

Signature

Custodian of Record

Title

B. I HEREBY CERTIFY that Ronald Thornton who signed the foregoing certificate was at the time of signing Designated Custodian of Record and as such, was the legal custodian of the above listed documents, and that full faith and credit should be given to such a certificate.



IN TESTIMONY WHEREOF I have hereunto set my hand, and caused the seal of the Department of Homeland Security to be affixed this Eighteenth day of July Two Thousand and Thirteen.

By direction of the Secretary, U.S. Department of Homeland Security:

RUN DATE = 07/11/13 RUN TIME = 09:27
 NOTE: TIME SHOWN IS SYSTEM HOST TIME.

TECS II
 PASSENGER ACTIVITY REPORT

PAGE NO. 1

REQUESTED BY: [REDACTED] ID: [REDACTED]
 FROM 01/01/08 AT 00:00 TO 03/30/12 AT 00:00
 PRINTER LOCATION: VPC27972

PASSENGER SURNAME	CROSS DATE/TIME	LOCA	TERMD	LTP	FIRST NAME	DOCUMENT NUMBER	OTHER NAME	BIRTHDTE	INSPECTOR
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SITE - DESCRIPTION			DIRECTION	AGN	REF	IND			

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A472 - NEW YORK, JFK AIRPORT, TE			I	N					

YANG	02/15/12 00:00	[REDACTED]	API	SIMING	G27090345	CN	P	[REDACTED]	APIS QRY
HONG KONG	NOMTCH		R	CX	831	HKG	JFK		
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YANG	02/21/12 00:00	[REDACTED]	API	SIMING	G27090345	CN		[REDACTED]	APIS QRY
A471 - NEW YORK, JFK AIRPORT, TE	NOMTCH		R	CX	846	JFK	HKG		
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			I	N					

YANG	07/21/11 00:00	[REDACTED]	API	SIMING	G27090345	CN	P	[REDACTED]	APIS QRY
BEIJING CAPITAL INTERNATIONAL	NOMTCH		R	CO	89	PEK	EWR		
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YANG	06/01/11 00:00	[REDACTED]	API	SIMING	G27090345	CN	P	[REDACTED]	APIS QRY
AB5J - INS-NEWARK ASYLUM *HIST*	NOMTCH		R	CO	88	EWR	PEK		
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PU DONG, SHANGHAI	NOMTCH		R	CO	87	PVG	EWR		
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RUN DATE = 07/11/13 RUN TIME = 09:27
 NOTE: TIME SHOWN IS SYSTEM HOST TIME.

TECS II
 PASSENGER ACTIVITY REPORT

PAGE NO. 2

REQUESTED BY: [REDACTED] ID: [REDACTED]
 FROM 01/01/08 AT 00:00 TO 03/30/12 AT 00:00
 PRINTER LOCATION: VPC27972

PASSENGER SURNAME	CROSS DATE/TIME	LOCA	TERMINAL	L TYP	FIRST NAME	DOCUMENT NUMBER	OTHER NAME	BIRTHDTE	INSPECTOR
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SITE - DESCRIPTION			DIRECTION	AGN REF	IND				

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PU DONG, SHANGHAI			O	N					

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PU DONG, SHANGHAI			O	N					

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RUN DATE = 07/11/13 RUN TIME = 09:27
 NOTE: TIME SHOWN IS SYSTEM HOST TIME.

TECS II
 PASSENGER ACTIVITY REPORT

PAGE NO. 3

REQUESTED BY: [REDACTED] ID: [REDACTED]
 FROM 01/01/08 AT 00:00 TO 03/30/12 AT 00:00
 PRINTER LOCATION: VPC27972

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A477 - NEW YORK, JFK AIRPORT, TE			I	CA					

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RUN DATE = 07/11/13 RUN TIME = 09:32
 NOTE: TIME SHOWN IS SYSTEM HOST TIME.

TECS II
 PASSENGER ACTIVITY REPORT

PAGE NO. 1

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RUN DATE = 07/11/13 RUN TIME = 09:32
 NOTE: TIME SHOWN IS SYSTEM HOST TIME.

TECS II
 PASSENGER ACTIVITY REPORT

PAGE NO. 2

REQUESTED BY: [REDACTED] ID: [REDACTED]
 FROM 01/01/08 AT 00:00 TO 03/30/12 AT 00:00
 PRINTER LOCATION: VPC27972

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G27090345	02/08/11 00:00	YANG	[REDACTED]	API	SIMING	G27090345		CN	P	[REDACTED]	APIS QRY
	NOMTCH			R	CO	86		EWR			PVG
A103 - NEWARK, INTL AIRPORT TER I N											

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BEIJING CAPITAL INTERNATIONAL O N											

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AB52 - INS-JFK AIRPORT I N											

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HONG KONG O N											

RUN DATE = 07/11/13 RUN TIME = 09:32
 NOTE: TIME SHOWN IS SYSTEM HOST TIME.

TECS II
 PASSENGER ACTIVITY REPORT

PAGE NO. 3

REQUESTED BY: [REDACTED] ID: [REDACTED]
 FROM 01/01/08 AT 00:00 TO 03/30/12 AT 00:00
 PRINTER LOCATION: VPC27972

PASSENGER SURNAME	FIRST NAME	OTHER NAME	BIRTHDTE				
CROSS DATE/TIME	LOCA	TERMID	L TYP	DOCUMENT NUMBER	CTRY	TYP	INSPECTOR
QYAGN	QYRSLT	TECS-RECORD-ID	API	ARCDE	FLNBR	ARRLC	DEPLC
SITE - DESCRIPTION	DIRECTION	AGN	REF	IND			

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07/30/09 00:00		[REDACTED]	API	G27090345	CN	P	APIS QRY
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BEIJING CAPITAL INTERNATIONAL O N							

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02/03/09 12:06		[REDACTED]	API	G27090345	CN	P	[REDACTED]
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01/11/09 00:00		[REDACTED]	API	G27090345	CN	P	APIS QRY
NOMTCH			R	CA	982	PEK	JFK
BEIJING CAPITAL INTERNATIONAL O N							

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CUS	NOMTCH		C	CA	981	JFK	PEK
A477 - NEW YORK, JFK AIRPORT, TE I N							

EXHIBIT I

April 22, 2014

Honorable Matthew F. Kennelly
Everett McKinley Dirksen Building

[REDACTED]
[REDACTED] [REDACTED]
[REDACTED]

Re: Siming Yang

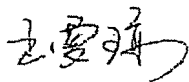
Dear Honorable Judge Kennelly:

I am one investor for Prestige Trade Investments Limited and I write this letter on behalf of Siming Yang. I understand you are in the process of determining a penalty for Mr. Yang's front-running and filing false documents.

I am aware that I am now one of the supposed "victims" of Mr. Yang's misconduct. I however would like to oppose without reservation any penalty against him. It's because of the SEC's allegations which made Mr. Yang vigorously fight for his reputation I got to know him better. I was deeply impressed. I believed he is a kind, good and talented person who deserves a bright future. If Mr. Yang did invest in Zhongpin, Inc. before I invested, then be it that way. It never concerns me or bothers me.

In addition to the acquittal for the inside trading, I was also informed by the Board that Mr. Yang actually did follow the company's procedures regarding personal trading. In any events, the huge damage of insider trade allegation to Mr. Yang's reputation has been done. As a result, if Your Honor believes there should be a penalty, I would humbly ask for refraining from punishing Mr. Yang further.

Thanks a lot for your kind consideration and attention.



Wang Manqiong

April 23, 2014

April 22, 2014

Honorable Matthew F. Kennelly
Everett McKinley Dirksen Building

[REDACTED]
[REDACTED]
[REDACTED]

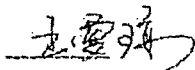
Re: Siming Yang

尊敬的法官大人:

我是名贸投资公司的一个投资者。我为思明写信。我知道你正在决定对思明抢跑和填写错误报表而决定如何惩罚。

我知道我是所谓的思明的不端行为的受害者。但我无保留的反对任何对思明的处罚。真是因为证监会对思明的起诉和他勇敢的辩护，让我更深入的了解了他。我很感动。我相信他是一个正直、诚实、善良、聪明的人。他值得拥有一个灿烂的未来。加入思明真的在我们投资众品之前投资，由他去吧。我不介意，我不烦心。

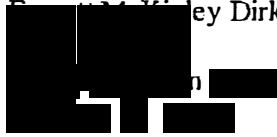
除了清洗了内幕交易的罪名，董事会还通知我，思明的个人交易也遵守了公司的准则。无论如何，思明的声誉已经被内幕交易大不实指控伤害。因此，假如法官大人认为还需要惩罚，我只能卑微的恳请法官不要加以处罚。



王曼琼

4月23, 2014

Honorable Matthew F. Kennelly
Federal Judiciary Dirksen Building



Re: **Siming Yang**

Dear Honorable Judge Kennelly:

I am one of the shareholders of Prestige Trade Investments and I write this letter on behalf of Siming Yang. I understood that you are determining possible penalties for Siming's front running me. I strongly oppose any kinds of penalty against him and would like to ask you to give him a second chance. Below are the reasons.

I am a Senior Member of the People's Political Consultative Committees of China and also a real estate developer. During my business and public service career, I supervised many young men and women, and have the experience of telling the right one to trust and invest in. Siming is such promising one. There used to be dispute among the share holders whether we should just settle the insider trading to avoid the uncertainties of the lawsuit because it was only a small portion of our personal wealth. Siming responded resolutely that he was innocent, will fight for his reputation, will fight for us, and he will win. He asked us to give him a second chance. I gave him one. It's I who reached out to the undecided share holders and convinced them to stay with Siming. He didn't disappoint me.

I would also like to remind that the severe, irreversible reputation damage to Siming for the insider trading claim that has been made. No need to stress that reputation is the only passport to any business world, especially in China. And I don't know what American people think, but in China, people believe that the government is always right. After such well reported, sensational inside trading accusation was made public by the U.S government but much less following-up news on Siming's later prevail, he will always bear the dirt as an inside trader and his career is effective ruined. He has suffered more than enough.

I knew the only reason Siming would never admit front running and form filing was only because he never did it. But even if he did front run me, I just do not care. I do not support any punishment of Siming, especially in the name of the interest of Prestige's shareholder. Your Honor, you are wise and powerful. I plead for a second chance for Siming.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'XIE Junbo', written over a horizontal line.

XIE Junbo
April 25, 2014

Honorable Matthew F. Kennelly
Everett McKinley Dirksen Building



Re: Siming Yang

尊敬的法官大人:

我是名贸公司的一个投资者。我为思明写这封信。我理解到你正在为思明的抢跑而决定惩罚。我反对任何对他的处罚并呼吁你给他多一次机会。下面是原因。

我是中国政协的资深成员同时也是地产商。在我商业和政治生涯中，我可以判断哪个年轻人可以信赖并投资。思明就是这样的人。一开始对于我们是否继续打下去这个官司公司内部有争论，有人希望可以避免诉讼的不确定性，毕竟这都是我们财富很小的一部分。思明坚定的说他是清白的，会为名誉而战，为我们而战，他会胜利。他要我们给他一次机会。我给了他一次机会。我说服了那些犹豫不定的投资者支持思明。他没有让我失望。

我也提醒你严重的不可弥补的伤害已经造成了。无须强调名誉是商业的通行证，尤其在中国。我无法评论美国人，中国人总是认为政府是对的。经过一个这么高曝光度耸人听闻的起诉，而对思明后面的胜诉却鲜有问津，思明会永远带着内幕交易者的污点，他是事业已经终结了。这还不够惩罚吗？

我知道思明拒绝承认抢跑是因为他没有抢跑。但假如他真的抢跑了，我毫不介意。我反对任何假借为了维护名贸股东利益而对他进行的任何惩罚。法官大人，我恳请你的慈悲和智慧。我恳请你给思明多一次机会。

诚挚的

A handwritten signature in black ink, appearing to be 'Xie Junbo'.

谢俊波

April 25, 2014

April 23, 2014

Dear Honorable Judge Kennelly:

My name is Lu Yuyin. I am one of the investors of Prestige Trade Investments Limited. I and my husband own and run a high-end ceramic manufacturer in Foshan in Guangdong Province. We sell our patented products mainly to Europe and U.S customers. We have a 17-year old son who will enroll the undergraduate program of Princeton University in the United States this fall.

I am writing on behalf of Siming Yang to plead for your mercy and forgiveness. I was told that you will decide the penalty to Siming on the front running and form filing. I strongly oppose any penalty that will further damage his reputation and career.

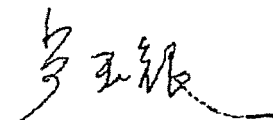
I knew Siming personally before Prestige. He is a very kind, responsible, trustworthy, and talented young man with a great personality. As a friend he used his spare time to teach my son English and applying for U.S school. And I got to know him more because of his family. His mother has rare eye diseases (retinal pigmentosa) which my mother also has. As a result, I often visited his mom with my mom. Siming is the light and the pride of his family. Obtaining an Ivy-league degree is not easy in China, as you can imagine how proud I feel now about my son.

It's a shocking and heartbreaking experience to know the SEC inside-trader charge. His life has forever changed. What's tormented for us was that we must hide this terrible news from his families and pretended nothing had happened.

As we celebrated the acquittal of the insider trading this January, I noticed a significant deterioration on his health and energy. He is still fighting, and I believe if he chose to fight, it's with a good cause. If Siming did front-run me, I truly don't care. Your Honor, even though you believe further punishment against Siming is justified, I invite you to consider the unjust damages already done by the failed insider trading claim against him. Think about how he faces his alumni from Columbia and his colleagues in the investment industry. Also don't forget he is the source of income for his ill parents.

Your Honor, Siming could have a flourish career and life going forward and you have the power to do the right thing for him, his family and all of us. I plead for your mercy and kind-consideration.

Truly Sincerely,


LU YUYIN 4月23日. 佛山

4月23, 2014

尊敬的法官大人:

我叫卢玉银, 是名贸公司的一名投资者。我和丈夫经营一家高端陶瓷厂, 产品销往美国和欧洲。我有一个 17 岁的儿子, 即将在秋季去美国普林斯顿大学念书。

我在替思明写信, 恳请你的慈悲和饶恕。我知道你正在考虑如何对思明进行处罚。我强烈的反对任何处罚。

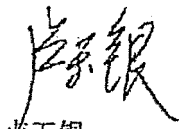
在名贸前我认识思明本人。他是一个善良、负责、值得信赖和聪明的年轻人。作为朋友, 他用自己的课余时间帮助我儿子英语和申请美国大学。我对他加深了解因为他的家人。他母亲患有视网膜色素变性, 我母亲也有。为此, 我经常和母亲一道拜访他们。思明是家中的骄傲和荣光。在美国常春藤大学毕业非常不容易, 我现在就为自己的孩子感到非常骄傲。

对于证监会的内幕交易指控我非常震惊和心碎。思明的人生轨迹永远的改变了。更令我痛苦的是, 我还要向他妈妈和家人隐瞒被起诉的事情。

当我们今年 1 月份庆祝内幕交易胜利的时候, 我注意到他的精神状态和健康已经完全不行了。他还在为名誉而战, 我相信他有理由这么战斗。假如思明真的抢跑, 我真不介意。法官大人, 假如你认为进一步的惩罚是必须的, 我也请你考虑一下因为内幕交易给他带来的错误的惩罚。试想他如何面对他哥伦比亚大学的同学和投资界的朋友? 别忘了, 他是家庭唯一的经济来源, 父母都患病。

法官大人, 你的大能力去做正确的事, 为他、家人及我们。他可以有灿烂的人生和未来。我恳请你的慈悲和善意。

诚挚的,



卢玉银

EXHIBIT J

SC 13D 1 d328655dsc13d.htm SCHEDULE 13D

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

Zhongpin Inc.
(Name of Issuer)

Common Stock - .001 par value
(Title of Class of Securities)

98952K107
(CUSIP Number)

Jay B. Gould, Esq.
Pillsbury Winthrop Shaw Pittman LLP
50 Fremont Street
San Francisco, CA 94105
415-983-1000

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

March 22, 2012
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(c), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No: 98952K107

Page 2 of 11

1	NAME OF REPORTING PERSON Prestige Trade Investments Limited	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	
6	CITIZENSHIP OR PLACE OF ORGANIZATION British Virgin Islands	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 2,256,012
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 2,256,012
	10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,256,012	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6%	
14	TYPE OF REPORTING PERSON CO	

CUSIP No. 98952K107		Page 3 of 11
1	NAME OF REPORTING PERSON Siming Yang	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	
6	CITIZENSHIP OR PLACE OF ORGANIZATION China	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 2,256,012
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 2,256,012
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,256,012	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6%	
14	TYPE OF REPORTING PERSON IN	

CUSIP No. 98952K107

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1	NAME OF REPORTING PERSON Fei Xiao	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	
6	CITIZENSHIP OR PLACE OF ORGANIZATION China	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 2,256,012
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 2,256,012
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,256,012	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6%	
14	TYPE OF REPORTING PERSON IN	

CUSIP No. 98952K107

Page 5 of 11

1	NAME OF REPORTING PERSON Chidong Wang	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	
6	CITIZENSHIP OR PLACE OF ORGANIZATION China	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 2,256,012
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 2,256,012
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,256,012	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 6%	
14	TYPE OF REPORTING PERSON IN	

CUSIP No. 98952K107

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Explanatory Note

Introduction

This Schedule 13D is being filed by the Reporting Persons (as defined below) and relates to their beneficial ownership of Shares (each, a "Share," collectively, the "Shares") of common stock (the "Common Stock") of Zhongpin Inc., a Delaware corporation (the "Issuer" or the "Company").

Item 1. Security and Issuer

This Schedule relates to the Shares of the Issuer. The address of the Issuer's principal executive office is 21 Changshe Road, Change City, Henan Province, The People's Republic of China 461500.

Item 2. Identity and Background

(a) This Schedule is being filed by Prestige Trade Investments Limited, a BVI company ("Prestige"), Siming Yang, an individual ("Mr. Yang"), Fei Xiao, an individual ("Mrs. Xiao"), and Chidong Wang, also an individual ("Mr. Wang"). Each of the individuals and Prestige is referred to here in as a "Reporting Person" and collectively as "Reporting Persons."

Prestige is a business company organized in the British Virgin Islands. Mr. Yang, Mrs. Xiao and Mr. Wang are executive directors of Prestige.

(b) The business address of each of the foregoing Reporting Persons are:
Prestige - C-3401, Topview Garden, New Town of Pearl River, Guangzhou, China
Mr. Yang - 8 Dong 604, Jinan University, Sipai, Guangzhou, Guangdong Province, China
Mr. Wang - No. 2303, Shengtang Dajie, Foshan City, Guangdong Province, China
Mrs. Xiao - A29, Donghua Garden, Longjiang Town, Shunde City, Guangdong Province, China

(c) Mr. Yang, Mrs. Xiao and Mr. Wang are executive directors of Prestige. Prestige's principal business consists of activist investment.

(d) During the last five years, none of the Reporting Persons have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Reporting Persons were a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Yang, Mr. Wang and Mrs. Xiao are citizens of The People's Republic of China.

Item 3. Source and Amount of Funds or Other Consideration

The Shares were acquired for investment purposes through open market purchases. The source of funds for all such purchases was the working capital of Prestige.

Item 4. Purpose of Transaction

The Reporting Persons expect to engage in discussions with management, the board, other stockholders of the Issuer and other relevant parties concerning the business, management, operations, assets, capitalization, financial condition, governance, strategy and future plans of the Issuer, which discussions may include proposing or considering one or more of the actions described in subsections (a) through (j) of Item 4 of Schedule 13D.

The Reporting Persons intend to review their investments in the Issuer on a continuing basis. Depending on various factors, including, without limitation, the Issuer's financial position and strategic direction, actions taken by the

CUSIP No. 98952K107

Page 7 of 11

board, price levels of the Common Stock, other investment opportunities available to the Reporting Persons, concentration of positions in the portfolios managed by the Reporting Persons, market conditions and general economic and industry conditions, the Reporting Persons may take such actions with respect to their investments in the Issuer as they deem appropriate, including, without limitation, purchasing additional Common Stock or other financial instruments related to the Issuer or selling some or all of their beneficial or economic holdings, engaging in hedging or similar transactions with respect to the securities relating to the Issuer and/or otherwise changing their intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer

(a)-(b) To the knowledge of the Reporting Persons, there were 37,523,064 Shares of Common Stock outstanding as of March 12, 2012 (as represented by the Issuer's Form 10-K Annual Report that was filed with the SEC on March 15, 2012). For purposes of this Schedule 13D, the Shares beneficially owned by Prestige as of March 22, 2012 was approximately 5.3% of the issued and outstanding Shares of Common Stock. Reference is made hereby to Items 7-10 of pages 2-5 of this Schedule 13D, which Items are incorporated herein by reference.

Mr. Yang, Mrs. Xiao and Mr. Wang, as executive directors of Prestige, may be deemed to beneficially own the shares owned by Prestige in that they may be deemed to have the power to direct the voting or disposition of the shares. Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission that any of Mr. Yang, Mrs. Xiao and Mr. Wang is, for any other purpose, the beneficial owner of any such securities, and Mr. Yang, Mrs. Xiao and Mr. Wang disclaim beneficial ownership as to such securities except to the extent of their respective pecuniary interests therein. For the purposes of this Schedule 13D, Mr. Yang, Mrs. Xiao and Mr. Wang beneficially own 1,980,000 shares of Common Stock (which is comprised of the shares of Common Stock owned by Prestige as described above), and the percentage of Common Stock beneficially owned by such reporting persons for the purposes of this Schedule 13D is 5.3%

(c) Except as set forth in this Schedule 13D, during the 60 days prior to the date of the event that requires the filing of this statement, no transactions in the Common Stock were effected by any Reporting Person, or to the best knowledge of any Reporting Person.

(d) No person other than a Reporting Person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of Shares of Common Stock owned by the Reporting Persons.

(e) Not applicable.

Item 6. Contract, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Except as described or referred to above, there are no contracts, arrangements, understandings or relationships among the Reporting Persons, or between such persons and any other person with respect to any securities of the Issuer, including but not limited to transfer or voting of any securities of the Issuer, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

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Item 7. Material to Be Filed as Exhibits.

The following documents are filed as exhibits hereto:

1. Joint Filing Undertaking
2. Power of Attorney of Siming Yang Appointing Designated Filer and Authorized Signer dated March 28, 2012.
3. Power of Attorney of Fei Xiao Appointing Designated Filer and Authorized Signer dated March 28, 2012.
4. Power of Attorney of Chidong Wang Appointing Designated Filer and Authorized Signer dated March 28, 2012.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 2, 2012

PRESTIGE TRADE INVESTMENTS LIMITED

By: /s/ Michael Wu
Michael Wu
Attorney-In-Fact

SIMING YANG

By: /s/ Michael Wu
Michael Wu
Attorney-In-Fact

FEI XIAO

By: /s/ Michael Wu
Michael Wu
Attorney-In-Fact

CHIDONG WANG

By: /s/ Michael Wu
Michael Wu
Attorney-In-Fact

CUSIP No. 98952K107

Page 10 of 11

EXHIBIT INDEX

The following documents are filed as exhibits hereto:

1. Joint Filing Undertaking
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4. Power of Attorney of Chidong Wang Appointing Designated Filer and Authorized Signer dated March 28, 2012.

EXHIBIT K

Wang Chidong Letter

April 24, 2014

Honorable Matthew F. Kennedy
Everett McKinley Dirksen Building

[REDACTED]

Re: Siming Yang

Dear Honorable Judge Kennedy:

On behalf on the Board of Directors of the Prestige Trade Investments Limited and on behalf of Ms. Xiao Fei, the Chairperson of Prestige (who is on leave due to family medical emergency), I, the Acting Chairperson of Prestige write this letter to you. We understand you are determining a potential penalty against Mr. Siming Yang's front-running and false form filing verdicts. We wanted to express our stance on this matter.

As the supposed "victim" of Mr. Yang's front-running and form filing, Prestige intensely *oppose* any penalty against him and his career. We all know Mr. Yang well and believe he is a good and talented person. If Mr. Yang did invest in Zhongpin, Inc. before Prestige invested in Zhongpin, we do not care in any way. We do not support any punishment of Mr. Yang.

However, it's a matter of fact that we did approve Mr. Yang to purchase the same securities prior to Prestige's purchase should Mr. Yang eventually decide to actually do so. It's also our understanding to the spirit of Prestige's Article of Associations and the common sense that Mr. Yang was not *required* to come back to the Board again to obtain the approval of trading any *particular* securities for his personal account, after he had already been approved in advance by the Board to trade the same securities for himself as the company would trade. Additionally, Mr. Yang is allowed to have personal brokerage account to trade any securities.

We also want to inform you that Mr. Yang has incurred severe financial and, more importantly, reputational injury because of the SEC's failed insider trading claim against him. Because Prestige paid his legal fees, it decided it would not pay Mr. Yang the management fees to which he was entitled. More significantly, the SEC's insider trading claim has done tremendous damage to Mr. Yang's reputation, caused him a tremendous amount of embarrassment and has significantly impaired his ability to work in the financial industry. In light of these, even if you believe a punishment for Mr. Yang is appropriate, he already has been subject to a unjust and severe punishment.

We implore your mercy on behalf of Mr. Yang. Thank you for your kind consideration.

Wang Chidong

Chidong Wang
Acting Chairperson of Prestige Trade Investments Limited
The Board of Prestige Trade Investments Limited

April 24, 2014
Honorable Matthew F. Kennelly
Everett McKinley Dirksen Building



Re: **Siming Yang**

尊敬的法官大人:

我王炽东，名贸公司的代理总裁（原总裁萧非因为家庭医疗急事而委托我代理），代表名贸公司董事会，向你写此信。我们知道你正在为思明的抢跑和错误填写报表而决定处罚。我们要表达对此事的立场。

作为所谓的“受害人”，名贸公司强烈的反对任何对思明的惩罚。我们都认识思明，知道他是一个好人和有才华。假如思明真的在公司投资众品之前投资，我们毫不介意。我们不支持你就此事而惩罚思明。

但是，事实是我们预先就批准了思明在公司交易股票前交易任何自己的股票，假如他真的决定这么做。同时处于对公司章程和商业常识的了解，思明无须再次向董事会提出具体购买哪一只股票的申请假如他之前已经获得口头批准，可以购买任何和公司一样的股票。同时，思明可以拥有自己的股票账户进行交易。

我们同时希望通知你，思明已经遭受到严重的财务和声誉上的损失因为证监会的内幕交易指控已经失败了。因为名贸支付了律师费，我们不会支付他的管理费。更重要的是内幕交易的指控已经让他受到严重伤害、受到侮辱、不能继续在金融业工作。考虑到这些，假如你认为进一步的惩罚是必须的，他已经受到足够的惩罚了。

我们恳请你的慈悲为怀。谢谢你的善意和考虑。

Wang Chidong

王炽东
名贸代理总裁
名贸董事会

Fei Xiao Declaration

DECLARATION OF FEI XIAO

I, Fei Xiao, hereby declare pursuant to 28 U.S.C. § 1746:

1. I am a citizen of China and I am over 18 years of age.
2. I am the Chair of the Board of Prestige Trade Investments Limited ("Prestige"). I also am a Prestige shareholder.
3. Prestige is a limited company. It is not a hedge fund or private equity. Prestige is fully funded by its own shareholders' funds. It has never conducted road shows or fundraising. The company is established and run through its Articles of Association, which Prestige adopted on March 10, 2012. A true and accurate copy of the Chinese version and its English translation are attached as Exhibits 1 and 2 to this Declaration, respectively. Prestige has entered a service contract with its general manager, Siming Yang ("Yang"). Yang is fully responsible for the operation of Prestige.
4. Yang is an extremely intelligent, sophisticated, diligent, and responsible general manager and investor. The Prestige Board of Directors is very satisfied with his work.
5. Before March 14, 2012, on behalf of the Prestige Board of Directors, I had informed Yang orally that he could buy for himself the securities of *the same* company that Prestige would buy.
6. In the March 2012 Yang explained that his strategy for Prestige is to acquire sufficient shares of a company in the open market so as to force the management of the company to make a change. If the share price goes down significantly, he would buy very aggressively to build a very concentrated position. Prestige approved this strategy.
7. After the SEC filed its complaint against Yang, the Board and the shareholders of Prestige have performed an investigation regarding the complaint and its amendments. No evidence was found to support SEC's claims against Yang.
8. None of the Prestige directors or shareholders believes Mr. Yang acted inappropriately in any way with regard to Prestige.
9. During my contacts with Mr. Yang, I have never heard of him talking about any non-public, material information, neither did he imply to me any information of such kind.
10. I have ^{fi}never traded or possessed material non-public information relating to Zhongpin.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on May 27, 2013

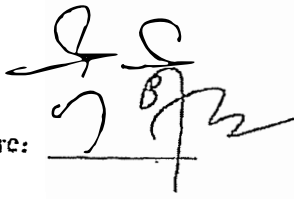
Signature: 
FEI XIAO

EXHIBIT 1
TO DECLARATION OF FEI XIAO

Prestige Trade Investments Limited

Articles of Association

March 10, 2012

D P Exhibit 20
Deponent XGD te
Date 12/14/12 Rptr JMB
Merrill Corporation
www.merrillcorp.com

Confidential--Subject to Protective Order Prestige 001049

General Provisions

In order to regulate the organization and conducts of Prestige Trade Investments Limited (hereinafter referred to as the "Company") and safeguard the legitimate rights and interests of the Company and its shareholders and creditors, this Agreement is hereby established by all shareholders upon discussion on an equal, fair and voluntary basis according to the *Company Law of the People's Republic of China*, the *Contract Law of the People's Republic of China* and relevant laws and regulations.

Where there is any conflict between this Agreement and relevant company administration laws and regulations of the British Virgin Islands or the laws and regulations of other countries, this Agreement shall prevail.

Chapter 1 Company name and address

Article 1 The Company is registered in the British Virgin Islands.

Company name: Prestige Trade Investments Limited

Registered address: [REDACTED]

Chapter 2 Scope of businesses

Article 2 The Company's scope of businesses: use the Company's working capital to engage in securities investments and other investments. The objects of investments include securities and other objects of investment in the stock exchanges of the United States and China.

The scope of businesses as approved by and registered with the registration authority shall be applicable. The Company shall conduct its businesses within the registered scope of businesses and the specially-licensed scope of businesses.

Chapter 3 Registered capital and working capital of the Company

Article 3 The Company's registered capital: US\$30,000,000. The Company's working capital: US\$30,000,000

Article 4 Value per share of the Company's equities: US\$1,000,000.

Chapter 4 Names, contribution mode and contribution amount of shareholders

Article 5 Please see the following table for the names, contribution amount and proportions of shares of all shareholders.

Shareholder Name	ID CardNo.	Contribution (USD)	Proportion of shares (shares)	Title
Xiao Fei		15,000,000	15	Chairperson
Wang Chidong		3,000,000	3	Director
Yang Siming		3,000,000	3	Director, General Manager
Lu Yuyin		5,000,000	5	
Wang Manqiong		2,000,000	2	
Xie Junbo		2,000,000	2	
Total		30,000,000	30	

Article 6 All shareholders make their contributions in cash.

Article 7 The Company shall issue a certificate of contributions to the shareholders after incorporation. Such certificate of contributions shall indicate the following:

- (I) Company name;
- (II) Company incorporation date;
- (III) Company registered capital;

- (IV) Shareholder name, contribution paid and proportion of shares;
- (V) Serial number and issue date of certificate of contributions.

The certificate of contributions shall bear the signature of the Company's legal representative and the official seal of the Company.

Article 8 The Company has a shareholder register which shall record the following details:

- (I) Shareholder names;
- (II) Registered addresses of shareholders;
- (III) Amounts and proportions of shareholder contributions; and
- (IV) Serial numbers of certificates of contributions.

Chapter 5 Rights and obligations of shareholders

Article 9 Shareholders shall have the following rights:

- (I) The right to elect [others] and be elected as the Company's director and supervisor;
- (II) Request to hold a shareholders' meeting according to the requirements of laws, regulations and these Articles of Association;
- (III) Supervise the Company's operating activities and routine management;
- (IV) Review the Company's Articles of Association, shareholders' meeting minutes and the Company's financial and accounting reports; make proposals and inquiries about the Company's operations;
- (V) Receive dividends according to the Company's rules;
- (VI) Participate in the distribution of [the Company's] remaining assets according to the proportion of shares after the Company's liquidation and dissolution;
- (VII) When the Company undermines its legal interests, file a lawsuit with the People's Court having jurisdiction, asking for correction of such conduct, and claim compensation if financial losses are incurred thereby.

Article 10 Shareholders shall perform the following obligations:

- (I) Make subscribed contributions as required;

- (II) Assume responsibilities for the Company within the scope of their subscribed contributions;
- (III) Not withdraw capital until one full year after approved registration of the Company;
- (IV) Abide by the Company's Articles of Association and keep confidential all business information of the Company;
- (V) Support the Company's operations and management, and offer reasonable proposals in order to promote development of the Company's businesses.

Article 11 All shareholders shall pay their respectively subscribed contributions in full within the schedule specified in the Investor Agreement.

Article 12 Where any shareholder fails to pay [their contribution] in full within seven days after receipt of the Company's notice of payment, other shareholders may file a written application for subscriptions or borrow monies for such contributions. Any shareholder who applies for bank loans according to this provision shall bear the preferential loan interest rate plus 3%. Such preferential interest rate shall be [the rate publicized by] HSBC.

Article 13 The shareholders shall receive dividends according to their respective proportion of investment.

Article 14 No shareholder is allowed to withdraw their contribution within one year after registration of the Company.

Article 15 Upon transfer of shares, [any] shareholder must first ask other shareholders to buy such shares. If no other shareholder agrees to buy such shares, the shares may be transferred to a party other than the original shareholders.

Article 16 After legal transfer of such shares, the Company shall record the name, address and purchase amount of the transferee on the shareholder register.

Chapter 6 Board of shareholders

Article 17 The Company has a board of shareholders which shall consist of all shareholders. The board of shareholders shall enjoy supreme authority in the Company and a shareholders' meeting shall be attended by the shareholders or their authorized representatives.

Article 18 The following functions shall be performed by the board of shareholders:

- (I) Elect and replace directors and determine the remuneration of directors;
- (II) Review and approve the reports of the board of directors;
- (III) Review and approve the annual financial budgeting plan and account settlement plan of the Company;
- (IV) Review and approve the Company's profit distribution plan and loss compensation plan;
- (V) Resolve on the increase or decrease of the Company's registered capital;
- (VI) Resolve on the issue of corporate bonds;
- (VII) Resolve on the transfer of shares by [any] shareholder;
- (VIII) Resolve on the Company's merger, split, change of organization, dissolution and liquidation;
- (IX) Formulate and amend the Company's Articles of Association.

Article 19 At the shareholders' meeting, shareholders shall cast their votes based on their respective proportions of shares.

Article 20 At least one regular shareholders' meeting shall be held each quarter. An interim shareholders' meeting shall be held immediately when the Company's original assets register a loss of 20%.

Article 21 A shareholders' meeting shall be convened by the board of directors and presided over by the chairperson. In the absence of the chairperson for special reasons, the chairperson shall designate another director to act on his/her behalf.

Article 22 A written notice shall be given to all shareholders seven days before any shareholders' meeting is held. Any shareholder who cannot attend the shareholders' meeting in person may authorize a representative to attend on his/her behalf.

In general, a resolution of the shareholders' meeting shall become valid only when it is approved by shareholders representing more than half of all voting rights of all attending shareholders.

Any resolution regarding the increase/decrease of the Company's registered capital, split, merger, dissolution, issue of corporate bonds and change of company form shall become valid only when it is approved by shareholders representing more than two-thirds of all voting rights of all attending shareholders. For the purpose of amendments to the Company's articles of association, the corresponding resolution shall become valid only when it is approved by shareholders representing more than three-quarters of all voting rights of all attending shareholders.

Article 23 Minutes of a shareholders' meeting shall be drawn up to include all resolutions passed in the meeting. All attending shareholders shall sign on the meeting minutes.

Chapter 7 Board of directors

Article 24 The Company has a board of directors that consists of three members, namely Xiao Fei, Wang Chidong and Yang Siming. The shareholders may increase the number of board members, but it shall include seven members at the maximum.

Article 25 The board of directors has one chairperson, which [position] shall be held by Xiao Fei with a tenure of one year. The tenure may be renewed upon expiry.

Article 26 Directors have a tenure of one year which may be renewed upon expiry. The board of shareholders shall not dismiss any director without justification before his/her tenure expires.

Article 27 The board of directors reports to the board of shareholders and exercises the following duties:

- (I) Convene a shareholders' meeting and make a work report to the shareholders' meeting;
- (II) Execute resolutions passed in a shareholders' meeting;
- (III) Formulate the Company's financial budgeting plan and account settlement plan;
- (IV) Formulate the profit distribution plan and loss compensation plan;
- (V) Formulate the plan for the increase or decrease of registered capital and working capital;
- (VI) Formulate the plan for acquisition, sales, merger, split and change of organization and dissolution of the Company;
- (VII) Decide the Company's internal management organization;

- (VIII) Employ or dismiss the Company's general manager; nominate or dismiss the Company's deputy general manager(s) and chief financial officer as nominated by the general manager; and decide the remuneration thereof;
- (IX) Listen to the work report made by the general manager, and supervise his/her work;
- (X) Decide the basic management policies of the Company;
- (XI) Other duties granted by the board of shareholders and relevant laws and regulations.

Article 28 The board of directors shall hold at least two board meetings each year. A written notice shall be given to all directors seven days before a meeting is held.

A meeting of the board of directors shall be convened and presided over by the board chairperson. Where the board chairperson is prevented from performance of duties by special reasons, he/she may designate another director to act on his/her behalf. More than one-third of the directors may propose the holding of a board meeting.

Any board resolution must be passed by more than half of all directors.

For voting on resolutions, the directors have one vote each.

Minutes of a board meeting shall be drawn up to record all board resolutions. All attending directors shall sign on the meeting minutes.

Chapter 8 Operational management organization

Article 29 The Company has an operational management organization which includes one general manager and several other management personnel.

Yang Siming shall act as the general manager after incorporation of the Company.

The general manager shall report to the board of directors and perform the following duties:

- (I) Take full responsibility for investments as the Company's investment manager;
- (II) Draft, organize and implement the Company's annual operating plan and investment plan;

- (III) Act for and on behalf of the Company according to laws;
- (IV) Make investigations and selections, participate, establish any relations and buy or sell invested securities assets without prior approval of the board of shareholders or board of directors, if required for the sake of business;
- (V) Acquire or supply any services necessary for investment management, including but not limited to (trading, delivery, registration, booking and account auditing);
- (VI) Take responsibility for administration and operation of the Company; guarantee the Company's office costs and expenses, including but not limited to all management, accounting and miscellaneous expenditures of the Company;
- (VII) Employ or dismiss all personnel other than those to be employed or dismissed by the board of directors; take responsibility for the costs and expenses of the team (including salary expenses);
- (VIII) Regularly disclose operating data and make quarterly, semiannual and annual reports;
- (IX) Notify the board of directors in a timely manner when the Company's operating losses are expected to reach 20%;
- (X) Other duties granted by the Company's Articles of Association, board of directors and relevant laws and regulations.

Article 30 Any outflows of the Company's capital must be notified to all shareholders in advance and approved by three directors in writing.

Article 31 At least two meetings of the board of directors shall be held each year to make a comprehensive report on the investment results of the Company.

Article 32 The general manager may not concurrently serve in any other role.

Article 33 The compensations for the general manager and his/her team are as follows:

- (I) Salary: the salary shall be paid on the first day four months after the investment funds are transferred in. The salary shall be 0.5% net value of the investment assets, which shall be calculated according to the closing price of the previous business day.

(II) Bonuses:

Conditions	Commissions
------------	-------------

Absolute rate of return is below 10%	0
Absolute rate of return is higher than 10% but lower than 30%	20% of absolute returns
Absolute rate of return is higher than 30%	30% of absolute returns

Article 34 No director or employee of the Company is allowed to open a bank savings account for the Company's assets in his/her own name or the name of any other person.

No director or employee of the Company is allowed to provide guarantees using the Company's assets for the Company's shareholders or any other person or liability.

Article 35 The Company shall not provide guarantees or mortgages for other companies or individuals. Any mortgages that the Company wishes to provide for the sake of its own financing within the specially-licensed scope of businesses need to be approved by three directors in writing. The Company's official seal shall be kept by the chairperson.

Article 36 No director or employee of the Company is allowed to engage in any conduct to the detriment of the Company's interests. All incomes arising from such conducts shall be vested in the Company.

No director or employee of the Company is allowed to establish any contract or conduct any transaction with the Company unless permitted by the Company's Articles of Association or board of shareholders.

Any director or employee of the Company who causes damages to the Company due to violations of laws, regulations or the Company's Articles of Association in the performance of duties shall bear liability for compensation in accordance with laws.

Article 37 The directors, general manager and investment team members of the Company may establish securities trading accounts in their personal names. Where their objects of investment are the same as those of the Company, they must obtain the oral or written approval of the board of directors in advance and guarantee that their personal transactions will not damage the Company's interests. They shall bear all legal liabilities for all their personal transactions and keep the Company harmless from same.

Article 38 The directors and employees shall satisfy the qualification requirements in relevant laws and regulations of the State.

Any director or employee who commits any malfeasance or jobbery may be dismissed according to the Articles of Association at any time, and held legally liable for violations of laws.

Chapter 9 Supplementary provisions

Article 39 All historical risks, creditor's rights and liabilities associated with any purchased BVI company shall be fully borne by previous shareholder Yang Siming temporarily, and all other new shareholders shall be exempted from same.

Article 40 The Company shall deliver notices via mail or personal delivery; fax may also be adopted if necessary. Any notice mailed or personally delivered shall be deemed to have been delivered upon receipt of the reply. Any notice that is delivered via airmail or fax shall be deemed to have been delivered upon receipt of the recipient's confirmation.

Article 41 The Articles of Association shall be amended if the Company's registered items and other key provisions are changed.

Article 42 All supplementary agreements regarding these Articles of Association, as passed by the board of shareholders, shall constitute an integral part of the Articles of Association.

Article 43 The Articles of Association are issued in _____ original copies. Each shareholder shall hold one copy and the Company shall keep _____ copies.

Article 44 In witness whereof, the following authorized representatives of shareholders formally sign these Articles of Association on ___ (Month) ___ (Day) ___ (Year).

(The signing page of all shareholders; no body text below).

Signatures:

EXHIBIT 2 TO DECLARATION OF FEI XIAO

名贸投资有限公司

章 程

二〇一二年三月十日

Exhibit 19
Deponent Xiao Fei
Date 2/14/12 Rpt JYB
Menli Corporation
www.menlicorp.com

总 则

为了规范名贸投资有限公司(以下简称“公司”)的组织和行为,保障公司、股东和债权人的合法权益,根据《中华人民共和国公司法》、《中华人民共和国合同法》和有关法律法规,在全体股东平等、公平、自愿的前提下,经讨论,特别制定本协议。

本协议如与英属维尔京群岛相关公司管理法律法规条例或者其他国法律法规有冲突,最终解释权归本协议。

第一章 公司名称和地址

第一条 公司在英属维尔京群岛登记注册。

公司名称: 名贸投资有限公司

英文名称: Prestige Trade Investments Limited

注册地址: 广州珠江新城中海观园 C3401

第二章 公司经营范围

第二条 公司的经营范围为:运用公司的运营资本,从事有价证券投资及其他投资。投资标的为美国和中国股票交易所的有价证券及其他投资标的。

经营范围以登记机关核准登记的为准。公司应当在登记的经营范

围内和特许经营权范围内从事活动。

第三章 公司注册资本及运营资本

第三条 公司注册资本：3000 万美元。公司运营资本：3000 万美元

第四条 公司股份每股金额：100 万美元。

第四章 股东名称、出资方式、出资额

第五条 各股东名称、出资额及所占股数如下表：

股东名称	身份证	出资额 (万美元)	所占股数 (股)	职务
萧菲	[REDACTED]	1500	15	董事长
王焯东	[REDACTED]	300	3	董事
杨思明	[REDACTED]	300	3	董事、 总经理
卢玉银	[REDACTED]	500	5	股东
王曼琼	[REDACTED]	200	2	股东
谢俊波	[REDACTED]	200	2	股东
合计	6 人	3000	30	股东

第六条 各股东均以货币出资。

第七条 公司成立后，应当向股东签发出资证明书，出资证明书载明下列事项：

(一) 公司名称；

- (二) 公司登记日期;
- (三) 公司注册资本;
- (四) 股东的名称, 缴纳的出资, 出资比例;
- (五) 出资证明书的编号和核发日期。

出资证明书应当由公司法定代表人签名并由公司盖章。

第八条 公司置备股东名册, 记载下列事项:

- (一) 股东的名称;
- (二) 股东的注册地址;
- (三) 股东的出资额、出资比例;
- (四) 出资证明书编号。

第五章 股东的权利和义务

第九条 股东享有下列权利:

- (一) 有选举和被选举为公司董事、监事的权利;
- (二) 根据法律法规和本章程的规定要求召开股东会;
- (三) 对公司的经营活动和日常管理进行监督;
- (四) 有权查阅公司章程、股东会会议记录和公司财务会计报告, 对公司的经营提出建议和质询;
- (五) 按公司规定分取红利;
- (六) 公司清盘解散后, 按出资比例分享剩余资产;
- (七) 公司侵害其合法权益时, 有权向有管辖权的人民法院提出要求, 纠正该行为, 造成经济损失的, 可要求予以赔偿。

第十条 股东履行下列义务:

- (一) 按规定缴纳所认缴出资;
- (二) 以认缴的出资额对公司承担责任;
- (三) 公司经核准登记注册后, 满一年后可以抽出资金;
- (四) 遵守公司章程, 保守公司任何机密信息;
- (五) 支持公司的经营管理, 提出合理化建议, 促进公司业务发
展。

第十一条 各股东应按出资人协议规定的时间内足额缴纳各自所认缴的出资额。

第十二条 股东收到公司催缴通知七日内未足额缴纳的, 其他股东可提出书面认购申请或贷款补缴。任何股东依据本款向银行申请贷款的, 应当承担优惠贷款利率加上 3%利息, 优惠贷款利率以香港上海汇丰银行有限公司为准。

第十三条 股东按照投资比例分取红利。

第十四条 股东在公司登记后一年内, 不得抽回出资。

第十五条 股东转让股份时, 必须先内部转让, 其他股东不愿意接手股份的话则可转让给原股东之外的其他人士。

第十六条 股东依法转让股份后, 由公司将受让人的姓名或者名称、住所以及受让的出资额记载于股东名册。

第六章 股东会

第十七条 公司设股东会, 股东会由全体股东组成, 股东会是公

司的最高权力机构。由股东本人或其授权人参加股东会议。

第十八条 股东会行使下列职权：

- (一) 选举和更换董事，决定有关董事的报酬事项；
- (二) 审议批准董事会的报告；
- (三) 审议批准公司的年度财务预算方案，决算方案；
- (四) 审议批准公司的利润分配方案和弥补亏损方案；
- (五) 对公司增加或者减少注册资本作出决议；
- (六) 对发行公司债券作出决议；
- (七) 对股东转让出资作出决议；
- (八) 对公司合并、分立、变更公司组织形式、解散和清算等事项作出决议；
- (九) 制定和修改公司章程。

第十九条 股东会会议由股东按出资比例行使表决权。

第二十条 股东会每个季度至少召开一次定期股东会议。当公司原始资产亏损达到 20% 应当立即召开临时股东会议。

第二十一条 股东会会议由董事会召集，董事长主持，董事长因特殊原因不能履行职务时，由董事长指定的其他董事主持。

第二十二条 召开股东会议，应当于会议召开七日前以书面方式通知全体股东。股东因故不能出席时，可委托代理人参加。

一般情况下，必须经出席会议股东所持表决权半数以上通过，股东会决议方为有效。

股东会对公司增加或者减少注册资本、分立、合并、解散、发行

公司债券、变更公司形式作出决议，必须经出席会议股东所持表决权三分之二以上通过，股东会决议方为有效。修改公司章程，必须经出席会议股东所持表决权四分之三以上通过。

第二十三条 股东会应当对所议事项的决定作成会议记录，出席会议的股东应当在会议记录上签名。

第七章 董事会

第二十四条 公司设董事会，董事会成员共3人，分别为萧菲、王炽东、杨思明。股东会可根据公司所需增加董事成员，但不得超过7人。

第二十五条 董事会设董事长1名，由萧菲担任，任期1年，可以连任。

第二十六条 董事任期1年，董事任期届满，可以连任。董事在任期届满前，股东会不得无故解除其职务。

第二十七条 董事会对股东会负责，行使下列职权：

- (一) 负责召集股东会，并向股东会报告工作；
- (二) 执行股东会的决议；
- (三) 制订公司年度财务预算方案、决算方案；
- (四) 制订利润分配方案和弥补亏损方案；
- (五) 制订增加或者减少注册资本及运营资本方案；
- (六) 拟订公司收购、出售、合并、分立、变更公司组织形式、解散方案；

(七) 决定公司内部管理机构的设置;

(八) 聘任或者解聘公司总经理, 根据总经理提名, 聘任或者解聘公司副总经理, 财务负责人等, 并决定报酬事项;

(九) 听取公司总经理的工作汇报, 并检查其工作;

(十) 决定公司的基本管理制度;

(十一) 股东会和相关法律、法规授予的其它职权。

第二十八条 董事会每年至少召开二次董事会会议, 每次会议应当于会议召开七日前以书面方式通知全体董事。

董事会会议由董事长召集和主持, 董事长因特殊原因不能履行职务时, 由董事长指定其他董事召集和主持。三分之一以上董事可以提议召开董事会会议。

董事会作出的决议, 必须经全体董事过半数通过。

董事会决议的表决, 实行一人一票。

董事会应当对所议事项的决定作成会议记录, 出席会议的董事应当在会议记录上签名。

第八章 经营管理机构

第二十九条 公司设立经营管理机构, 经营管理机构设总经理一人, 其他经营管理成员若干人。

公司设立后总理由杨思明担任。

总经理对董事会负责, 行使下列职权:

(一) 作为公司的投资经理, 对投资全面负责;

- (二) 拟定、组织并实施公司年度经营计划和投资方案;
- (三) 在合法的情况下, 行使公司任何身份或权利。
- (四) 因业务所需, 可事先未经过股东会或董事会同意进行调查、选择、参与、开展关系, 购买或出售投资证券资产;
- (五) 取得或提供任何需要管理投资的服务, 包括但不限于(交易, 配送, 登记, 预订和审计账目等);
- (六) 负责公司行政、业务管理。保证公司办公成本及费用, 包括但不限于所有管理, 会计和杂项费用支出;
- (七) 聘任或者解聘除应由董事会聘任或者解聘以外的人员; 负责团队的成本和费用(包括工资支出);
- (八) 定期披露经营信息, 分月度报告、季度报告、半年报告和年度报告。
- (九) 每个交易日结束后, 向各股东汇报资产净值; 预计公司经营业绩亏损达 20% 及时通知董事会。
- (十) 公司章程、董事会及相关法律、法规授予的其他职权。

第三十条 公司资金流出, 必须先知会股东和 3 名董事书面同意。

第三十一条 每年至少召开二次董事会会议, 全面汇报公司投资结果。

第三十二条 总经理不得兼职。

第三十三条 总经理及其团队的薪酬如下:

- (一) 工资; 试用期(三个月)结束后, 工资于资金到位后第

4个月的第一天提取，按每季度投资资产净值的0.5%分发。资产净值以上一个营业日收盘价计算。

(二) 奖金:

条件	提成金额
绝对回报率低于 10%	0
绝对回报率高于 10%但低于 30%	20%的绝对回报率
绝对回报率高于 30%	30%的绝对回报率

第三十四条 董事、公司员工不得将公司资产以其个人名义或者以其他个人名义开立银行存储帐户。

董事、公司员工不得以公司资产为本公司的股东或者其他个人、债务提供担保。

第三十五条 禁止公司为其他单位或个人提供担保或抵押。公司在特许经营范围内为自身融资需要提供抵押，需经公司3名董事书面同意方可实施，公司的公章放在董事长处。

第三十六条 董事、公司员工不得从事损害本公司利益的活动。从事上述活动的所有收入应当归公司所有。

董事、公司员工除公司章程规定或者股东会同意外，不得同本公司订立合同或者进行交易。

董事、公司员工执行公司职务时违反法律、行政法规或者公司章程的规定，给公司造成损害的，应当依法承担赔偿责任。

第三十七条 公司的董事、总经理和投资团队成员，可以个人名

义开设证券交易账户。如投资标的与公司的投资标的一致，必须预先征求董事会口头或者书面同意，并且保证个人交易不损害公司的利益。由此所产生的一切法律责任，由个人承担，与本公司无关。

第三十八条 董事和公司员工的任职资格应当符合法律法规和国家有关规定。

董事、公司员工有营私舞弊或严重失职行为的，可以随时按章程规定解聘；触犯法律的则追究其法律责任。

第九章 附 则

第三十九条 所购入 BM 公司的所有历史风险和债权债务暂由之前的股东杨思明负责，其他新股东享有免责条款。

第四十条 公司通知应采用邮递或送达形式，必要时也可采用传真方式，邮递或送达形式，以收到回复视为送达。空邮或传真形式，以当事人确认收到视为送达；

第四十一条 公司涉及登记事项的变更及其它重要条款变动时应当修改本章程。

第四十二条 公司股东会通过的有关本章程的补充决议，均为本章程的组成部分。

第四十三条 本章程壹式 7 份，股东各持壹份，公司留存 1 份。

第四十四条 以下股东正式授权代表于 2012 年 3 月 31 日 签署本章程正式生效。以资证明。

(各方股东盖章签字页, 以下无正文)。

签字栏:

EXHIBIT L

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U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 22320 / April 6, 2012

Securities and Exchange Commission v. Siming Yang, et al. Civil Action No. 12 CV 02473 (N.D. Ill, filed April 4, 2012)

SEC FREEZES ACCOUNTS OF SIX CHINESE CITIZENS AND ONE OFFSHORE ENTITY CHARGED WITH INSIDER TRADING

On April 4, 2012, the Securities and Exchange Commission charged six Chinese citizens and one British Virgin Islands entity with insider trading that resulted in illicit gains in excess of \$9.2 million. The alleged insider trading occurred in the common stock and call options of Zhongpin Inc., a China-based corporation, in advance of a March 27, 2012, public announcement by Zhongpin that its Chairman and CEO, Xianfu Zhu, had made a non-binding offer to acquire all of Zhongpin's outstanding stock at \$13.50 per share, a 46% premium over the previous day's closing price. Also on April 4, the SEC obtained an emergency court order freezing the defendants' assets.

The SEC's complaint, filed in U.S. District Court in Chicago, names Siming Yang, Prestige Trade Investments Limited (Prestige), Caiyin Fan, Shui Chong (Eric) Chang, Biao Cang, Jia Wu, and Ming Ni. The SEC alleges that they purchased substantial quantities of common stock and call options of Zhongpin in the two weeks before Zhongpin's March 27 announcement, and that the purchases were notably inconsistent with the Defendant traders' prior investment behavior, and inconsistent with their financial situations. The SEC alleges several aberrant features of Defendants' trading including:

- The Defendants' trading made up a significant portion of the securities trading in Zhongpin during the two-week period. Prestige's purchases alone represented about 41% of the common stock trading volume in this period.
- All but one of the traders had not placed any trades in Zhongpin before the timely trades.
- For most of the individual defendants, the timely purchases of Zhongpin securities equaled or exceeded their stated annual income and represented a significant portion of their net worth.
- Yang, who identified himself to his broker as an accountant in China with an income of \$52,500 and a net worth of less than \$250,000, formed Prestige in January 2012 and funded its U.S. brokerage account in March with \$29 million transferred from a Hong Kong bank.
- Contrary to the information Yang gave his broker, he was at the time a research analyst with a New York-based registered investment

adviser.

- Each of the defendants placed at least some of their trades from computer networks and hardware also used by other defendants to place trades.

The SEC alleges that the defendants each violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. In addition to the emergency relief, the SEC seeks permanent injunctions, disgorgement of ill-gotten gains with prejudgment interest, and financial penalties. The emergency court order that the SEC obtained on April 4 on an *ex parte* basis froze defendants' assets held in U.S. brokerage accounts and, among other things, granted expedited discovery and prohibited the defendants from destroying evidence. The investigation is continuing.

A hearing on the SEC's motion for preliminary injunction has been set for April 18, 2012 in the U.S. District Court for the Northern District of Illinois, Courtroom 2103, located at 219 South Dearborn Street, Chicago, Illinois, 60604.

- [SEC Complaint in this matter](#)

<http://www.sec.gov/litigation/litreleases/2012/lr22320.htm>

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Modified: 04/06/2012

EXHIBIT M

The New York Times

S.E.C. Charges Six Chinese Citizens With Insider Trading

By KEVIN ROOSE

April 6, 2012, 11:02 am

Six Chinese citizens have had their assets frozen in connection with an insider trading case involving a Chinese pork processing company, the Securities and Exchange Commission announced Friday.

The S.E.C.'s complaint, which was filed in a United States District Court in Chicago on Wednesday, alleges that six Chinese citizens – Siming Yang, Caiyin Fan, Shui Chong Chang, Biao Cang, Jia Wu, and Ming Ni – made more than \$9 million by trading in the shares of Zhongpin Inc. ahead of the announcement of a management-led buyout offer last month. A British Virgin Islands-based entity formed by Mr. Yang, Prestige Trade Investments, was also named in the complaint.

According to the S.E.C.'s allegations, the defendants bought more than \$20 million in stock and call options for Zhongpin's shares between March 14 and March 26, just days before Zhongpin's chief executive offered to take the company private for \$13.50 per share. The announcement of that bid sent Zhongpin's stock price up 22 percent.

The defendants' trades were highly unusual, the S.E.C. said in its complaint, both because many of the them had never traded in Zhongpin before and because some of the facts surrounding the trades did not seem to add up. Mr. Yang, the agency said, told his broker that he was an accountant with an annual income of \$52,500, when he was working as a research analyst with a New York-based investment firm.

“The defendants in this action — each with seemingly limited resources — suddenly and inexplicably purchased more than \$20 million in Zhongpin securities just before an important public announcement,” said Merri Jo Gillette, director of the S.E.C.’s Chicago office. “The S.E.C.’s swift action to secure a judicial freeze order prevented millions of dollars from moving offshore.”

The S.E.C.’s investigation into the trades is ongoing. The agency had sought an emergency asset freeze order, it said, to prevent the defendants from moving millions of dollars in potentially ill-gotten gains offshore.

The buyout offer made by Zhongpin chief Xianfu Zhu has been contested by some shareholders. On Wednesday, a lawsuit brought by an investor in the company, Philip Meeks, was made public. The suit alleged that Mr. Zhu’s offer was inadequate.

Zhongpin, which processes pork products and other food for customers including Wal-Mart Stores, KFC and McDonald’s, trades in the United States under the stock ticker “HOGS.”

Bloomberg Businessweek

News From Bloomberg

<http://www.businessweek.com/news/2012-04-06/chinese-accounts-frozen-in-sec-zhongpin-insider-trade-suit>

Chinese Accounts Frozen in SEC Zhongpin Insider-Trade Suit

By Andrew Harris April 06, 2012

The U.S. Securities and Exchange Commission won a court order freezing assets of six Chinese citizens and a British Virgin Islands entity in an insider-trading case involving China-based pork processor Zhongpin Inc. ([HOGS:US](#))

U.S. District Judge Matthew F. Kennelly in Chicago issued the restraining order requested by the SEC on April 4, without prior notice to those whose assets were frozen, according to an April 5 court filing.

The individual defendants and the offshore Prestige Trade Investments Ltd. made more than \$9.2 million in profits on “eerily well-timed” purchases of call options and stock in Zhongpin, in the days and weeks before the company’s chairman announced a proposal to take the Nasdaq-listed company private, according to a court filing by the SEC.

The asset freeze was needed “to prevent a group of foreign traders from absconding with millions of dollars in illicit profits from insider trading that they conducted through their U.S.-based brokerage accounts,” the SEC said.

Xianfu Zhu, chairman and chief executive officer of the Changege, Henan-based company, on March 26 offered to purchase the company’s outstanding shares for about \$418 million, or roughly \$13.50 a share. He already owns about 18 percent of the business. The shares jumped 22 percent the following day.

‘Highly Suspicious’

“Defendants’ trading is highly suspicious and strongly indicates that defendants purchased securities while in possession of and based on material, nonpublic information,” according to the SEC.

Each of the defendants is a citizen of China or Hong Kong and lives outside the U.S., the SEC said.

Kennelly said the SEC had shown “good cause” to believe the defendants’ transactions had violated federal securities laws. He told them to repatriate to the U.S. any assets removed since March 27 within seven days of his order.

David Furbush, of Pillsbury Winthrop Shaw Pittman LLP, an attorney for defendant Siming Yang, didn’t immediately reply to a voice-mail message seeking comment. Attorney information for the other individual defendants wasn’t immediately available.

The case is U.S. Securities and Exchange Commission v. Yang, 12-cv-2473, U.S. District Court, Northern District of Illinois (Chicago).

To contact the reporter on this story: Andrew Harris in Chicago at [REDACTED]

To contact the editor responsible for this story: Andrew Dunn at [REDACTED] t

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NEWS

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U.S. charges six Chinese citizens with insider trading

April 06, 2012 | Reuters

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WASHINGTON (Reuters) - The U.S. government froze the assets of six Chinese citizens and one company charged with trading on confidential information that a China-based pork processor [Zhongpin Inc](#), was about to go private.

The U.S. Securities and Exchange Commission on Friday said the six people and the [company](#), British Virgin Islands-based Prestige Trade Investment Ltd, made more than \$9 million by trading in the U.S. shares of Zhongpin before it announced a plan to go private.

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Zhongpin's [Chairman](#), Xianfu Zhu, said on March 27 he wanted to buy the company for \$13.50 a share, which the SEC said was a 46 percent premium over the previous day's closing price. Zhongpin's stock price jumped 21.8 percent that day.

"The defendants in this action - all with seemingly limited [resources](#) - suddenly and inexplicably purchased more than \$20 million in Zhongpin securities just before an important public announcement," said Merri Jo Gillette, director of the SEC's Chicago regional office.

"The SEC's swift action to [secure](#) a judicial freeze order prevented millions of dollars from moving offshore."

The SEC said the six defendants and Prestige Trade bought Zhongpin stock between March 14 and March 26, in amounts that were inconsistent with prior trading behavior.

These purchases also made up the bulk of trading in Zhongpin during that time, even though most of the people charged had never traded in the company before.

The SEC said it is also seeking permanent injunctions, the surrender of gains, and financial penalties against Siming Yang, who formed Prestige Trade in March, along with Caiyin Fan, Shui Chong (Eric) Chang, Biao Cang, Jia Wu and Ming Ni.

(Reporting by Anna Yukhananov)

Arrest Records: 2 Secrets

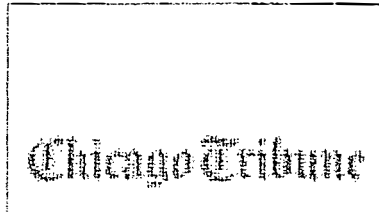
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examiner.com

Insider trading case freezes assets



Sara Lugardo
Chicago Asian Community Examiner

July 12, 2012

The Securities and Exchange Commission (S.E.C.) discovered an insider trading case involving a Chinese pork processing company, Zhongpin Inc. Zhongpin is a large processing company that serves Wal-Mart, KFC, McDonald's and a variety of other large American serving companies. Zhongpin trades in the U.S. under the stock ticker "HOGS" and underwent a huge change that created a huge rise in stock.

Zhongpin offered to take the company private, which caused their stock to rise by 22 percent. Days before the announcement, six Chinese individuals who had never traded in Zhongpin before sought out Zhongpin shares, accumulating more than \$20 million in Zhongpin securities. They then traded their shares after the rise in stock and made over \$9 million.

Merri Jo Gillette, director of the S.E.C.'s Chicago office was quoted by the **NY Times** as saying, "The defendants in this action – each with seemingly limited resources – suddenly and inexplicably purchased more than \$20 million in Zhongpin securities just before an important public announcement. The S.E.C.'s swift action to secure a judicial freeze order prevented millions of dollars from moving offshore."

The assets of all six Chinese individuals, Siming Yang, Caiyin Fan, Shui Chong Chang, Biao Cang, Jia Wu and Ming Ni have been frozen.

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CHINA: Assets frozen in Zhongpin insider-trading case

By Michelle Russell | 11 April 2012

The US Securities and Exchange Commission has frozen the assets of six Chinese citizens and one company charged with insider trading in shares of Chinese meat processor Zhongpin.

The commission said the six people and the company, Prestige Trade Investment, made around US\$9m by trading in the US shares of Zhongpin before it announced a plan to go private.

Last month, Zhongpin chairman Xianfu Zhu announced he wanted to buy the company for \$13.50 per share, valuing it at around \$520m.

In response to the announcement, Zhongpin's share price rose 21.8% from the 26 March close of \$9.21 per share to a 27 March close of \$11.22 per share.

In a filing last week, SEC said the asset freeze was needed "to prevent a group of foreign traders from absconding with millions of dollars in illicit profits from insider trading that they conducted through their US-based brokerage accounts".

The commission added that each defendant "knew, or recklessly disregarded, the fact that their trading was in breach of a fiduciary duty or similar duty of trust owed to the shareholders of Zhongpin".

The SEC said it is also seeking permanent injunctions, the surrender of gains, and financial penalties against Shining Yang, who formed Prestige Trade in March, along with Caiyin Fan, Shui Chong (Eric) Chang, Biao Cang, Jia Wu and Ming Ni.

Each of the defendants is a citizen of China or Hong Kong and lives outside the US, the SEC said.

US securities law firm Tripp Levy has said it would investigate the board of directors of Zhongpin for "possible breaches of fiduciary duty and other violations of state law".

It also said it would consider whether Zhu is "taking advantage of his position" to purchase the company at an unfair price.

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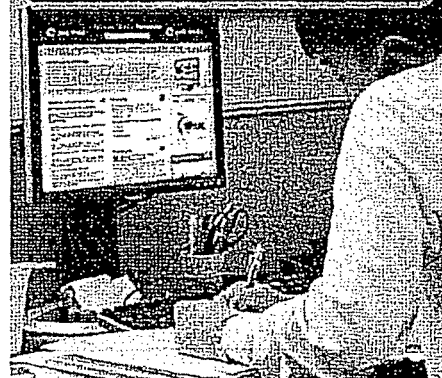
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CHINA: Zhongpin H1 profit slumps despite sales rise

Chinese meat processor Zhongpin saw its half-year net profit slump 36% despite posting a rise in revenues.

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


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April 06, 2012

SEC Freezes Assets of Chinese Citizens Accused of Insider Trading

The U.S. Securities and Exchange Commission has won an emergency court order freezing the assets of six Chinese citizens accused of insider trading in a China-based pork producer whose shares trade in the United States, the agency announced Friday.

As described in the [SEC's complaint](#) filed in Chicago federal court on April 4, it was not the most subtle of schemes. The six defendants and a Virgin Islands-based entity, Prestige Trade Investments Ltd., allegedly bought \$20 million in common stock and call options of pork producer Zhongpin Inc., between March 14 and March 26.

On March 27, the company's chairman made an offer to acquire all of Zhongpin's outstanding stock at \$13.50 a share, a 46 percent premium over the previous day's closing price. The defendants allegedly made \$9.2 million as a result.

"The defendants in this action -- all with seemingly limited resources -- suddenly and inexplicably purchased more than \$20 million in Zhongpin securities just before an important public announcement," said Merri Jo Gillette, director of the SEC's Chicago Regional Office, in a news release. "The SEC's swift action to secure a judicial freeze order prevented millions of dollars from moving offshore."

According to the SEC's complaint, the trading activity was "wildly out of profile given the individual defendants' financial situation." For example, one defendant's brokerage account was completely dormant for more than a year prior to the Zhongpin purchases.

All six of the accused are Chinese citizens and live in China, though the SEC said that one, Siming Yang, may be living in New York on a temporary work visa. According to the SEC, Yang was employed as a research analyst with investment advisor Baron Capital Management in New York until he was fired on March 30. Yang is also the owner of Prestige Trade Investments, which he founded in January, funding its U.S. brokerage account with \$29 million transferred from a Hong Kong bank.

In addition to the emergency relief, the SEC is seeking permanent injunctions, disgorgement of ill-gotten gains with prejudgment interest and financial penalties.

It's not the first time the SEC has gone after Chinese citizens -- in December, the agency froze the assets of four Chinese citizens and a Chinese-based entity charged with insider trading in advance of a merger announcement by educational companies based in London and Beijing.

Posted by [Jenna Greene](#) on April 06, 2012 at 11:57 AM | [Permalink](#)

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US charges six Chinese citizens with insider trading

WASHINGTON, April 6 | Fri Apr 6, 2012 10:31am EDT (Reuters) - The U.S. government froze the assets of six Chinese citizens and one company charged with trading on confidential information that a China-based pork processor, Zhongpin Inc, was about to go private.

The U.S. Securities and Exchange Commission on Friday said the six people and the company, British Virgin Islands-based Prestige Trade Investment Ltd, made more than \$9 million by trading in the U.S. shares of Zhongpin before it announced a plan to go private.

Zhongpin's Chairman, Xianfu Zhu, said on March 27 he wanted to buy the company for \$13.50 a share, which the SEC said was a 46 percent premium over the previous day's closing price. Zhongpin's stock price jumped 21.8 percent that day.

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These purchases also made up the bulk of trading in Zhongpin during that time, even though most of the people charged had never traded in the company before.

The SEC said it is also seeking permanent injunctions,

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the surrender of gains, and financial penalties against Siming Yang, who formed Prestige Trade in March, along with Caiyin Fan, Shui Chong (Eric) Chang, Biao Cang, Jia Wu and Ming Ni.

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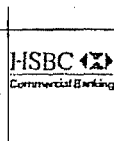
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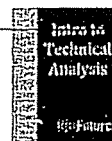
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Part V: The SEC and Chinese Issuers: Transparency And Accountability

Posted By [Administrator](#) On August 06, 2012 @ 8:00 pm In [Pages](#) | [No Comments](#)

This is the fifth and concluding segment of a series examining issues arising in SEC Enforcement Actions relating to issuers from the PRC whose shares are traded in the U.S.

Insider trading compliance

Insider trading has long been a priority for the Commission. Since the reorganization of the enforcement division and the creation of its market abuse specialty unit which focuses in part on these cases, the SEC has been very aggressive in bringing insider trading actions.

A number of recent SEC insider trading cases have involved residents of the PRC. One example is *SEC v. All Know Holdings Ltd.*, Case No. 11 cv 8605 (N.D. Ill. Filed Dec. 5, 2011), a case which centers on the acquisition of Global Education and Technology Group Ltd. by Pearson plc.

Global is a Cayman Islands corporation headquartered in Beijing, China. It provides English language services in China. Global's American Depository Shares or ADSs are traded on NASDAQ. Pearson is a British corporation headquartered in London whose shares are traded in New York and London. On November 21, 2011 Pearson announced the acquisition of Global at a premium of 105% over the previous day share closing price. Global's share price spiked 97% from \$5.37 to \$10.60.

Named as defendants are All Know Holdings Ltd, a British Virgin Islands Company, Lili Wang, Sha Chen, the president of All Know, and ZhiYao. Each of the defendants made large purchases of Global ADSs in the days shortly prior to the deal announcement. None of the purchasers had a history of trading in these shares, although Ms. Wang had bought shares in Global's IPO. In some instances the traders do not appear to have the financial means to conduct the trading.

Ms. Wang is the only defendant which the complaint connects to the transaction other than through trading. She has an undefined relationship with Xiaodong (Veronica) Zhang, the co-founder and Chairman of the Board of Global. On information and belief the complaint claims Ms. Zhang financed the trading of Ms. Wang.

The complaint does not allege a source of information for the other trading groups. It also does not allege a connection between the four groups. The Commission's complaint alleges violations of Exchange Act Section 10(b). At the time the complaint was filed the SEC obtained an emergency freeze order over \$2.7 million in trading profits. The case is in litigation.

Another insider trading action involving PRC residents is *SEC v. Yang*, Case No. 12-cv-02473 (N.D. Ill. Filed April 4, 2012). The complaint names as defendants Siming Yang, a New York City resident who, until recently, worked for a New York City investment adviser; Prestige Trade Investment Ltd., a company created in January 2012 by defendant Yang; Calyln Fan, a PRC citizen; Shui Chong (Eric) Chang, a resident of Hong Kong formerly employed at Deutsche Bank Securities, New York City; Biao Cang, a PRC citizen resident in Hong Kong; Jia Wu, a PRC citizen; and Ming Ni, a PRC citizen resident in Hong Kong.

The action centers on the March 27, 2012 announcement by Xianfu Zhu, Chairman and CEO of Zhongpin Inc., that he had submitted a non-binding proposal to take the company private by purchasing all the outstanding shares at \$13.50 per share, a 46% premium.

The SEC's complaint focuses largely on the trading of each defendant shortly prior to the deal announcement: Defendants Yang and Fan purchased 2,571 call options and 58,000 shares

and had unrealized profits of \$733,000; Prestige purchased over 3 million shares of stock and had unrealized profits of \$7.6 million; Defendant Chang purchased 4,035 call options and 32,500 shares of stock yielding unrealized profits of \$828,188 after the deal announcement; Defendant Cang bought 306 call options which yielded realized profits of \$39,745; Defendant Wu bought 257 call options which yielded realized profits of \$34,288; and Defendant Ni purchased 4,300 shares of stock and 169 call options which yielded realized profits of \$57,108.

A key allegation in the complaint is coordinated activity. Defendants Yang and Chang are alleged to have used a computer with the same IP address to access brokerage accounts. Defendants Cang, Wu and Ni are alleged to have accessed their brokerage accounts using networks with the same IP address and hardware with identical Media Access Control addresses.

The complaint alleges violations of Exchange Act Section 10(b). The Commission obtained a temporary freeze order. The case is in litigation.

Another insider trading case centered on the acquisition of Canada based Nexen, Inc. by China based CNOOC Limited, announced on Monday July 23, 2012. Within days of that announcement the SEC brought an insider trading action against Well Advantage Limited and unknown traders related to two accounts. The agency won a freeze order over millions of dollars in profits made from trading in the shares of Nexen which appreciated 52% on the deal announcement. The case is based largely on the timing and size of the trades which the complaint calls "suspicious." *SEC v. Well Advantage Limited* (S.D.N.Y. filed July 27, 2012).

The deal was highly publicized since it involves the acquisition of Canadian owned oil assets by a Chinese oil company. Nexen is a global energy company domiciled in Canada with its headquarters in Calgary. Its shares were listed on the Toronto and New York Stock Exchanges. CNOOC is China's largest producer of crude oil and natural gas. The company is based in Hong Kong and its shares are listed on the Stock Exchange of Hong Kong Limited.

The only named defendant is Well Advantage, a British Virgin Island company based in Hong Kong. It is indirectly owned by Zhang Zhi Rong, a Hong Kong business man who controls a number of companies including China Rongsheng Heavy Industries, a company which public sources say has a close business relation to CNOOC. Two accounts are also identified in the complaint. One is at Phillips Securities PTE Ltd., a Singapore-based brokerage firm. The other is Citibank NA, A/C HK 4.

Two trading days before the deal announcement, Well Advantage purchased 831,033 shares of Nexen at a cost of about \$14.3 million. The purchases were made through accounts at UBS Securities LLC and Citigroup Global Markets Inc. On "information and belief" the purchases were made while the trader or traders were in possession of inside information because: 1) The buys were made just two trading days prior to the announcement; 2) Well Advantage had not traded in Nexen shares since at least January 2012; 3) The Citigroup account had been dormant for six months; and 4) Well Advantage is headquartered in Hong Kong, the same location as CNOOC's main office and its beneficial owner, Zhang Zhi Rong, is a controlling shareholder of Rongsheng, a company that has a close business relation to CNOOC, according to public reports.

On the Thursday following the Monday deal announcement, a sell order was placed to liquidate the Nexen position in the account. At the time the account had an unrealized gain of \$7.2 million.

In the Phillips omnibus account, beginning July 12, 2012 and continuing through July 20, 2012, 597,990 Nexen shares were purchased for about \$10 million. At the time of the transactions the trader or traders were, based on information and belief, in possession of material non-public or inside information because of: 1) The timing of the transactions; 2) The size of the transactions; 3) The lack of prior history of significant trading in the shares, although there had been some transactions; and 4) The profitability of the trades which yielded about \$15.1 million. The position in the account was largely liquidated on Tuesday, July 24, 2012.

The Citibank account purchased 78,220 shares of Nexen on Tuesday, July 17, 2012 at a cost of about \$1.31 million shares. The trader or traders who directed the transactions were in

possession of inside information at the time, based on information and belief, because of: 1) The timing of the transactions; 2) The size of the transactions; 3) The profitability of the transactions which yielded profits of about \$721,000; and 4) The lack of prior trading history in Nexen shares. The position in the Citibank account was liquidated immediately after the deal announcement. The case is in litigation.

Conclusion

Although the number of securities class actions is declining, the Commission and the PCAOB continue to struggle with issues, their executives and auditors based in the PRC. To date neither the SEC nor the PCAOB have been able to obtain the degree of cooperation and transparency required for trading in the U. S. capital markets. The promise of SOX and the PCAOB that the Board would have access to the work papers of firms registered with it has yet to be fulfilled despite repeated efforts by U.S. officials. While the recent filing by the SEC in the *Deloitte Touche Tohmatsu* subpoena enforcement action suggests that progress is being made, if past history is a guide it will be a long road.

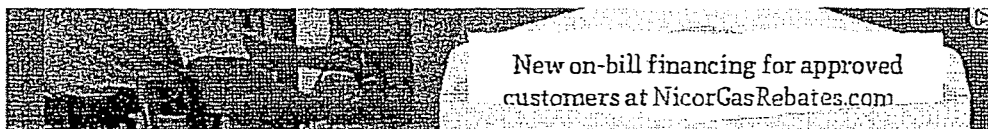
Other cases involving Chinese issuers and their executives only serve to highlight the difficulties and lack of transparency regarding these companies while raising issues about accountability. Financial fraud, manipulation and insider trading are issues in all markets. They can be particularly difficult to police in a forum which is known its shroud of secrecy and impenetrability.

Nevertheless, it is clear that Chinese companies and their executives want access to international capital markets and business channels, including those in the U.S. As this drive continues these companies and their executives will find it necessary adopt the much greater degree of transparency and accountability required by the U.S. and international markets.

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US charges six Chinese citizens with insider trading

ANNA YUKHANANOV | Friday 06 April 2012



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The US government froze the assets of six Chinese citizens and one company charged with trading on confidential information that a China-based pork processor, Zhongpin Inc, was about to go private.

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an important public announcement," said Merri Jo Gillette, director of the SEC's Chicago regional office.

The US Securities and Exchange Commission on Friday said the six people and the company, British Virgin Islands-based Prestige Trade Investment Ltd, made more than \$9 million (£5.7m) by trading in the US shares of Zhongpin before it announced a plan to go private.

Zhongpin's Chairman, Xianfu Zhu, said on 27 March he wanted to buy the company for \$13.50 (£8.50) a share, which the SEC said was a 46 per cent premium over the previous day's closing price. Zhongpin's stock price jumped 21.8 per cent that day.

"The defendants in this action - all with seemingly limited resources - suddenly and inexplicably purchased more than \$20 million in Zhongpin securities just before



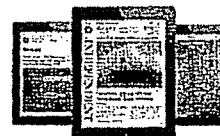
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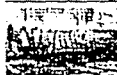
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These purchases also made up the bulk of trading in Zhongpin during that time, even though most of the people charged had never traded in the company before.

The SEC said it is also seeking permanent injunctions, the surrender of gains, and financial penalties against Siming Yang, who formed Prestige Trade in March, along with Caiyin Fan, Shui Chong (Eric) Chang, Biao Cang, Jia Wu and Ming Ni.

Reuters



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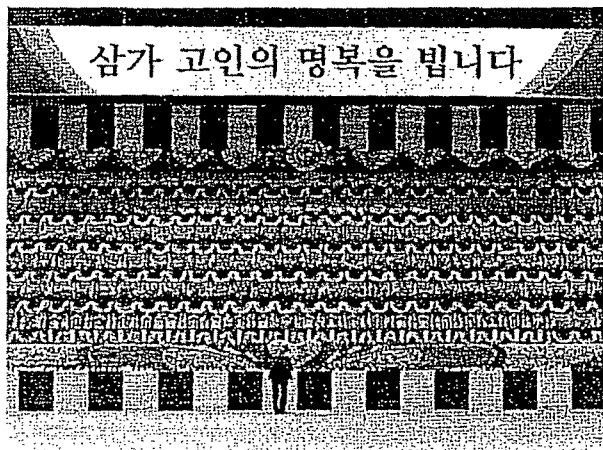
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SPECIAL REPORT: SEC Files Insider Trading Complaint Against Six Chinese Citizens in Conjunction with Zhongpin Going Private Proposal

APRIL 7TH, 2012

New York-based Research Analyst Pegged as Ringleader On April 4, 2012, the SEC filed a complaint against six Chinese citizens and one British Virgin Island entity, Prestige Trade Investments Ltd., with insider trading of the stock of Zhongpin Inc. (Nasdaq: HOGS). The complaint indicates that Siming Yang, who worked as a research analyst for New York-based Baron Capital Inc. (not to be confused with Andrew Barron Worden's "Barron Partners"), served as the ringleader of the group. Yang was terminated by Baron just a few days prior to the SEC's announcement of the complaint. The trading was set in motion prior

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U.S. charges six Chinese citizens with insider trading

Friday, April 06, 2012 9:53 a.m. CDT

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(Reporting by Anna Yukhananov)

SEC alleges insider trading at Zhongpin Inc.
MeatPoultry.com, 4/9/2012
by Meat&Poultry Staff



WASHINGTON – The Securities and Exchange Commission received a court order to freeze the assets of six Chinese citizens and one British Virgin Islands entity on charges of insider trading in Zhongpin Inc., a large China-based pork processor whose shares trade in the US.

The SEC alleges in its complaint that the purchases of Zhongpin stock and options were inconsistent with the defendants' financial situations and prior investment behavior. The emergency court order froze defendants' assets held in US brokerage accounts. It also granted the agency expedited discovery and prohibited the defendants from destroying evidence.

"The defendants in this action – all with seemingly limited resources – suddenly and inexplicably purchased more than \$20 million in Zhongpin securities just before an important public announcement," said Merr Jo Gillette, director of the SEC's Chicago Regional Office. "The SEC's swift action to secure a judicial freeze order prevented millions of dollars from moving offshore."

The SEC complaint, which was filed April 6, alleges the defendants made more than \$9 million by trading in Zhongpin stocks ahead of a March announcement by the company's president to take the company private, the agency said. The defendants named in the complaint are Prestige Trade Investments Ltd., and six individuals, Siming Yang, Caiyin Fan, Shui Chong (Eric) Chang, Biao Cang, Jia Wu, and Ming Ni. The SEC alleges that Yang formed Prestige in January and funded its US brokerage account in March with \$29 million transferred from a Hong Kong bank.

The seven defendants bought substantial quantities of common stock and call options in Zhongpin between March 14 and March 26, according to the SEC complaint. Zhongpin's stock price rose sharply by 21.8 percent on March 27 when Xianfu Zhu, chairman and chief executive officer of the company, publicly announced that he had made a non-binding offer to acquire all of Zhongpin's outstanding stock at \$13.50 a share, a 46 percent premium over the previous day's closing price.

The SEC alleges that the defendants violated US anti-fraud laws. In addition to the court order to freeze assets, the SEC is seeking permanent injunctions, disgorgement of ill-gotten gains with prejudgment interest, and financial penalties.

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U.S. charges six Chinese citizens with insider trading

Fri, Apr 6 2012

WASHINGTON (Reuters) - The U.S. government froze the assets of six Chinese citizens and one company charged with trading on confidential information that a China-based pork processor, Zhongpin Inc, was about to go private.

The U.S. Securities and Exchange Commission on Friday said the six people and the company, British Virgin Islands-based Prestige Trade Investment Ltd, made more than \$9 million by trading in the U.S. shares of Zhongpin before it announced a plan to go private.

Zhongpin's Chairman, Xianfu Zhu, said on March 27 he wanted to buy the company for \$13.50 a share, which the SEC said was a 46 percent premium over the previous day's closing price. Zhongpin's stock price jumped 21.8 percent that day.

"The defendants in this action - all with seemingly limited resources - suddenly and inexplicably purchased more than \$20 million in Zhongpin securities just before an important public announcement," said Merri Jo Gillette, director of the SEC's Chicago regional office.

"The SEC's swift action to secure a judicial freeze order prevented millions of dollars from moving offshore."

The SEC said the six defendants and Prestige Trade bought Zhongpin stock between March 14 and March 26, in amounts that were inconsistent with prior trading behavior.

These purchases also made up the bulk of trading in Zhongpin during that time, even though most of the people charged had never traded in the company before.

The SEC said it is also seeking permanent injunctions, the surrender of gains, and financial penalties against Siming Yang, who formed Prestige Trade in March, along with Caiyin Fan, Shui Chong (Eric) Chang, Biao Cang, Jia Wu and Ming Ni.

(Reporting by Anna Yukhananov)

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SEC targets Chinese pork processor

Apr 6, 2012 9:12pm by Pan Kwan Yuk

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It is not a good week to be a promoter of US-listed Chinese companies.

First Nasdaq halted trading in Tibet Pharmaceuticals and Global Sources. Then Ernst & Young resigned as Sino-Forest's auditor. And now a Chinese pork processing

company has become the focus of a US Securities and Exchange Commission investigation on insider trading.

The SEC announced on Friday that six Chinese citizens have had their assets frozen in connection with alleged insider trading in Zhongpin, a China-based meat processor that trades in the US under the stock ticker "HOGS".

The SEC complaint, alleges that six Chinese citizens – Siming Yang, Caiyin Fan, Shui Chong Chang, Biao Cang, Jia Wu and Ming Ni – made more than \$9m by trading in the shares of Zhongpin ahead of the announcement of a management-led buyout offer last month.

From the SEC:

... the seven defendants bought substantial quantities of common stock and call options in Zhongpin between March 14 and March 26.

Zhongpin's stock price jumped 21.8 percent on March 27 when the company publicly announced that its chairman and CEO Xianfu Zhu had made a non-binding offer to acquire all of Zhongpin's outstanding stock at \$13.50 a share, a 46 per cent premium over the previous day's closing price.

Merri Jo Gillette, director of the SEC's Chicago regional office, said: "The defendants in this action – all with seemingly limited resources – suddenly and inexplicably purchased more than \$20m in Zhongpin securities just before an important public announcement. The SEC's swift action to secure a judicial freeze order prevented millions of dollars from moving offshore."

News of the SEC investigation could not have come at a worst time for US-listed Chinese companies, which have seen their image and reputation severely damaged after some of the groups were accused of accounting fraud and exaggerating the quality and size of their assets.

Of the 215 or so companies with operations in China that had listed in the US (the majority through reverse mergers), 20 were delisted last year as a result of claims of fraud and insider trading, said Brian Fox, founder of Confirmation.com, a web-based audit confirmation group.

"It's another black eye for an already battered class of stocks," he told beyondbrics. "2011 was a bad year for US-listed Chinese companies. This latest case will force the PCAOB (Public Company Accounting Oversight Board) to make a decision on how to deal with these companies."

According to Fox, the PCAOB is barred by Chinese securities regulators from inspecting the works of Chinese accounting firms that are auditing US public companies. The board was created in the wake of Enron accounting scandal to inspect the work of auditors in an attempt to ensure they did not miss any sloppy or fraudulent accounting.

It is not clear why the PCAOB has allowed these Chinese accounting firms to audit US public companies despite their lack of oversight over them. The brisk business that US exchanges have been doing with Chinese companies raising capital in the US might be one factor.

However, Fox said the SEC case against Zhongpin will put renew pressure on the PCAOB to act.

"Given what we saw last year and the last two to three weeks, the time has come for the PCAOB to make a decision on how to regulate these companies otherwise US investors will be continued to be taken advantage of by unscrupulous Chinese companies," he said.

Indeed, investors have lost billions of dollars over the past year on Chinese reverse mergers. Seasoned investors, including John Paulson, Anthony Bolton and Hank Greenberg, have all been left nursing losses after news of accounting scandals broke out.

In the case of Zhongpin, aside from the SEC investigation, the group is also being sued by an investor who said he was being short-changed on its chief executive's offer to buy all the shares in the company that he did not already own for about \$418m.

Given all the negative publicity around US-listed Chinese companies (earlier this year, the Federal Bureau of Investigation raided the office of New York Global Group, a US-based corporate advisory firm that specialises in helping Chinese companies sell shares in the US), it should come as no surprise that shares in these companies have been on the slide.

As the FT's Robert Cookson pointed out, the Bloomberg China Reverse Merger index, which tracks 82 small Chinese companies that joined US bourses in reverse mergers, has tumbled 67 per cent since its peak at the start of 2010. The index is now trading on a price-to-earnings ratio of just 4.6, compared to a ratio of 14.4 for the S&P 500.

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WASHINGTON, April 6 | Fri Apr 6, 2012 10:31am EDT

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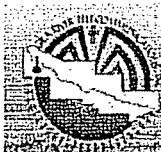
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(Reporting by Anna Yukhananov)

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INSIDER TRADING



13 SEC FILES INSIDER TRADING CHARGES AGAINST SIX CHINESE CITIZENS

APR 2012

Written by World Watch | Print | Email

The Securities and Exchange Commission has filed a complaint against six Chinese citizens for insider trading. According to the SEC, Siming Yang, Caiyin Fan, Shui Chong Chang, Biao Cang, Jia Wu, and Ming Ni profited more than \$9 million by purchasing shares of Zhongpin Inc. and call options before the announcement regarding a management offer to take the company private. According to the SEC, the defendants purchased more than \$20 million worth of stock and call options days before the proposal was announced. The announcement sent the price of Zhongpin Inc. stock up 22%. The SEC claims that the trading was highly unusual in that the defendants both appeared to have limited resources and some had never traded in the stock before. The SEC's investigation is still ongoing but the assets of the defendants have been frozen.

New York Times: *S.E.C. Charges Six Chinese Citizens With Insider Trading* (6 April 2012)
 (Source: New York Times)

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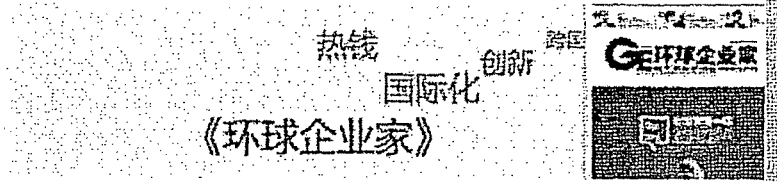
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Yang Siming insider trading mystery

Source: Global Entrepreneur in April 2012 under the author: Heying Yan

Content Guide: Who is behind the strange transactions "golden master" is?

Yang Siming think of himself so quickly by the U.S. Securities and Exchange Commission (SEC the next), "stare" on it.

Removed from the financial sector in the country for nearly a decade, has served as auditor KPMG the South fund equity analysts, and as a 2008 graduate of Columbia University Business School, w have paid enviable life.

March 30, 2012, Yang Siming just in New York focused on non-US growth companies Baron fund leave. Five days later, SEC disclosure on their official website for up to twenty-page document, de disclosure of the use of inside information to trade in the process he began planning from nearly month ago, and announced a freeze on all of their accounts assets.

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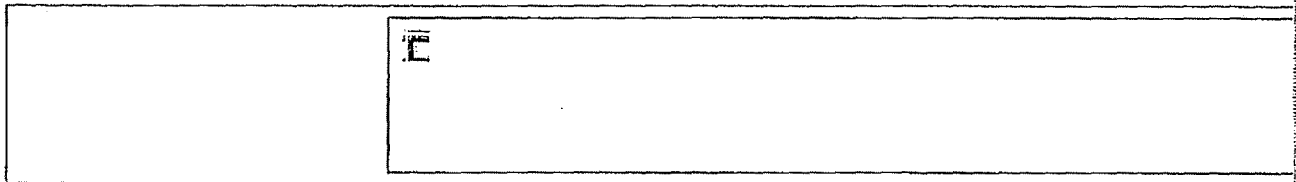
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Six Chinese people accused of insider trading involving public goods stocks

April 9, 2012 08:35:45

Source: Economic Information Daily

Xinhua Weibo

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U.S. Securities and Exchange Commission (SEC) recently announced that there are six Chinese were accused of insider trading in the privatization transaction Zhongpin (hereinafter referred to as "public goods") announced on March 27, the super-profits of all suspects \$ 9.2 million, which currently accounts six suspects have been frozen.

SEC documents show that the main suspect named S im ingY ang, 35-year-old Chinese citizen, currently residing in the United States. The suspects were involved in funding \$ 29 million, 300 million shares of stock trading over \$ 7.6 million in illegal profits over. The suspect had an employee of the New York BaronCapital M anagem ent investment advisory management company, in January 2012 to establish P restigeT radeInvestm entsL im ited (hereinafter referred to as "Presti-ge") in the British Virgin Islands. Announced two weeks before the privatization of public goods, the suspect in Pres-tige securities

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Chinese stocks fell in early trading and more, as of 21:46 GMT, Zhongpin fell 19.09%, the financial sector, LDK Solar, JinkoSolar fell more than 5%, Tudou, Trina, Focus Media fell more than 3%.

U.S. Securities and Exchange Commission (SEC) documents show that there are six Chinese were accused of insider trading in the privatization transaction Zhongpin announced March 27, in which the main suspect Siming Yang funds \$ 29 million related to stock transactions 300 million or more, over \$ 7.6 million in illegal profits (all suspects profitable over \$ 9.2 million), current accounts have been frozen.

("Securities Times" News Center)

(Editor: Wang Jin)

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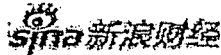
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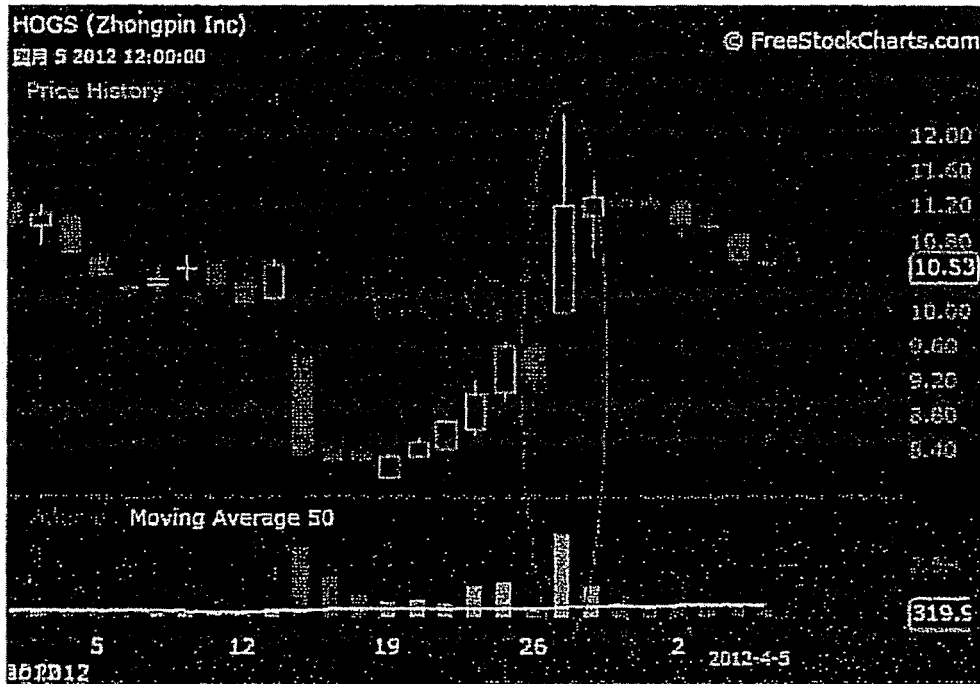
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Yang Siming in the U.S. insider trading mystery: Who is behind the gold master is huge capital

At 07:50 on April 26, 2012

Source: Global Entrepreneur Author: Heying Yan

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Behind strange transactions "golden master" who is?

Yang Siming think of himself so quickly by the U.S. Securities and Exchange Commission (SEC said the next), "stare" on it.

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"The United States than China's securities regulator is much stricter. Ultimately be judged insider trading financial professionals will face a double from civil and criminal penalties, there will be a lot of jail. Yang's final outcome may not be very good. "focus on helping Chinese stocks privatization Taurus Investment Zhanghao Yu, vice president said so.

Arrogant transaction

As the market takes stock of false rumors in the long hovered low number of concept stocks started the privatization process. Public goods for food on March 27, 2012 announced a preliminary, non-binding privatization offer. Chairman朱献福to 13.5 per U.S. dollar price of the acquisition of all the non-tradable outstanding shares he holds.

This opportunity to become profitable as the representative informed Young people, he also has a Chinese-informed, but also familiar with the procedures and means to invest in the U.S. stock market. But Yang's very simple technique, style is very sturdy.

According to SEC disclosure documents, Yang in January 2012 in the British Virgin Islands registered investment company opened a Prestige.

And just two weeks before the privatization of public goods declared, he Prestige securities trading account opened in the name and through the **China Construction Bank** [0.00% 资金 研报] Hong Kong imported \$ 29 million account. In the ensuing two weeks, he was crazy to buy nearly 300 million public stock of food products, but also a large stock of goods purchased for all calls.

At the same time a similar operation, also located in five of the accused in Hong Kong and mainland China. One of them used the same IP address with Yang, SEC pursuant to identify them and Yang constitute acting in concert.

Prior to mid-March, all food products trading deserted, in February 2012 the average daily trading volume 208,188 shares; And two weeks before the announcement of the privatization, the average daily trading volume suddenly jumped 600% to 1,270,200 shares, including Yang, including 6 suspects accounted for 41% of all trading volume.

This is the SEC eyeing their biggest motivation.

SEC head of the local office of Chicago Gillett said defendants in the case appears to have limited financial resources, but before a major announcement, they suddenly and for no reason to buy more than 20 million U.S. dollars of public goods stocks. SEC to act quickly to get a court order to freeze the assets, prevent millions of dollars were transferred overseas.

"SEC privatization of all the months before and after the bulk of the stock transaction will be closely monitored, some of Young's behavior really do not understand." Zhanghao Yu said so, "but irrational behavior must have a cause. "

Previously idea that Yang is so generous stock purchase public goods may be for potential "buyers" seeking to privatize public goods in the course of voting rights, not for profit. Compared with other public goods Food privatization cases, management ownership share of less than normal, the company's privatization process control force is not enough. Yang and held to account for some 10% of the stock is about the total number of shares of public goods.

"But this view misses the point, Yang also purchased a large amount of call options. Although it did not immediately profitable throws after privatization was announced, but it is more likely to wait for the transaction further clarification." An years of investment in U.S. stocks, traders said.

In fact, Yang should be familiar with the U.S. stock market regulations. Prior to his tenure at equity analysts focused on the growth of non-US small businesses baron fund.

Baron fund with the relevant provisions, prohibit its employees in private equity transactions, Yang on March 30, 2012 resignation from Baron Funds. This behavior by the Baron Fund's internal control early discovery was informed of the news is not known in advance Yang. "Global Entrepreneur" reporter

contacted the Baron fund stakeholders, but as of press time, Baron fund has not yet made any official comment on the matter.

Insider or not?

Excluding strange transaction process, this behavior will eventually be identified as insider trading, the key point is whether the money behind Yang internal staff and all the associated food products. SEC said in a disclosure document in doubt, also according to Yang and several other individuals accused of insider trading, there is no reasonable access to such a huge source of revenue.

A person who has had exchanges with Yang on the microblogging said that she believed Yang Siming money does not come from himself. "Last year, he also told me about the phone, to set up a Pre-IPO fund in the country, I thought he had done it himself, began to realize that he is still Baron."

Behind this huge funds "golden master" who in the end, is the key to the case. "In the SEC's handling style, I believe that already have more concrete evidence." A multi-year investment stocks traders said.

Privatization of public goods food weakness is actually a lot, not very "tricky." The privatization program 朱献福 are preliminary and non-binding, but also did not provide a clear source of funding privatization.

After the announcement of privatization, the privatization of public goods from food price program there is a large gap between the price of \$ 13.5, indicating lack of market confidence. But Yang spent such a large amount of money, their behavior seems to be rather "desperate."

Preliminary and non-binding insider information program knows the party theoretically should only involve the senior management of public goods, but some domestic security awareness of senior management is far from reaching this standard.

"We had talks with a company to privatize the operation, also participated in the talks only a dozen executives, but in the afternoon the company's stock price has risen more than 30 percent." Zhanghao Yu believes that in none of these insider trading shares privatization may not uncommon.

Earlier, Global IELTS also occur SEC sued the privatization process is the experience, the ultimate point of insider trading Global IELTS brother Yong-Hui Zhang Yongqi Zhang, chairman of the privatization was announced in front of a large purchase day stock profit. The case is still in the legal process.

Zhang believes that unless all the people were sitting inside the food product is actually actually have side entrance of funds, or beyond the ordinary and Yang have close contact, otherwise, the process of privatization of public goods may not be affected substantially.

The biggest losers of this incident, it may also simply Yang Siming individuals. Currently SEC has frozen all of its assets. Yang Siming has hired David Furbush served as his own defense lawyer.

Although there is no confirmation message is limited exit Yang, but Yang was in New York, is probably the most easily controlled person.

In American history, facing jail for insider trading a few. "At least in the case pending before the Yang may be prohibited from engaging in trade and finance-related, the funds will not thaw even be able to return to China, he could not have gained the right positions in well-known financial institutions." Zhang Haoyu said. ☺

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EXHIBIT O

From: Furbush, David M.
Sent: Thursday, April 05, 2012 8:41 PM
To: Leiman, Timothy [REDACTED]
Subject: Siming Yang; Prestige Trade Investments Limited

Tim,

I am attaching a few things that I hope will make you think about your case against my clients. Here is the executive summary:

Mr. Yang is a research analyst with deep expertise in Chinese companies listed on U.S. stock exchanges. One of the companies he has been interested in for quite a while is Zhongpin, Inc., which I will refer to here by its ticker symbol, HOGS. Attached are several spreadsheets prepared by Mr. Yang reflecting his analysis of the company, along with a few e-mails containing his narrative summaries of his opinions. I understand there is more along these lines, but I am sending this to you first to get you started thinking about this.

Another attachment is a stock graph for HOGS. You can see that there was a sharp drop immediately preceding the purchases made in the accounts managed by Mr. Yang. As confirmed in some of the narratives, Mr. Yang saw this as a unique opportunity to buy a company cheaply that had excellent future prospects.

Some of the attached e-mails reflect his dialog with Maggie Shum. Mr. Yang describes Ms. Shum as his "trader." He and she were colleagues at a former job and Mr. Yang uses her to place trades on behalf of Prestige. She resides in Tokyo. Her boyfriend is Eric Chang. You will see that Ms. Shum expressed some concern about the degree of concentration of risk in HOGS and Mr. Yang's responses to that concern. Apparently Mr. Chang became interested in HOGS as a result of Mr. Yang's bullishness on the stock. I am sure you are aware that the common IP address used for accessing both the Prestige account and Mr. Chang's account is that of a Tokyo ISP.

Mr. Yang has invested considerable effort in forming Prestige and obtaining investments from Chinese investors. The investment philosophy is stated in the included set of slides; the short summary is "long-term, activist, value investing." When Mr. Yang saw an opportunity to take a meaningful position in HOGS when its stock price was, in his opinion, severely under-valued, he plunged into it.

Your motion to the court asserts that Mr. Yang "either broke the law or [was] incredibly lucky." I think you know that these are not the only two possibilities. In fact it is much more likely that there were other potential buyers of the stock who had confidence in HOGS and who reached the same conclusion that Mr. Yang did at the same time – that a company with good fundamental prospects was selling at an incredibly, and likely very temporary, cheap price, and who smartly took advantage of the opportunity to buy. This would include the Chairman of the company, who seems to have seized the opportunity to make a going-private proposal for the same reasons as did Mr. Yang, at a much higher price that Mr. Yang paid for the shares he purchased.

Here is a link to an interview with the CFO of HOGS from last year in which the questioner asked several times whether the company might consider a going-private transaction. And, as I mentioned to you in our phone conversation, going-private transactions by Chinese companies listed in the U.S. are increasingly common. I think you are aware that the company was engaged in a stock buy-back program

and that the chairman of the company had made stock purchases with his own funds, all facts that would suggest to an attentive follower of the stock that it was undervalued.

<http://xueqiu.com/1287305957/20516620>

Mr. Yang is a young, very talented investment manager. He is studious, careful, and thoughtful but at the same time is willing to make bold moves when presented with a compelling opportunity. He has excellent opportunities to flourish going forward, but those opportunities could be destroyed if his reputation is tarnished with unwarranted accusations of insider trading.

I have high confidence that as a lawyer dedicated to serving the public interest you will not inflict unnecessary injury on Mr. Yang if we can demonstrate to you that your admittedly circumstantial suspicions are unfounded.

I also request that you contact HOGS to confirm that their contact with Mr. Yang has not included any communication of material non-public information.

As you know, I just became involved in this situation last night. I am still gathering information and expect to have a lot more to send you in the coming days. But again, the reputational injury to Mr. Yang is a serious concern and I wanted to get this out to you as soon as possible in the hope that there will be some way of mitigating that harm.

David Furbush | Pillsbury Winthrop Shaw Pittman LLP



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www.pillsburylaw.com

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