

IN THE UNITED STATES DISTRICT COURT
FOR NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

JAMES JIANHUA WU, ERIC HONGBO ZHU, §
YAMING "Frank" FANG, QI ZHANG, §
ZHEN ZHAO and LIQING ZHENG §

vs. §

Case No. _____

WEIZHEN TANG, JIEHUA "JAY" YU, §
XIAOHONG "OLINA" PENG, RICHARD §
GU, HONG XIAO AND WENYI TANG §

COMPLAINT

James Jianhua Wu, Eric Hongbo Zhu, Liqing Zheng, Yaming "Frank" Fang, Qi Zhang and Zhen Zhao file this Complaint complaining of defendants Weizhen Tang, Jiehua "Jay" Yu, Xiaohong "Olin" Peng, Richard Gu, Hong Xiao and Wenyi Tang as follows:

1. Pursuant to the Court's Order in *Securities and Exchange Commission v. Oversea Chinese Fund Limited Partners, et al.*, Case No. 3-09-CV-0614-B., United States District Court, Northern District of Texas, the plaintiffs have permission to file this Complaint by order dated January 15, 2010. This case is related to the referenced lawsuit and is to be filed in the same court.

2. Not named as defendants in this case are the following entities which are parties to *Securities and Exchange Commission v. Oversea Chinese Fund Limited Partners, et al.*, Case No. 3-09-CV-0614-B: Oversea Chinese Fund Limited Partnership, Weizhen Tang & Associates, Inc., Weizhen Tang Corp., WinWin Capital Management, LLC, WinWin Capital Limited Partnership, J.O.R. & Associates, LLC, WinWin Capital Partners, LP, and Bluejay Investment, LLL, d/b/a Vintage International Investment, LLC.

These non-parties are referred to as the "non-parties." The plaintiffs are not seeking relief from the non-parties any contrary language contained herein notwithstanding.

NON-PARTIES

3. Oversea Chinese Fund Limited Partnership ("Oversea Chinese") is a limited partnership organized in December 2001 under the laws of the province of Ontario. Oversea Chinese is a hedge fund.

4. Weizhen Tang & Associates, Inc. is an Ontario corporation that serves as the general partner of Oversea Chinese. Tang & Associates' officers and directors are Weizhen Tang and Hong Xiao, his wife.

5. Weizhen Tang Corp. is an Ontario corporation engaged in the management of private equity funds and hedge funds. Tang Corp.'s officers and directors are Weizhen Tang chairman and secretary, his daughter Wenyi Tang director and secretary, and Jay Yu officer.

6. WinWin Capital Management, LLC, "WinWin Management", a Texas limited liability company with its principal office in Plano, Texas. WinWin Management is registered as an investment adviser with the Securities and Exchange Commission and Texas State Securities Board since July 2008. The registration was performed by Jiehua "Jay" Yu. ("Jay Yu") Weizhen Tang owns WinWin Management. WinWin Management is managed through Jay Yu.

7. WinWin Capital Limited Partnership is a Texas limited partnership, with its principal office in Plano, Texas, created to invest partnership funds in Oversea Chinese. The general partner of WinWin Partners is J.O.R. & Associates, LLC. The limited partners of WinWin Partners, located primarily in the Dallas, Texas, area are

individual investors who, along with investors directly solicited by Weizhen Tang, are the victims of the fraud in this case. WinWin Partners' sole general partner is J.O.R & Associates, LLC.

8. J.O.R & Associates, LLC, "JOR" a Texas limited liability company located in Plano, Texas, is the general partner of WinWin Partners. JOR was created in October 2006 and listed Jay Yu, Xiaohong "Olina" Peng ("Olina Peng"), and Richard Gu as members of the LLC. On January 1, 2007, Jay Yu, Richard Gu, and Olina Peng transferred their ownership interests in JOR to Weizhen Tang. Jay Yu, Richard Gu, and Olina Peng remained in charge of the day-to-day operations of JOR and WinWin Partners. JOR has sole discretion to invest the partnership capital.

9. Bluejay Investment, LLC, d/b/a Vintage International Investment, LLC "Bluejay Investment" is a Texas limited liability company. Investor funds were diverted to an account in the name of Bluejay Investment.

PARTIES

10. The plaintiffs are individuals doing business in this District.

11. Weizhen Tang of Toronto, Ontario, Canada, is the manager of Oversea Chinese. Weizhen Tang is also the owner and co-CEO of Weizhen Tang Corp., the owner and manager of J.O.R & Associates, LLC, the owner and manager of WinWin Capital Management, LLC, and the owner, officer and director of Weizhen Tang & Associates, Inc. Weizhen Tang's address is 19 Robinter Dr., North York, Ontario, Canada, MRM 3R3. Weizhen Tang may also be served with process at Don Jail, 550 Gerrard Street East, Toronto, Ontario M4M1A1.

12. Jiehua "Jay" Yu ("Jay Yu") is a resident of Collin County, Texas. Richard Gu and Jay Yu are husband and wife. Based on information and belief, Jay Yu attended college with Weizhen Tang and they have a close personal relationship. Counsel for Jay Yu has agreed to accept service for Jay Yu.

13. Richard Gu is a resident of Collin County, Texas. Counsel for Richard Gu has agreed to accept service for Richard Gu.

14. Xiaohong "Olina" Peng ("Olina Peng") is a resident of Collin County, Texas. Olina Peng was a Series 63 licensed securities broker. Counsel for Olina Peng has agreed to accept service for Olina Peng.

15. Hong Xiao is of Toronto, Ontario, Canada, is the wife of Weizhen Tang. Hong Xiao's address is 19 Robinter Dr., North York, Ontario, Canada, MRM 3R3.

16. Wenyi Tang is the daughter of Weizhen Tang and is a resident of Hong Kong. Wenyi Tang's address is 19 Robinter Dr., North York, Ontario, Canada, MRM 3R3.

JURISDICTION AND VENUE

17. This Court has jurisdiction over this action pursuant to §22a of the Securities Act of 1933 the "Securities Act", §27 of the Securities Exchange Act of 1934 "Exchange Act", Rule 10b-5 of the Securities & Exchange Commission, codified at 17 C.F.R. § 240.10b-5 of Exchange and §214 of the Investment Advisers Act of 1940 "Managements Act".

18. Defendants and the non-parties, directly and indirectly, made use of the mail and of the means and instrumentalities of interstate commerce in connection with the acts, practices and courses of business described in this Complaint. Venue is proper

because certain of the transactions, acts, practices and courses of business described below occurred within the jurisdiction of the Northern District of Texas.

19. Pending in the Northern District of Texas is the action *Securities and Exchange Commission v. Oversea Chinese Fund Limited Partners, et al.*, Case No. 3-09-CV-0614-B "SEC Lawsuit".

20. Pending before the Ontario Securities Commission is the action styled *In the Matter of the Securities Act, R.S.O. 1990, C. S.5, as Amended and in the Matter of Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp. and Weizhen Tang* "Ontario Action".

BACKGROUND

21. The defendants and the non-parties operated a Ponzi-like scheme targeting members of the Chinese-American community, including the plaintiffs, to obtain direct and indirect investments in Oversea Chinese.

22. Weizhen Tang, the self-described "Chinese Warren Buffet," admitted that since at least 2006 Oversea Chinese operated as a Ponzi scheme.

23. Since at least June 2007, Weizhen Tang raised capital for Oversea Chinese from U.S. investors by offering and selling limited partnership interests in WinWin Partners. WinWin Partners' sole business was investing partnership capital in Oversea Chinese. As of March 10, 2009, WinWin Partners had raised almost \$17.3 million in principal investments from approximately seventy-five investors, most of whom are located in the Dallas area. Funds invested with WinWin Partners were used to pay other investors in a Ponzi scheme fashion.

24. WinWin Partners was never registered with the Securities & Exchange Commission or with the Texas Securities Board as required. Jay Yu and Weizhen Tang registered the WinWin Capital Management, LLC with the Texas Securities Board in July 2008.

25. In early December 2008, Weizhen Tang held a Thanksgiving luncheon in Dallas attended by some of the plaintiffs, as well as Richard Gu, Jay Yu and Olina Peng. At the luncheon, Jay Yu introduced Weizhen Tang as a "great trader who has not only survived the financial crisis of 2008, but made significant gains for his investors." Weizhen Tang, Jay Yu, Richard Gu and Olina Peng knew the statement was false and misleading. No one corrected the false statement. The statement was made for the purpose of attracting new investors to the illegal scheme and to convince existing investors not to withdraw moneys previously invested in the illegal scheme.

26. At the same meeting, Weizhen Tang repeated the false statement that 99% of the investments were placed in very safe investments and Weizhen Tang invested pursuant to strategy with only 1% of the investments so that investors made money with virtually no risk. Weizhen Tang falsely stated that 99% of the invested funds were in Canadian government bonds and Canadian guaranteed investment contracts. At the time the statements were made, Weizhen Tang, Jay Yu, Richard Gu and Olina Peng knew the statements were false. The statements were made for the purpose of attracting new investors to the illegal scheme and to convince existing investors not to withdraw moneys previously invested in the illegal scheme.

27. In February 2009, Weizhen Tang told investors that he and Oversea Chinese posted false profits on investors' account statements for the purpose of

concealing substantial trading losses and to attract new investors to his fund. Weizhen Tang admitted that he used funds from new investors to return principal and payout purported profits to other investors.

28. Weizhen Tang admitted that Oversea Chinese paid out at least \$8 million in purported profits in 2006, 2007, and 2008 when, in fact, there were no profits, but, rather significant trading losses. Since at least as early as 2004, more than 200 investors have collectively invested between \$50 and \$75 million in Oversea Chinese.

29. After admitting the described wrong-doing, Weizhen Tang e-mailed actual and potential investors seeking to persuade them to trust him with more of their money and allow him to continue trading on their behalf. Weizhen Tang stated to investors that he was raising an additional \$1 million to "recoup" investor losses and to establish new business entities, bank accounts, and brokerage accounts.

30. Weizhen Tang continued his efforts to convince investors to agree to permit him to continue as an investor adviser. Weizhen Tang requested permission in the Ontario Action to continue trading for investors, which was denied.

31. The SEC Lawsuit was filed against Weizhen Tang and others seeking injunctive relief, disgorgement of all illicit profits and benefits received plus accrued pre-judgment interest, civil monetary penalties, the appointment of a receiver over assets traceable to investor funds and other emergency and equitable relief. A receiver has been appointed.

32. On March 17, 2009, the Ontario Securities Commission issued a cease trade order against Weizhen Tang, Oversea Chinese, Tang & Associates and Tang Corp. in the Ontario Action.

33. On June 21, 2009, the Ontario Securities Commission laid charges against Weizhen Tang, Oversea Chinese and Tang & Associates alleging violations of Ontario securities law.

GENERAL FACTS

34. Weizhen Tang lives in the Greater Toronto Area and is a prominent figure in the Chinese community in North America.

35. In December 2001, Weizhen Tang created Oversea Chinese in Ontario. Weizhen Tang acted as the trading manager of Oversea Chinese. Oversea Chinese began making offerings to investors in May 2004.

36. Oversea Chinese and other defendants and the non-parties represented in numerous ways and in various media that that the trading system used by Weizhen Tang has produced an average return of 32% per year for index and currencies. The statements were false as was well known by the defendants and the non-parties at the time the statements were made.

37. According to Oversea Chinese's website, Weizhen Tang, between 2001 and 2004, achieved an "average annual return rate [of] over 40%" by:

- integrating stock indexes, foreign exchanges, and futures into reliable short-term speculations;
- seeking "consistent returns with minimum risk: 1% weekly profit;" and
- keeping "99% of the total investment pool outside the market for safekeeping, while amplifying the remaining 1% with certain leverage.

The statements as to the average rate of return and Weizhen Tang's trading practices are false as was well known by the defendants and the non-parties when the statements were being made.

38. Weizhen Tang's purported investment strategy was to invest ninety-nine percent of the total investment pool in conservative, out-of-the market investments like bonds and certificates of deposit and one percent of the investment pool in speculative short-term investments. This was false.

39. Oversea Chinese provided investors with periodic account statements via its website, and investors use personalized usernames and passwords to monitor their accounts.

40. Oversea Chinese is comprised of more than 200 investors who have collectively invested between \$50 and \$75 million.

41. Oversea Chinese did not charge investors a fee on the first six percent of profit, but it charges a twenty-five percent "management" fee on any additional profit.

42. Since at least June 2007, Weizhen Tang directly and indirectly solicited U.S. investors to invest in Oversea Chinese. Plaintiffs are among the solicited investors.

43. Between January 26 through January 30, 2009, Weizhen Tang conducted a public, real-time demonstration of his trading operations and strategy at his Toronto office. Weizhen Tang invited prospective investors, existing investors, and the media to attend. Individuals who could not attend the demonstration live in Toronto were able to watch online.

44. In the demonstration, Weizhen Tang failed to duplicate the percentage returns that Oversea Chinese had purported to achieve as reflected on the investors' account statements on Oversea Chinese website.

45. On February 7, 2009, Weizhen Tang sent an e-mail to all Oversea Chinese investors, acknowledging that the public demonstration had failed in that, although Weizhen Tang claimed not to have lost money during the demonstration, his results were far from his stated goal of one percent per week.

46. As an apparent result of the demonstration's failure, many investors lost confidence in his trading abilities and closed their accounts or attempted to withdraw large amounts of money from Oversea Chinese.

47. In response to the withdrawal requests, Weizhen Tang informed investors that Oversea Chinese had insufficient assets from which to pay the withdrawal requests.

48. The plaintiffs invested through WinWin Partnership. The failure to honor withdrawal requests breached the WinWin Partnership agreements which allow investors to withdraw their money anytime with the agreement that the investors will receive the money in "7 to 10 business" days.

49. In an attempt to keep investors from withdrawing their moneys, Weizhen Tang claimed he would return all principal to investors within six months without affecting Oversea Chinese's normal operation.

50. On February 27, 2009, approximately 200 Oversea Chinese investors met with Weizhen Tang in Toronto, including a contingent of the Dallas-area investors. During the meeting, many investors confronted Weizhen Tang about his repeated failures to honor withdrawal requests. In response, Weizhen Tang admitted that

- Oversea Chinese had no more money,
- deposits into Oversea Chinese by new investors had been used to pay withdrawals and purported profits to earlier investors, and
- the information posted on Oversea Chinese website, showing the daily value of each investor's account, was false.

51. Weizhen Tang further admitted to fraudulently operating Oversea Chinese in two March 6, 2009, telephone calls between Weizhen Tang and investors. During these phone calls, Weizhen Tang admitted that:

- he and Oversea Chinese sustained trading losses of \$15 million in 2006 and 2007;
- he and Oversea Chinese posted fake profits on Oversea Chinese's website in order to conceal losses and to attract more investors and more money;
- because of the huge trading losses in 2006 and 2007, he was not able to follow his Trading Strategy and he conducted very little trading in 2008;
- he used deposits from newer investors which included most of the Dallas-area investors to pay earlier investors which included mostly Toronto-area investors when they sought to withdraw funds principal and fake profits from their accounts;
- investor deposits were pooled together and commingled in a Oversea Chinese account at Bank of Montreal; and
- he was unable to access his bank statements online because a group of Toronto-area investors convinced him to sign over authority in the accounts.

52. On March 8, 2009, Weizhen Tang sent an e-mail to Oversea Chinese investors, acknowledging that the purported profits he and Oversea Chinese listed in each investor's account statement on Oversea Chinese's website were false. Weizhen Tang also claimed that, during the last three years, he and Oversea Chinese distributed over \$30 million in principal and \$8 million of purported profits to investors.

53. Weizhen Tang implored investors to give him a year to repay each investor's debt. To persuade investors to afford him some time to repay investor losses, Weizhen Tang claimed to have borrowed money from a friend, traded in her account, made \$2 million in 12 days of trading, and used \$1 million to repay some investors.

54. On March 19, 2009, Weizhen Tang sent another e-mail to Oversea Chinese investors, revealing, among other things, that "[e]ven if I have to go to jail, I still hope that I can go after I have repaid all of you. Now finally I have a chance to trade again." Tang also represented:

"[u]nder the close monitoring of the client committee, I will be able to give you convincing results using my trading skill. By then, a lot of investors will be willing to let me trade for them under such a transparent system. As a result, this will be no problem to repay all of your money. Please gave me some time and please give me this last chance."

55. Jay Yu, Richard Gu, Olina Peng, Weizhen Tang and Weizhen Tang-related entities formerly controlled more than \$750,000 of investor funds in U.S. accounts in the names of WinWin Partners and Bluejay Investment.

56. Despite the revelations of his fraud, Weizhen Tang attempted to create additional entities and accounts for the purpose of moving investor funds to evade

government intervention that would prevent his trading activities. Weizhen Tang and Weizhen Tang-related entities opened and attempted to open new brokerage accounts for the purpose of trading, and lost more than \$500,000 in trading.

57. Weizhen Tang Corp was registered with Ontario Securities Commission as a Limited Market Dealer. The registration and Ontario Securities Commission compliance were advertised on Weizhen Tang's website "www.wtang.com". The officers and directors of the Weizhen Tang Corp knew or should have known the misleading impact on Investors' decisions. Jiehua (Jay) Yu, Xiaohong (Olina) Peng, and Richard Gu, serving as WinWin Partnership managers, knew or should have known these facts, and did not clarify to the investors at the time of sale of the WinWin Partnership units, that "Weizhen Tang & Associates was the entity holding the Oversea Chinese Fund, and that neither Weizhen Tang & Associates nor the Oversea Chinese were registered with the OSC". Further, Jiehua (Jay) Yu, Xiaohong (Olina) Peng, and Richard Gu told investors in September and October of 2007, that Weizhen Tang's fund operation was audited and the audit documentations were used in Ontario Securities Commission registration.

58. Defendants Jay Yu, Olina Peng, and Richard Gu handled investors' money in ways that were inconsistent with the manner which they told the investors the money would be handled.

59. Jay Yu, Olina Peng, and Richard Gu falsely represented to actual and potential investors that the investment strategies of Weizhen Tang and Oversea Chinese were successful when they knew that such strategies were not successful and, in fact, were losing money. In the face of their knowledge of Oversea Chinese and Weizhen

Tang's failures, Jay Yu, Olina Peng, and Richard Gu represented to actual and potential investors that Oversea Chinese and Weizhen Tang were "great traders," and were successful, and that the potential investors should invest with Oversea Chinese and Weizhen Tang.

60. Jay Yu, Olina Peng, and Richard Gu took moneys from the plaintiffs and others and failed to transmit the moneys as quickly as agreed for investment. Jay Yu and Richard Gu took a personal loan from investor funds as a short term loan to purchase a house.

61. Olina Peng, knowing the losses being caused by the activities of Weizhen Tang, withdrew her moneys from the Weizhen Tang investments to assure that she would not suffer losses. Olina Peng did not tell investors of her concerns about Weizhen Tang and his investments or of her withdrawal of moneys from the Weizhen Tang investments. In fact, while taking such actions, Olina Peng continued to promote investment through Weizhen Tang.

62. The plaintiffs and other investors were told that JOR was managing their investments and that JOR had sole discretion to invest the WinWin partnership capital. The plaintiffs and other investors were told that "JOR" referred to Jay Yu, Olina Peng and Richard Gu. At no time before the described frauds were revealed were the investors advised that Weizhen Tang owned an interest in JOR or that on January 1, 2007, Jay Yu, Olina Peng and Richard Gu transferred their ownership interests in JOR to Weizhen Tang. Jay Yu, Olina Peng and Richard Gu managed the day-to-day operations of JOR and WinWin Partners for Weizhen Tang.

63. In January 2009, with knowledge that multiple investors' withdrawal requests were unsuccessful and pending, Jay Yu, Richard Gu, and Olina Peng continued to describe Tang as a great trader. These representations were made after Olina Peng had already withdrawn all her money and Jay Yu knew Wiezhen Tang lost significant amount of money in WinWin Partnership trading account.

64. In the same time period, Richard Gu told investors that Wiezhen Tang was so successful in trading that Wiezhen Tang was attracting Chinese Sovereign Fund money to be invested with him.

65. The purpose of Jay Yu, Olina Peng, and Richard Gu's continued promotion and false representations for Wiezhen Tang's operations were to prevent investors from further withdrawing more of their money, and to raise more money from new and existing investors. At least one existing investor invested added money to the investment during this period, and the WinWin managers accepted the money, and used this money to pay other investors' withdrawals.

WINWIN PARTNERS

66. Weizhen Tang organized WinWin Partners and offered and sold limited partnership interests in the entity. WinWin Partners' sole business was investing partnership capital in Oversea Chinese.

67. Investors execute partnership agreements with Win Win Partners, which set forth that the "purpose of the partnership is to invest the capital of the Partnership in such investments as [JOR] shall determine in its sole discretion to be advisable or advantageous to the Partnership." WinWin Partners funds were held in a bank account, invested in a certificate of deposit or invested solely with Oversea Chinese.

68. The WinWin Partners' partnership agreement provides that JOR, as general partner, did not charge a fee on the first 6 percent of profit, but charged a 25 percent fee on any additional profit, mirroring the fee arrangement described on Oversea Chinese's website.

69. JOR was created in late 2006 and listed Jay Yu, Olina Peng, and Richard Gu as its members.

70. Effective January 1, 2007, Weizhen Tang acquired from Jay Yu, Richard Gu, and Olina Peng their ownership interests in JOR. Pursuant to a compensation agreement, Weizhen Tang retained Jay Yu, Richard Gu, and Olina Peng as managers of JOR to manage the day-to-day operations of Win Win Partners.

71. As of March 10, 2009, WinWin Partners had raised almost \$17.3 million from investors in Texas and California. Even though Weizhen Tang's U.S. investors were limited partners in WinWin Partners, Weizhen Tang created an account for each investor on the Oversea Chinese website. Using this Internet access, each U.S. investor was shown an account that purported to represent the investor's current investment results, including daily and cumulative trading results.

72. If a U.S. investor desired to withdraw some or all of his or her investment with Weizhen Tang, a form was submitted to WinWin Partners to redeem the investor's interest in Oversea Chinese. These redemption requests were processed in Texas but were not paid unless Weizhen Tang personally approved the redemption request. Once approved, a check or a wire transfer was arranged by WinWin Partners to deliver funds pursuant to the redemption request. Of the funds raised from investors, Weizhen Tang

returned approximately \$8.4 million to investors, of which at least \$700,000 was characterized as profits and used to compute management fees due to JOR.

73. Jay Yu, Olina Peng and Richard Gu told investors that if they withdrew their money, they would be kicked out and would not be able to invest with Weizhen Tang again.

SPECIFIC FACTS

JAMES JIANHUA WU

74. James Wu met Olina Peng in June 2007. Olina Peng stated that she was an experienced investor and helped a few of friends invest in mutual funds with good returns for no fee. Olina Peng stated that, after she visited Weizhen Tang in Canada and watched Weizhen Tang's trading skill, she believed she should fully invest with Weizhen Tang and help others to invest with him for high returns.

75. Olina Peng assured James Wu that Weizhen Tang was an honest person. Olina Peng said Weizhen Tang was so honest that Weizhen Tang had once returned an investor's losses when Weizhen Tang made money, even though Weizhen Tang had no obligation to return the money.

76. Olina Peng distributed her stories about Weizhen Tang by email and by postings on the Internet using phrases like "Amazing in trading" and that "He could really make you rich if you are his investor."

77. James Wu believed Olina Peng that Weizhen Tang could make money in any market condition up or down as an amazing day trader.

78. Olina Peng showed James Wu one investment account with high daily returns and told James Wu that \$100,000 was the minimum investment. Olina Peng told

James Wu that Weizhen Tang was a making temporary, special offer to Dallas investors of accepting only \$100,000 because Jay Yu and some earlier investors were Weizhen Tang's close friends. Olina Peng told James Wu that the minimum investment for Canadian investors was twice of the minimum investment for Dallas investors.

79. The investments were to be made through WinWin Partnership in which Olina Peng, Richard Gu and Jay Yu had ownership interest and were controlling to assure the investments of Dallas investors were safe.

80. Olina Peng told James Wu that the investments were safe and the Oversea Chinese Fund LP which WinWin invested in was fully compliant with the requirements of Ontario Securities Commission and all investment accounts were audited by a third party accounting firm.

81. James Wu invested \$420,000 in WinWin from June 26, 2007 to October, 2008 in seven deposits.

ERIC HONGBO ZHU

82. Eric Hongbo Zhu learned of the investment in Weizhen Tang and Oversea Chinese through a friend. The friend sent Eric Hongbo Zhu a copy of an e-mail sent by Olina Peng on September 29, 2007.

83. In this email, Olina Peng mentioned total amount in the fund was between \$40 million to \$50 million, and emphasized a positive auditing report for Weizhen Tang's fund by the respected accounting firm Mintz & Partners LLP. It also mentions that "this auditing is required for the application of OSC registration and supervision of Tang's fund. So far everything has been submitted to OSC Ontario Security Committee and waiting for approval."

84. On October 6, 2007, Eric Hongbo Zhu received another email written by Olina Peng, and forwarded to Eric Hongbo Zhu by his friend. In this email, Olina Peng attached the summary page of the audit report, and listed the fund's performance for the past week and the past six months, all showing great performance numbers exceeding 1% per week.

85. After reading these emails, Eric Hongbo Zhu wrote an email to Olina Peng, asking the following specific questions:

- What's the minimum amount to open a joint account?
- Can we use IRA money?
- Once account is open, can we withdraw a portion or all of the money at any time?
- What general strategies are employed to minimize risk and maximize return?
- Who should I contact in order to open an account?

86. Olina Peng discussed the questions as well as other questions Eric Hongbo Zhu had at the time. After the phone call, Eric Hongbo Zhu received an email from Olina Peng greeting him and asking him to call her if he had more questions.

87. On October 7, 2007. Eric Hongbo Zhu asked Olina Peng to come to his home for a discussion of the possible investment. During the discussions, Olina Peng told Eric Hongbo Zhu that Weizhen Tang is a great trader. She also showed Eric Hongbo Zhu the WinWin subscription form and the WinWin Capital Limited Partnership Agreement, both Olina Peng and Eric Hongbo Zhu signed the form, and made the first deposit of \$100,000.

88. Olina Peng told Eric Hongbo Zhu that Weizhen Tang has millions of dollars, that Weizhen Tang does not need to make money from the investors because Weizhen Tang easily can make money from the market. Olina Peng said that Weizhen Tang had millions of dollars of his own money invested in Chinese Oversea Fund.

89. In response to a question of why Weizhen Tang keeps 99% in safe investments when he makes so much when investing 1% of the funds, Olina Peng told Eric Hongbo Zhu that "Weizhen Tang is a very responsible person. If you gave him \$1.00, he is only willing to risk one penny. If you gave him 1%, he is willing only to invest 1% of 1%."

90. Richard Gu told Eric Hongbo Zhu that Richard Gu's investment with Weizhen Tang had been multiplied five times.

91. Eric Hongbo Zhu invested \$380,000: \$100,000 in October 2007: \$100,000 in December 2007, \$100,000 in October 2008, and \$80,000 in October 2008.

YAMING "FRANK" FANG

92. Yaming "Frank" Fang met Olina Peng on or about the first week of August 2007, at a friend's home. Olina Peng told Yaming "Frank" Fang about Weizhen Tang's Oversea Chinese fund.

93. Olina Peng showed Yaming "Frank" Fang the trading record she wrote down while she visited Weizhen Tang's office. The records showed that Weizhen Tang had made a large sum of money during the period of time he was being observed by Olina Peng. Olina Peng stated that Weizhen Tang was a good trader and can make 1% profit per week.

94. A week after that, Yaming "Frank" Fang invested \$120,000 on August 19, 2007.

95. Olina Peng told Yaming "Frank" Fang that she had been to Toronto a couple of times and watched Weizhen Tang trade in person. Olina Peng said that Weizhen Tang is a very good trader.

96. Olina Peng showed Yaming "Frank" Fang an audit report around November 2007, and told Yaming "Frank" Fang that Weizhen Tang's Chinese Oversea fund had been audited by a reputable accounting firm. Olina Peng assured Yaming "Frank" Fang that invested money was safe.

97. Olina Peng told Yaming "Frank" Fang that she has two accounts in the Chinese Oversea fund. Olina Peng showed him paperwork showing significant gains on one of the accounts.

98. Olina Peng gave the impression that she invested a lot of money in Chinese Oversea fund.

99. Olina Peng assured Yaming "Frank" Fang that she would let him know if she felt anything was wrong with the investment and that she would let him know if she withdrew her own money. In fact, Olina Peng withdrew almost all her money without telling any of the investors in December 2008, two months before the Ponzi scheme was discovered. During December 2008, other investors were unable to withdraw their money.

100. Yaming "Frank" Fang invested \$275,000.

QI ZHANG

101. Olina Peng promoted the investment to Qi Zhang.

102. Olina Peng called Qi Zhang and told her several times that she found a good opportunity to invest because this fund has very high returns.

103. After several times discussions with Olina Peng, starting in early of 2007, Qi Zhang called Olina Peng to discuss this investment. Olina Peng went to Qi Zhang's home. Olina Peng showed Qi Zhang the yields Weizhen Tang had made on her WinWin investment account and a demonstration account from Weizhen Tang. Both accounts were showing a very attractive yield.

104. Olina Peng said that Weizhen Tang has very good skills for currency and stock trading, and that most of the gains came from currency and stock trading.

105. Olina Peng's June 3, 2007 promotional e-mail was originally written in Chinese and distributed in Dallas Chinese community. The e-mail was translated into English and published on Weizhen Tang's book named "The Chinese Warren Buffett – The King of 1% Weekly Returns" pages 112 – 114 in both the English and Chinese versions.

106. Qi Zhang first invested on June 4, 2007. Olina Peng played an important role in Qi Zhang making investments in WinWin.

107. Qi Zhang invested \$100,000 to WinWin on June 4, 2007, and added \$30,000 on June 22, 2007, \$50,000 on October 1, 2007, and \$50,000 on September 8, 2008. The total invested is \$230,000.

ZHEN ZHAO

108. In the 2nd half 2007, Olina Peng introduced Weizhen Tang's fund to Zhen Zhao.

109. On October 5, 2007, Olina Peng sent an e-mail with the audit report on Chinese Overseas to Zhen Zhao. Olina Peng stated that she had received the hard-copy of the auditing report summary on Weizhen Tang Corp., performed by the renowned Canadian accounting firm of Mintz & Partners, LLP. Olina Peng said that Mintz had verified that Weizhen Tang Corp.'s entire balance sheet including all the capital under management, and the company's other assets as correct. Olina Peng said that the auditing is required by the Ontario Security Commission for hedge fund and portfolio manager's registration and supervision.

110. In the week of February 10, 2008, Weizhen Tang was in Dallas, Texas, and did a demonstration of his investment techniques for four days. Zhen Zhao met Olina Peng at a friend's house on February 16, 2008. According to Olina Peng, Weizhen Tang made money in 3 of 4 days, and that the only day he lost money was due to the extension of the demonstration.

111. Zhen Zhao was told by Olina Peng that the day Weizhen Tang lost money that Weizhen Tang's trading was successful in the morning, but since some people were coming in the afternoon and wanted to see the demonstration, Weizhen Tang did not sell his position and had to accept a small loss by the end of day.

112. On February 16, 2008, Zhen Zhao invested \$200,000 in the WinWin Partnership.

113. On January 5, 2009, Zhen Zhao wrote an email to Olina Peng and requested \$150,000.00 withdrawal, but did not get his money.

114. In the first two months in 2009, Zhen Zhao had several face-to-face meetings and phone conversation with Olina Peng. Olina Peng claimed that all the

money was in Toronto, and was waiting for Weizhen Tang to do the wire transfer. Olina Peng told Zhen Zhao that she had lots of money in the fund as well at that time, which was not true.

LIQING ZHENG

115. Liqing Zheng learned of the investment through a friend. Liqing Zheng invested through Richard Gu.

116. Richard Gu promoted Weizhen Tang's skill in a number of ways and even disclosed Richard Gu's his own private trading account outside WinWin to Liqing Zheng. Richard Gu stated that Weizhen Tang had access to Richard Gu's private account and could trade for him. Richard Gu would point at his computer screen and say: "this is incredible, my money is doubling."

117. In a subsequent conversation with Liqing Zheng, Richard Gu admitted that his account also lost money; however he only told good news.

118. Richard Gu mentioned several times about someone investing more than a million dollars. Richard Gu stated that he and Jay Yu also invested a lot of money and they were the second largest investors in WinWin.

119. On Feb 26, 2009, Richard Gu told Liqing Zheng that Jay Yu was trying to raise a high-interest loan from Swiss bank USB, to allow Weizhen Tang to continue trade in order to recover investors' losses. This act demonstrates that Jay Yu and Richard Gu were still trying to hide Weizhen Tang's crimes by raising money from other investors, and to prevent existing investors from suing them. Jay Yu and Richard Gu were trying to protect theirs and Weizhen Tang's interests, but had no consideration for existing and potential investors' interests.

120. Liqing Zheng was told that Weizhen Tang was Jay Yu's classmate in college so she knew Weizhen Tang well.

121. Weizhen Tang has been continuously promoting himself at various occasions and is perceived as a prominent figure in North America Chinese community.

122. Liqing Zheng invested \$390,000. \$100,000 on December 3, 2007, \$50,000 on December 15, 2007; \$120,000 on March 31, 2008, and \$120,000 on July 30, 2008.

DEFENDANTS WEIZHEN TANG, JAY YU, OLINA PENG, RICHARD GU

123. The securities sold by the defendants and the non-parties were required to be registered under Sections 5 and 12(a)(5) of the Securities Act, the laws of the Province of Ontario and the laws of the State of Texas, but were not.

124. The defendants and the non-parties made misrepresentations to, and deceived the plaintiffs with regard to the following, all of which were material to the plaintiffs' decisions to invest as described in this Complaint:

- a. the nature of the investment in WinWin Partnership;
- b. the success of investments in Oversea Chinese Fund Limited Partnership;
- c. the investment success of Weizhen Tang;
- d. the investment strategies of Weizhen Tang;
- e. the relationships between and among J.O.R. & Associates, LLC, Oversea Chinese Fund Limited Partnership, Weizhen Tang, WinWin Capital Management, LLC, WinWin Capital Partners, Jay Yu, Olina Peng and Richard Gu; and
- f. the success of Oversea Chinese Fund Limited Partnership, Weizhen Tang, Jay Yu, Olina Peng and Richard Gu.

125. The defendants and the non-parties failed to disclose the following material facts:

- a. Weizhen Tang controlled J.O.R. & Associates, LLC, Oversea Chinese Fund Limited Partnership, WinWin Capital Management, LLC, and WinWin Capital Partners;
- b. Oversea Chinese Fund's investments were not successful;
- c. Weizhen Tang's investment strategies were not successful;
- d. Weizhen Tang created the false image of success by operating a "Ponzi" scheme;
- e. Jiehu "Jay" Ju has a personal relationship with Weizhen Tang which prevents her from giving fair and objective investment advice with regard to investments controlled by Weizhen Tang;
- f. the investments of Jay Yu, Olina Peng and Richard Gu with and through Weizhen Tang were not successful; and
- g. Jay Yu, Olina Peng and Richard Gu made money on the plaintiffs' investments and the investments made by other investors by money generated through the "Ponzi" scheme, not due to the success of the investments made by and through Weizhen Tang and Oversea Chinese Fund.

126. The defendants and the non-parties' actions were taken with knowledge of that the representations made to the plaintiffs and other investors were material and were false and that the failures to disclose would mislead the plaintiffs and other investors.

127. The plaintiffs reasonably relied upon the defendants and the non-parties' misrepresentations, deceits and omissions of material facts in deciding to make their above described investments.

128. The defendants and the non-parties' misrepresentations, deceits and omissions of material facts caused the plaintiffs' damages in the amounts stated above, plus prejudgment and post judgment interest as allowed by law;.

129. The defendants and the non-parties conspired with each other to commit the above described wrongful acts. Each defendant is liable for the wrongful actions of the other defendants and are jointly and severally liable for the damages suffered by the plaintiffs.

ALL DEFENDANTS

130. As a result of the wrongful actions of Weizhen Tang & Associates, Inc., Weizhen Tang, Jay Yu, Olina Peng, Richard Gu, all of the defendants have been unjustly enriched by moneys, rights and property received from the plaintiffs. As alleged above, the named defendants committed fraud to obtain such moneys and property. All of the defendants possess moneys or rights that were obtained as a result of the other defendant's fraudulent acts.

CLAIMS UNDER THE SECURITIES ACT OF 1933

131. Defendants and the non-parties violated Section 12(a)(1) of the Securities Act of 1933, in that Defendants and the non-parties sold to Plaintiffs securities which were required to be registered under the Securities Act of 1933 and were not registered. Defendants and the non-parties either directly sold unregistered securities or aided in such sale for their own financial gain.

132. Defendants and the non-parties violated Section 12(a)(2) of the Securities Act of 1933, in that Defendants and the non-parties used means or instruments of interstate communication which included untrue statements of material fact and/or omitted a material fact which was necessary to make the statements, in light of the circumstances under which they were made, not misleading. Such statements were made in order to persuade Plaintiffs to purchase securities in Weizhen Tang's Ponzi scheme. Plaintiffs had no notice of the falsity of the Defendants and the non-parties' statements. Defendant made such statements with actual knowledge of their falsity.

133. Plaintiffs' have suffered substantial losses as a result of their purchase of such securities based upon Defendants and the non-parties' untrue statements.

134. Defendants and the non-parties violated Section 17 of the Securities Act of 1933, in that Defendants and the non-parties used means of communication in interstate commerce, to wit, electronic mail, to employ a device, scheme, or artifice to defraud; or to obtain money or property by means of an untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in a transaction, practice, or course of business which operated as a fraud or deceit upon Plaintiffs.

135. Plaintiffs have suffered substantial losses as a result of their purchase of such securities based upon Defendants and the non-parties' untrue statements.

CLAIMS UNDER THE SECURITIES EXCHANGE ACT OF 1934

136. Defendants and the non-parties violated Section 10(b) of the Securities Exchange Act of 1934, in that Defendants and the non-parties by employing fraud,

manipulation and/or insider trading in connection with the sale of Securities to Plaintiffs. Defendants and the non-parties knowingly made material misrepresentations to Plaintiffs. Plaintiffs relied upon such misrepresentations in making the decision to purchase securities from Defendants and the non-parties.

137. Plaintiffs suffered significant losses as a result of Defendants and the non-parties fraud and misrepresentations. Defendants and the non-parties' misrepresentations causes Plaintiffs to purchase the securities and also caused Plaintiffs losses as a result of fraudulently paying "profits" to previous investors out of the investments of new investors.

CLAIMS UNDER THE INVESTMENT ADVISORS ACT OF 1940

138. Defendants and the non-parties violated Section 206 of the Investment Advisors Act of 1940 by employing a device, scheme, or artifice to defraud Plaintiffs by engaging in transactions, practices, or courses of business which operates as a fraud or deceit Plaintiffs. Further, the defendants and the non-parties engaged acts, practices, or courses of business which were fraudulent, deceptive, or manipulative.

COMMON FRAUD

139. Defendants and the non-parties committed common law fraud against the plaintiffs.

VIOLATIONS OF TEXAS SECURITIES ACT

140. The above described actions of the defendants and the non-parties resulted in the sale of securities to the plaintiffs by means of untrue statements or omissions which were false and known to be false as the time the described sales occurred.

141. Defendants and the non-parties committed violations of the Texas Securities Act, Tex. Rev. Civ. Stat. art. 581-1 *et seq.*

142. Oversea Chinese Fund Limited Partnership, Weizhen Tang & Associates, Inc., Weizhen Tang Corp., WinWin Capital Management, LLC, WinWin Capital Limited Partnership, J.O.R. & Associates, LLC, Weizhen Tang, WinWin Capital Partners, LP, Bluejay Investment, LLL, d/b/a Vintage International Investment, LLC, Jay Yu, Xiaohong "Olina" Peng, and Richard Gu are liable as persons who sold or offered to sell the described securities.

143. Oversea Chinese Fund Limited Partnership, Weizhen Tang & Associates, Inc., Weizhen Tang Corp., WinWin Capital Management, LLC, WinWin Capital Limited Partnership, J.O.R. & Associates, LLC, Weizhen Tang, WinWin Capital Partners, LP, Bluejay Investment, LLL, d/b/a Vintage International Investment, LLC, Jay Yu, Xiaohong "Olina" Peng, and Richard Gu are liable as persons who directly or indirectly controlled the sellers or issuers of the described securities.

144. Plaintiffs seek to recover damages for the violations pursuant to Tex. Rev. Civ. Stat. art. 581-33 and 581-33-1.

UNJUST ENRICHMENT

145. The defendants and the non-parties obtained property and moneys from the defendants and the non-parties with knowledge that the property and moneys were improperly obtained. Plaintiffs request that the Court impose a constructive trust on each of the defendants providing that they hold all their moneys, rights and properties connected to the moneys received from the plaintiffs in trust for the plaintiffs and order them to account for all moneys, rights and properties received from by them Oversea

Chinese Fund Limited Partnership, Weizhen Tang & Associates, Inc., Weizhen Tang Corp., Winwin Capital Management, LLC, Winwin Capital Limited Partnership, J.O.R. & Associates, LLC, Weizhen Tang, Winwin Capital Partners, LP, Bluejay Investment, LLC, d/b/a Vintage International Investment, LLC, and order each defendant to deliver to the plaintiffs all moneys, rights and properties received by them from Oversea Chinese Fund Limited Partnership, Weizhen Tang & Associates, Inc., Weizhen Tang Corp., Winwin Capital Management, LLC, Winwin Capital Limited Partnership, J.O.R. & Associates, LLC, Weizhen Tang, Winwin Capital Partners, LP, Bluejay Investment, LLC, d/b/a Vintage International Investment, LLC and all moneys, property and rights obtained by them with such moneys, rights and properties.

DAMAGES

146. Plaintiffs have suffered the above described damages. Plaintiffs sue for their damages from the defendants, plus prejudgment and postjudgment interest thereon as allowed by law.

ATTORNEY'S FEES

147. Plaintiffs have retained the undersigned and agreed to pay reasonable attorneys' fees for such services. Plaintiffs sue to recover attorneys' fees.

EXEMPLARY DAMAGES

148. Defendants and the non-parties' actions, as described above are willful, fraudulent and taken with malice or with a total disregard to the rights of any persons, including the plaintiffs.

149. Each plaintiffs seeks exemplary damages from the defendants equal to two times the amount of economic damages, plus an amount equal to any non-economic damages found by the jury, not to exceed \$750,000.

WHEREFORE, James Jianhua Wu, Eric Hongbo Zhu, Liqing Zheng, Yaming "Frank" Fang, Qi Zhang and Zhen Zhao request that summons be issued and served on Weizhen Tang, Jiehua "Jay" Yu, Xiaohong "Olina" Peng, Richard Gu, Hong Xiao and Wenyi Tang and that, upon final hearing, they be granted the relief requested above and such other and further relief as to which they may show themselves to be justly entitled.

Respectfully submitted,
BENNETT, WESTON, LAJONE & TURNER, P.C.

/s/ J. Michael Weston

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