

A. DAVID WILLIAMS (Cal. Bar. No. 183854)
Attorney for Plaintiff
U.S. SECURITIES AND EXCHANGE COMMISSION
100 F. Street, N.E.
Washington, DC 20549
Telephone: (202) 551-4548 (Williams)
Facsimile: (202) 772-9246 (Williams)
WilliamsDav@sec.gov

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

U.S. SECURITIES AND EXCHANGE COMMISSION,	:	
Plaintiff,	:	
v.	:	Civil Action No. _____
JAMES LI (A/K/A CHING HUA LI),	:	
THOMAS CHOW (A/K/A MAN KIT CHOW),	:	
ROGER KAO (A/K/A CHAO CHUN KAO),	:	
CHRISTOPHER LIU (A/K/A CHI LEI LIU),	:	
WAYNE A. PRATT	:	
Defendants.	:	

For its Complaint, Plaintiff Securities and Exchange Commission (“Commission”) alleges:

SUMMARY

1. This matter involves an egregious financial fraud perpetrated by senior management and members of the Board of Directors of Syntax-Brillian Corporation (“Syntax” or the “Company”), a developer and distributor of high-definition LCD (liquid crystal display) televisions under the “Olevia” brand name. The scheme was orchestrated by James Li (“Li”), a Syntax Director who at times was also its President, Chief Operating Officer and Chief

Executive Officer, and Thomas Chow (“Chow”), a Syntax Director and its Chief Procurement Officer.

2. From at least June 2006 through April 2008, Li and Chow engaged in a complex scheme to overstate Syntax’s financial results by publicly reporting significant sales of LCD televisions in China, when in fact the vast majority of these sales never occurred. Syntax’s purported customer for these fictitious sales was South China House of Technology Consultants Co. Ltd. (“SCHOT”). Li and Chow initially concealed the scheme through the use of fake shipping and sales documents.

3. As the scheme progressed, Li and Chow developed a circular cash flow scheme involving Syntax’s primary manufacturer, Taiwan Kolin Co., Ltd. (“Kolin”) and SCHOT. Kolin’s Chairman of the Board, Christopher Liu (“Liu”), and Kolin’s executive and board member, Roger Kao (“Kao”), assisted in the scheme, which created the façade of substantial revenues from Syntax’s sales to SCHOT. Under the guise of paying various invoices, Li and Chow funneled millions of dollars from Syntax to Kolin. Liu and Kao then authorized the transmittal of these funds to SCHOT. SCHOT then transferred the funds back to Syntax, which recorded the cash transfers as payments for the previously recorded fictitious sales.

4. Wayne Pratt (“Pratt”), Syntax’s Chief Financial Officer, ignored red flags of improper revenue recognition and participated in preparing backdated documentation that was provided to Syntax’s auditors to support fictitious fiscal 2006 year-end sales. Pratt also ignored indications of impaired assets, agency sales, and potential collectability issues.

5. Despite their knowledge and involvement in the fraudulent scheme, Li, Chow, and Liu signed Commission filings for each reporting period between June 30, 2006 and June 30, 2007. Despite being aware of red flags indicating that these filings contained material misstatements, Pratt also signed them. Li also signed Syntax’s Form 10-Q for the period ended

September 30, 2007. As a result of the fraudulent scheme, these filings included financial statements that were materially false and misleading.

6. Li also signed SOX certifications falsely attesting to the effectiveness of the Company's internal controls and that he was not aware of any fraud at Syntax. Pratt also signed SOX certifications that contained material misstatements relating to the effectiveness of Syntax's internal controls. In addition, Li, Chow, and Pratt signed management representation letters for Syntax's auditors that contained material misstatements regarding, among other things, sales to SCHOT, purchases from Kolin, and the relationships between Syntax, SCHOT, and Kolin.

7. By their misconduct described herein, Li, Chow, Kao, Liu, and Pratt (collectively, "Defendants") violated and/or aided and abetted the antifraud, reporting, recordkeeping, internal control, and/or SOX certification provisions of the federal securities laws. Unless restrained and enjoined, Defendants will continue to engage in acts and practices that constitute, or will constitute, violations of these provisions.

JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to Sections 20(b), 22(a) and 20(d) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§77t(b), 77u(a) and 77t(d)] and Sections 21(d), 21(e) and 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d), 78u(e) and 78aa]. The Defendants, directly or indirectly, used the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

9. Certain of the acts, practices, and courses of conduct constituting the violations of law alleged in this complaint occurred within this judicial district, and, therefore, venue is proper pursuant to Section 22 of the Securities Act and Section 27 of the Exchange Act.

DEFENDANTS

10. James Li, 43, was the President, Chief Operating Officer, and Director of Syntax from November 2005 through September 2007, and Chief Executive Officer and Director of Syntax from October 1, 2007 through June 2008. He is a United States citizen living in San Jose, California, and Beijing, China.

11. Thomas Chow, 49, was the Chief Procurement Officer and Director of Syntax from November 2005 through April 2008. He was the Chief Financial Officer of Syntax Groups Corporation, Syntax's predecessor company. Chow was also one of the founders and a part-owner of SCHOT. As of February 27, 2007, Chow owned approximately 3.8% of SCHOT. He is a United States citizen living in Covina, California.

12. Roger Kao, 50, was the Vice Chairman of Kolin from March 1989 to September 2008, Director of Kolin from 2003 to 2008, and liaison to Syntax's Board of Directors from November 2005 through June 2008. He is a United States citizen living in San Diego, California, and Beijing, China.

13. Christopher Liu, 62, was the Chairman of the Board of Kolin from June 2006 through December 2008, and Director of Syntax from January 2006 through May 2008. He is a United States citizen living in Austin, Texas.

14. Wayne Pratt, 50, was the Chief Financial Officer of Syntax from November 2005 through September 2007. Pratt oversaw all the accounting and financial reporting functions at Syntax. He is a Certified Public Accountant licensed in the State of Arizona. Pratt is a United States citizen living in Chandler, Arizona.

OTHER RELEVANT ENTITIES

15. Syntax- Brillian Corporation was a Delaware corporation headquartered in Tempe, Arizona. Syntax developed and marketed, among other things, high-definition LCD

televisions primarily in the United States and purportedly also in China. Syntax was formed through a reverse merger between Syntax Groups Corporation, a private corporation based in City of Industry, California, and Brillian Corporation, a U.S. public company based in Tempe, Arizona. At all relevant times, the Company's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act. Prior to its suspension on July 22, 2008, the Company's common stock was listed for trading on the Nasdaq under the stock symbol "BRLC." The Company's fiscal year ends on June 30.

16. Kolin was a Taiwanese public company based in Taipei, Taiwan. Kolin was Syntax's largest shareholder and primary supplier of LCD televisions and components. Kolin's stock was traded on the Taiwan Stock Exchange until November 2008, when Kolin's securities were delisted. The company is currently undergoing a court ordered restructuring in Taiwan.

17. SCHOT is a privately-held company located in Hong Kong and was purportedly a distributor of electronic products in Hong Kong and China. Kolin and Chow both held equity interests in SCHOT during the relevant period. Syntax represented in its Commission filings that SCHOT was Syntax's largest customer for fiscal year 2007.

FACTS

A. Fictitious Sales from Syntax to SCHOT

18. Shortly after the November 30, 2005 merger that gave rise to Syntax, the Company sought to expand the distribution of Olevia brand LCD televisions into the Hong Kong and Chinese markets.

19. Over the course of fiscal years 2006 and 2007, Syntax publicly disclosed SCHOT as its largest customer and exclusive distributor of Olevia brand LCD televisions in Hong Kong and China. Reported sales from Syntax to SCHOT during fiscal year 2007 amounted to \$336 million in revenue, which was equal to 48.1% of Syntax's total revenue and a 934% increase

over reported fiscal year 2006 sales to SCHOT. A majority of these sales, however, were total shams documented by fictitious purchase orders, invoices, and bills of lading. Indeed, the shipping vessels indicated on the bills of lading were not even in use on the shipping dates identified. In other instances, the shipping vessels were on different routes on the dates in which they were purportedly carrying LCD televisions and/or parts.

Syntax's Fictitious Year-End Sales in June 2006

20. Prior to June 2006, Syntax's sales to SCHOT were relatively modest, totaling only about \$1.7 million in revenues during the third quarter ended March 31, 2006. For the fiscal third quarter ended March 31, 2006, Syntax failed to meet analysts' consensus revenue and earnings expectations and, following the disappointing earnings announcement on May 15, 2006, Syntax's stock price dropped approximately 7%.

21. As the Company approached the fiscal year ended June 30, 2006, Syntax's executives knew that the Company would miss analysts' expectations for fiscal fourth quarter 2006. To meet analysts' expectations, Li and Chow developed a scheme to report fictitious sales and boost Syntax's reported revenues and earnings.

22. During the last two weeks of June 2006, Li orchestrated a fraudulent scheme to report fictitious sales of approximately 35,000 televisions to SCHOT, resulting in Syntax improperly recording \$22.7 million in revenue. By recording these fictitious sales, Syntax's reported results beat analysts' revenues and earnings estimates for the fourth quarter and fiscal year ended June 30, 2006 --- Syntax reported net revenues of \$59.8 million and loss per share of (\$0.11) versus consensus analyst estimates of \$54.05 million in net revenues and loss per share of (\$0.13).

23. Li, Chow, and Kao colluded with Kolin and SCHOT personnel to create fake documentation for the fictitious sales.

24. On June 20, 2006, Kolin's CFO sent emails to Li and Kao attaching several invoices and packing lists, purporting to reflect Syntax's purchase of LCD televisions from Kolin for immediate resale to SCHOT. The emails, which were also forwarded to Chow, referred to a "triangular trade" between Kolin, Syntax, and SCHOT.

25. On or about June 29, 2006, Li instructed a Syntax employee to alter the bills of lading and other sales documents to show that the 35,000 units purportedly sold to SCHOT had been shipped before June 30, 2006. To complete the necessary paperwork to record the sales, Li and Chow directed SCHOT personnel to create purchase orders to Syntax based on the fake documents they received from Kolin.

26. Syntax's accounting personnel relied on these false documents, recorded the fictitious sales in Syntax's books and records, and then prepared Syntax's financial statements that included revenues from the fictitious sales. As a result, Syntax overstated its reported revenues by \$22.7 million in its financial statements for the fiscal year ended June 30, 2006 (a 13% overstatement) and overstated its revenues by 61% for the fourth quarter of fiscal year 2006.

Pratt Failed to Discover Syntax's Improper Revenue Recognition Despite Red Flags

27. Li and Chow knew that Syntax's external auditor would scrutinize these sales to SCHOT because these sales were significantly larger than those in prior quarters and occurred late in the reporting period. The audit engagement team was concerned that the last-minute sales were suggestive of "channel stuffing" and questioned whether revenue recognition was proper. The audit team required a written distribution agreement to support proper recognition of the revenue. However, Syntax did not have a distribution agreement in place with SCHOT at the time of the purported sales or even at the close of the fiscal year.

28. On July 12, 2006, Pratt provided Li with a draft distribution agreement between Syntax and SCHOT. The new agreement purported to document a preexisting agreement between the parties, and was backdated to include an effective date of June 15, 2006. Li and the owner of SCHOT signed the distribution agreement and backdated their signatures to June 20, 2006, to make it appear as if the agreement was in place prior to the year-end sales. As a result of the backdated documentation, revenue from the transaction was improperly recognized in the fiscal year ended June 30, 2006. A final copy of the backdated distribution agreement was sent to Pratt and later provided to the audit engagement team, and Syntax's auditor issued an unqualified opinion on Syntax's financial statements for its fiscal year ended June 30, 2006.

29. Pratt signed a management representation letter to the Company's independent auditors, as well as the CFO certifications for Syntax's Form 10-K for the fiscal year ended June 30, 2006, and in each represented that the financial statements were fairly stated. Li, Chow, and Liu also signed the Form 10-K.

Syntax's Fictitious Sales to SCHOT Continued through Fiscal Year 2007

30. Syntax's fictitious sales scheme continued until the end of the first quarter of its fiscal year 2008.

31. From June 2006 through the first quarter of fiscal year 2008, Syntax's reported quarterly sales to SCHOT increased dramatically, peaking at nearly \$134 million, or 55% of Syntax's total reported revenues, for the second quarter of fiscal year 2007.

32. In its public filings, Syntax claimed that the Company's growing sales to SCHOT were due to, among other things: (a) SCHOT's successful penetration of the Hong Kong and China markets; and (b) the sales of Olevia brand LCD televisions to the Chinese government in connection with the then-upcoming 2008 Summer Olympics in Beijing. The vast majority of these purported sales were fictitious.

33. Syntax's fictitious sales through the end of first quarter of fiscal year 2008 were documented using fake invoices, fake purchase orders, and fake shipping documents. From at least July 2006 through January 2008, Li worked closely with a Syntax employee to create the fictitious sales and shipping documents, as well as forged sales agreements. On most occasions, Li instructed the employee to fabricate the details of the purported sales, including the model numbers, prices, quantities, and shipping dates. The employee even used a computer program to generate random numbers for the fictitious bills of lading.

34. Chow provided SCHOT with the television models, quantities, and prices generated by the employee, and SCHOT then used this information to prepare false purchase orders.

Li and Liu Signed Side Agreements with SCHOT

35. Li and Liu entered into side agreements with SCHOT that reflect the real understanding between Syntax, Kolin, and SCHOT regarding the fictitious sales in China, and which relieved SCHOT of any potential liability for accounts receivable due to Syntax.

36. A side agreement dated June 16, 2006 signed by Liu and SCHOT shows that (a) Syntax sold its own products in China; (b) payments from China were sent to Kolin; (c) and SCHOT's only role was to facilitate the transfer of cash from Kolin to Syntax. Liu and Kao used this side agreement to justify their authorization of fund transfers from Kolin to SCHOT.

37. Another side agreement dated August 15, 2006 was signed between Li and SCHOT. This side agreement modified the backdated June 15, 2006 distribution agreement. The August 15, 2006 side agreement stated that SCHOT acted as Syntax's sales agent and was not responsible for any accounts receivable relating to Syntax's purported sales in China. Under this arrangement, SCHOT would only receive a 1% commission for products actually sold.

Pratt Failed to Respond to Red Flags of Accounting Improprieties

38. Pratt turned a blind eye to indicia of improper revenue recognition, including evidence of an agency or consignment sales relationship between Syntax and SCHOT and conditions that suggested collectability from SCHOT was not reasonably assured.

39. Pratt knew that SCHOT's accounts receivables were material to Syntax's financial statements and recognized that sales to SCHOT had significant collectability issues, which made revenue recognition questionable. Syntax's purported sales to SCHOT grew exponentially from June 2006 through December 2006. By March 31, 2007, SCHOT's outstanding accounts receivable balance exceeded \$170 million, or more than 73% of Syntax's total accounts receivables for the period. Approximately \$69 million, or 41%, of SCHOT total accounts receivable balance was overdue.

40. Based on information he received from Li, Pratt told Syntax's independent auditors that SCHOT's accounts receivables were guaranteed by the Chinese government. This representation was materially false and misleading.

41. Beginning with the Form 10-Q for the period ended March 31, 2007, which was prepared under Pratt's direction, Syntax indicated that the Company extended SCHOT's payment terms to enable SCHOT to collect from its own customers before paying Syntax. Based on this knowledge, he was reckless in not knowing that Syntax was unable to recognize revenues on purported sales to SCHOT until the LCD televisions were sold and cash was collected from SCHOT's customers.

B. The Circular Cash Flow Scheme to Conceal The Fake Sales

42. To make Syntax's fictitious sales to SCHOT appear legitimate, Li, Chow, and Kao developed, and Liu participated in, a circular cash flow scheme to conceal the fraud and create the illusion of payments from SCHOT to Syntax. This scheme involved the transfer of tens of millions of dollars from Syntax to Kolin as purported payments for Kolin invoices for

purported “tooling deposits.” Upon receipt of the funds, Liu and Kao authorized Kolin to send most, if not all, of these funds to SCHOT. Liu approved these fund transfers with his seal, which authorized Kolin’s banks in Taiwan to facilitate the fund transfers to SCHOT. Syntax’s cash payments to Kolin under the scheme and subsequent transfer of these funds to SCHOT were not recorded in Kolin’s books and records. Upon receiving the funds from Kolin, SCHOT transferred the funds to Syntax as purported payments for the fake sales.

Tooling Deposit: A Fictitious Asset to Fund the Circular Money Flow

43. In December 2006, Li, Chow, and Kao caused Syntax to make payments to Kolin for so-called “tooling invoices.” Tooling invoices were issued ostensibly by Kolin to Syntax, requiring Syntax to reimburse the costs of the molds (or “tools”) used to create Syntax’s LCD televisions. The first tooling invoice for \$22 million was issued in August 2006, but Syntax was not obligated to pay this invoice if Syntax met certain purchase thresholds within a certain time period.

44. By December 2006, Syntax had paid most of its invoices from Kolin, except for the \$22 million tooling invoice. At this same time, Syntax’s accounts receivable balance for SCHOT was growing, fueled by increasing amounts of fictitious sales. At Li and Chow’s direction, and with Pratt’s authorization, Syntax’s accounting personnel made cash payments to Kolin for the tooling invoice. Upon receiving these cash payments, and at Liu and Kao’s direction, Kolin transferred these funds to SCHOT, and SCHOT immediately forwarded these funds to Syntax to pay down SCHOT’s accounts receivable balance.

45. Between December 2006 and August 2007, Li and Chow directed, and Liu and Kao authorized, the funneling of additional funds under the auspices of additional tooling invoices totaling \$120 million. Most, if not all, of these tooling invoices were fabricated by a Syntax employee at Li’s direction.

46. On behalf of Kolin, Kao signed false confirmations for Syntax's independent auditors to substantiate the amount of the tooling charges recorded as accounts payable on Syntax's books and records.

47. Syntax recorded the tooling charges as "tooling deposits" and as an asset with an associated liability to Kolin. Pratt was aware of multiple red flags indicating that a material amount these tooling assets were impaired by at least June 30, 2007, and should have been written off. As a result, Syntax materially overstated its total assets and earnings for the fiscal year ended June 30, 2007.

The Fraudulent Scheme Falls Apart

48. Unable to generate sufficient legitimate sales in Asia and unable to sustain the circular cash flow, the fraudulent scheme began to unravel in the fall of 2007. As of September 30, 2007, SCHOT's accounts receivable balance on Syntax's books totaled \$123.2 million.

49. Syntax retained new independent auditors in the second quarter of fiscal year 2007, and the new auditors quickly began raising significant concerns regarding, among other things, Syntax's revenue recognition on sales to SCHOT. The new auditors ultimately informed Syntax's management they were unwilling to sign-off on Syntax's financial statements for the second and third quarters of fiscal year 2008. As a result, Syntax failed to file quarterly reports with the Commission for these periods.

50. On April 18, 2008, Syntax filed a Form 8-K with the Commission stating that its previously issued financial statements for the fiscal year ended June 30, 2007, and for the quarters ended September 30, 2006, December 30, 2006, March 31, 2007, and September 30, 2007, should no longer be relied upon because the Company preliminarily determined that it would likely restate its previously filed financial statements to correct accounting and disclosure issues related to its accounting methodologies for sales in Asia and tooling deposits.

51. A few months later, on July 8, 2008, Syntax filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

C. False Financial Statements

52. As a result of the misconduct of Li, Chow, Pratt, Liu, and Kao described above, Syntax's revenues were materially overstated in its financial statements included in Form 10-Ks for the fiscal years ended June 30, 2006 (filed September 13, 2006) (13%) and June 30, 2007 (filed September 13, 2007) (93%), and Form 10-Qs for the fiscal quarters ended June 30, 2006 (61%), September 30, 2006 (121%), December 31, 2006 (124%), March 31, 2007 (64%), June 30, 2007 (89%), and September 30, 2007 (11%). In addition, Syntax's Form 8-Ks and registration statements filed during the period between August 2006 and February 2008 contained material misstatements.

53. In particular, Li made false and misleading representations in Syntax's public filings, including Form 10-Ks (filed September 13, 2006, and September 13, 2007), Form 10-Q (filed November 15, 2007), and registration statements (filed November 22, 2006, April 6, 2007, November 21, 2007, and December 7, 2007). In addition, Li made material misrepresentations in a Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") certification that was included in a Form 10-Q (filed November 15, 2007). In connection with the preparation of the Syntax's financial statements for the fiscal years ended June 30, 2006, and June 30, 2007, and fiscal quarter ended November 15, 2007, Li signed false and misleading management representation letters and provided them to Syntax's independent auditors.

54. Pratt similarly made false and misleading representations in Syntax's public filings, including Form 10-Ks (filed September 13, 2006, and September 13, 2007), Form 10-Qs (filed November 9, 2006, February 16, 2007, and May 11, 2007), and registration statements (filed November 22, 2006, and April 6, 2007). Pratt also signed Sarbanes-Oxley certifications,

included in the in the Form 10-Ks (filed September 13, 2006, and September 13, 2007) and Form 10-Qs (filed November 9, 2006, February 16, 2006, and May 11, 2007) that contained material misrepresentations. In connection with the preparation of Syntax's financial statements for each of these periods, Pratt signed management representation letters that contained materially false and misleading statements and provided them to Syntax's independent auditors.

55. Chow, Liu, and Kao made false and misleading representations in Syntax's public filings as well. As Syntax directors, Chow and Liu signed false and misleading public documents, including Form 10-Ks (filed September 13, 2006, and September 13, 2007) and registration statements (filed November 22, 2006, April 6, 2007, November 21, 2007, and December 7, 2007). In addition, during this period, Kao signed multiple audit confirmations to Syntax's outside auditors that contained false and misleading representations regarding Syntax's transactions with Kolin.

D. Insider Trading and Incentive Compensation

56. In November 2006, Li sold 200,000 shares of Syntax stock for approximately \$1,800,000. He also received an incentive compensation bonus of approximately \$200,000 based upon the inflated financial performance of Syntax.

57. On May 14, 2007, Syntax announced its plan to sell 23 million new shares of common stock. This sale successfully closed on May 31, 2007. In connection with that sale, Chow sold 1,217,000 Syntax shares. Prior to the offering in May 2007, Chow sold an additional 775,000 shares. In total, Chow obtained net proceeds of more than \$12.6 million. Chow also received an incentive compensation bonus of approximately \$88,000 based upon the inflated financial performance of Syntax.

58. Chow and Li sold their Syntax shares knowing that Syntax's publicly filed financial statements were materially misstated as a result of their concealed fraudulent scheme.

59. Pratt received an incentive compensation bonus of \$88,000 in 2007.

CLAIMS FOR RELIEF

FIRST CLAIM

***Violations of Section 10(b) of the Exchange Act and Rule 10b-5
(All Defendants)***

60. Paragraphs 1 through 59 are re-alleged and incorporated herein by reference.

61. Li, Chow, Liu, and Pratt, directly or indirectly, singly or in concert, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly, have:

(a) employed devices, schemes and artifices to defraud;

(b) made untrue statements of material fact, or have omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or

(c) engaged in acts, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of Syntax securities and upon other persons, in violation of Section 10(b) of the Exchange Act [15 U.S.C. §§78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5].

62. Kao knowingly provided substantial assistance to the commission of these violations.

63. Li, Chow, Liu, and Pratt knowingly provided substantial assistance to the commission of violations of Section 10(b) of the Exchange Act [15 U.S.C. §§78j(b)] and Rule 10b-5(b) [17 C.F.R. §240.10b-5(b)].

64. By reason of the foregoing, Li, Chow, Liu, and Pratt violated, and Kao aided and abetted violations of, Section 10(b) of the Exchange Act [15 U.S.C. §§78j(b)] and Rule 10b-5

[17 C.F.R. §240.10b-5]. Li, Chow, Liu, and Pratt also aided and abetted violations of Section 10(b) of the Exchange Act [15 U.S.C. §§78j(b)] and Rule 10b-5(b) [17 C.F.R. §240.10b-5(b)].

SECOND CLAIM

***Control Person Liability Under Section 20(a) of the Exchange Act
(Li)***

65. Paragraphs 1 through 59 are re-alleged and incorporated herein by reference.

66. Syntax violated Section 10(b) of the Exchange Act and Rule 10b-5 [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5] when, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, directly or indirectly, singly or in concert, in connection with the purchase or sale of securities, it knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or omitted to state a material fact 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 course of business which operated or would operate as a fraud or deceit upon any person.

67. At all relevant times, Li directed and controlled, among other things, Syntax's management, operations, finances, and personnel, and was a controlling person of Syntax pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)]. Li was a culpable participant in the fraudulent conduct described above and knowingly or recklessly induced many of the material misrepresentations and misstatements alleged herein.

68. Li is liable as a controlling person pursuant to Section 20(a) of the Exchange Act for Syntax's violations of Section 10(b) of the Exchange Act and Rule 10b-5 [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5], and unless enjoined will again violate these provisions and rules.

THIRD CLAIM

***Violations of Section 17(a) of the Securities Act
(Li, Chow, Liu, and Pratt)***

69. Paragraphs 1 through 59 are re-alleged and incorporated by reference.
70. Li, Chow, Liu, and Pratt, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce, or by the use of the mails, directly or indirectly: (a) employed devices, schemes or artifices to defraud; or (b) obtained money or property by means of untrue statements of material facts or omissions to state material 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 transactions, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities.
71. By reason of the foregoing, Li, Chow, Liu, and Pratt, directly and indirectly, violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

FOURTH CLAIM

***Aiding and Abetting Violations of Section 13(a) of the Exchange Act
and Rules 12b-20 and 13a-1
(Li, Chow, Liu, and Pratt)***

72. Paragraphs 1 through 59 are re-alleged and incorporated by reference.
73. Syntax failed to file with the Commission such financial reports as the Commission has prescribed, and Syntax failed to include, in addition to the information expressly required to be stated in such reports, such further material information as was necessary to make the statements made, in light of the circumstances in which they were made, not misleading, in violation of Section 13(a) of the Exchange Act and Rules 12b-20, and 13a-1 [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20, and 240.13a-1].

74. Li, Chow, Liu, and Pratt knowingly provided substantial assistance to the commission of these violations.

75. By reason of the foregoing, Li, Chow, Liu, and Pratt aided and abetted violations of Section 13(a) of the Exchange Act and Rules 12b-20 and 13a-1 [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20 and 240.13a-1].

FIFTH CLAIM

Aiding and Abetting Violations of Rules 13a-11 and 13a-13 of the Exchange Act (Li, Chow, and Pratt)

76. Paragraphs 1 through 59 are re-alleged and incorporated by reference.

77. Syntax failed to file with the Commission such financial reports on Forms 8-K and 10-Q as the Commission has prescribed in violation of Rules 13a-11 and 13a-13 [17 C.F.R. §§ 240.13a-11 and 240.13a-13] of the Exchange Act.

78. Li, Chow, and Pratt knowingly provided substantial assistance to the commission of these violations.

79. By reason of the foregoing, Li, Chow, and Pratt aided and abetted violations of Exchange Act Rules 13a-11 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13].

SIXTH CLAIM

Violations of Rule 13a-14 of the Exchange Act (Li and Pratt)

80. Paragraphs 1 through 59 are re-alleged and incorporated by reference.

81. Li and Pratt knew or were reckless in not knowing that the reports they certified contained untrue statements of material fact and omitted to state material facts necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

82. By reason of the foregoing, Li and Pratt violated Exchange Act Rules 13a-14 [17 C.F.R. §§ 240.13a-14].

SEVENTH CLAIM

**Aiding and Abetting Violations
of Section 13(b)(2) of the Exchange Act
(Li, Chow, Kao, and Pratt)**

83. Paragraphs 1 through 59 are re-alleged and incorporated by reference.
84. Syntax failed to:
- a. make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of its assets; and
 - b. devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that:
 - i. transactions were executed in accordance with management's general or specific authorization;
 - ii. transactions were recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;
 - iii. access to assets was permitted only in accordance with management's general or specific authorization; and
 - iv. the recorded accountability for assets was compared with the existing assets at reasonable intervals and appropriate action was taken with respect to any differences.

85. Li, Chow, Kao, and Pratt knowingly provided substantial assistance to Syntax in the commission of these violations.

86. By reason of the foregoing, Li, Chow, Kao, and Pratt aided and abetted violations of Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)].

EIGHTH CLAIM

Violations of Section 13(b)(5) of the Exchange Act (Li, Chow, Kao, and Pratt)

87. Paragraphs 1 through 59 are re-alleged and incorporated by reference.

88. Li, Chow, and Pratt knowingly circumvented or knowingly failed to implement a system of internal accounting controls and knowingly falsified, directly or indirectly, or caused to be falsified books, records and accounts of Syntax that were subject to Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A).

89. Kao knowingly provided substantial assistance to the commission of these violations.

90. By reason of the foregoing, Li, Chow, and Pratt violated, and Kao aided and abetted violations of, Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)].

NINTH CLAIM

Violations of Rule 13b2-1 of the Exchange Act (Li, Chow, Kao, and Pratt)

91. Paragraphs 1 through 59 are re-alleged and incorporated by reference.

92. Li, Chow, Kao, and Pratt, directly or indirectly, falsified or caused to be falsified the books, records and accounts of Syntax that were subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

TENTH CLAIM

**Violations of Rule 13b2-2 of the Exchange Act
(Li, Chow, Kao, and Pratt)**

93. Paragraphs 1 through 59 are re-alleged and incorporated by reference.

94. Li, Chow, Kao, and Pratt, directly or indirectly, made or caused to be made false and misleading statements or omitted or caused others to omit to state material facts necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading to Syntax's auditors in connection with audits and examinations of Syntax's required financial statements and in connection with the preparation and filing of documents and reports required to be filed with the Commission.

95. By reason of the foregoing, Li, Chow, Kao, and Pratt, directly or indirectly, violated Rule 13b2-2 of the Exchange Act [17 C.F.R. § 240.13b2-2].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a judgment:

- A. Finding the defendants liable for the violations alleged herein;
- B. Permanently restraining and enjoining Li from violating Section 17(a) of the Securities Act, Sections 10(b) and 13(b)(5) of the Exchange Act and Exchange Act Rules 10b-5, 13a-14, 13b2-1, and 13b2-2, and from aiding and abetting violations of Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Exchange Act Rules 10b-5(b), 12b-20, 13a-1, 13a-11, and 13a-13;
- C. Permanently restraining and enjoining Chow from violating Section 17(a) of the Securities Act, Sections 10(b) and 13(b)(5) of the Exchange Act and Exchange Act Rules 10b-5, 13b2-1, and 13b2-2, and from aiding and abetting violations of Sections 10(b), 13(a),

13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Exchange Act Rules 10b-5(b), 12b-20, 13a-1, 13a-11, and 13a-13;

D. Permanently restraining and enjoining Kao from aiding and abetting violations of Sections 10(b), 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the Exchange Act and Exchange Act Rules 10b-5, 13b2-1, and 13b2-2;

E. Permanently restraining and enjoining Liu from violating Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5, and from aiding and abetting violations of Sections 10(b) and 13(a) of the Exchange Act and Exchange Act Rules 10b-5(b), 12b-20, and 13a-1;

F. Permanently restraining and enjoining Pratt from violating Section 17(a) of the Securities Act, Sections 10(b) and 13(b)(5) of the Exchange Act, and Exchange Act Rules 10b-5, 13a-14, 13b2-1, and 13b2-2, and from aiding and abetting violations of Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Exchange Act Rules 10b-5(b), 12b-20, 13a-1, 13a-11, and 13a-13;

G. Ordering Li, Chow, and Pratt to disgorge ill-gotten gains wrongfully obtained as a result of their illegal conduct;

H. Ordering Li, Chow, Liu, Kao, and Pratt to pay civil penalties under Section 20(d) of the Securities Act and Section 21(d)(3)(A) of the Exchange Act;

I. Ordering Li and Chow to pay civil penalties under Section 21A(a)(2) of the Exchange Act;

J. Prohibiting Li, Chow, Liu, and Pratt, pursuant to Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act, from acting as an officer or a director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act; and

K. Granting such further relief as the Court may deem just and appropriate.

Dated: August 30, 2011

Respectfully Submitted,

/s/ David Williams
A. David Williams (Cal. Bar. No. 183854)
Stephen L. Cohen
Charles E. Cain
Christine E. Neal
Paul A. Gumagay
Rachel E. Nonaka

Attorneys for Plaintiff
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549
(202) 551-4548 (Williams) – Phone
(202) 772-9246 (Williams) – Fax