

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70749 / October 23, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15586

In the Matter of

HUAKANG ZHOU
(A/K/A DAVID ZHOU) and
WARNER TECHNOLOGY
AND INVESTMENT
CORPORATION,

Respondents.

ORDER INSTITUTING
ADMINISTRATIVE
PROCEEDINGS PURSUANT TO
SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF
1934, MAKING FINDINGS, AND
IMPOSING REMEDIAL
SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Huakang Zhou (a/k/a David Zhou) (“Zhou”) and Warner Technology and Investment Corporation (“Warner Investment” or together with Zhou, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over Respondents and the subject matter of these proceedings and the findings contained in Section III.3. below, which are admitted, Respondents consent to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds that:

1. Zhou is the president of Warner Investment. Zhou does not have any securities licenses; however, for at least a portion of the time in which Zhou engaged in the conduct underlying the complaint described further below, Zhou acted as an unregistered broker. Further, Zhou participated in an offering of China Yingxia International, Inc. ("China Yingxia") stock, which was a penny stock. Zhou, 62 years old, is a resident of the state of New Jersey.

2. Warner Investment is a New Jersey-based consulting firm that works with private Chinese companies, assisting them in their reverse mergers, capital raises, and operations as publicly-traded companies, such as retaining independent auditors, officers and directors, and counsel, and filing reports with the Commission. Through Zhou, Warner Investment acted as a consultant to, and facilitated the reverse merger of, numerous Chinese companies. Warner Investment has never been registered with the Commission in any capacity; however, for at least a portion of the time in which Warner Investment engaged in the conduct underlying the complaint described further below, Warner Investment acted as an unregistered broker. Further, Warner Investment participated in an offering of China Yingxia stock, which was a penny stock.

3. On October 18, 2013 a final judgment was entered by consent against Zhou and Warner Investment in the civil action entitled Securities and Exchange Commission v. Huakang Zhou (a/k/a David Zhou) and Warner Technology and Investment Corporation, Civil Action Number 12-Civ-8987, in the United States District Court for the Southern District of New York, permanently enjoining Zhou and Warner Investment from violating Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b), 13(d), 15(a), and 16(a) of the Exchange Act and Rules 10b-5, 13d-1, 13d-2, and 16a-3 thereunder. Under the final judgment, Zhou and Warner Investment are liable to pay disgorgement in the amount of \$983,375, plus prejudgment interest thereon in the amount of \$82,449, and Zhou is liable to pay civil penalties in the amount of \$400,000.

4. The Commission's complaint alleged that Zhou and Warner Investment, consultants to numerous Chinese reverse merger companies, in connection with such work for various clients from 2007 through at least 2010, engaged in a scheme to list one client on a national securities exchange through manipulative trading and by facilitating in effect an artificial shareholder base sufficient for listing. Further, the complaint alleged that Zhou and Warner Investment made material misstatements and omissions in connection with an offering for another client through the misuse of proceeds. The complaint also alleged that Zhou and Warner Investment did not disclose certain holdings and transactions; sold unregistered securities; and acted as unregistered brokers and aided and abetted others' unregistered broker activity.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents Zhou and Warner Investment's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondents Zhou and Warner Investment be, and hereby are:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock, with the right to apply for reentry after five years to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by the Respondents will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondents, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy
Secretary