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ORIGINAL
FILED
2012 SEP -6 P 12:27
RICHARD W. WICKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

E-filing

12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA

DMR

14 SECURITIES AND EXCHANGE COMMISSION,

15 Plaintiff,

16 v.

17 WORLDWIDE ENERGY AND
18 MANUFACTURING USA, INC., JIMMY YONG
19 WANG, JEFFREY FORBES WATSON, and
MINDY MING WANG,

20 Defendants.

Case No.

12 4651

COMPLAINT

21 Plaintiff Securities and Exchange Commission (the "Commission") alleges:

22 **SUMMARY OF THE ACTION**

23 1. This matter involves the fraudulent concealment of a material contract by
24 Worldwide Energy and Manufacturing USA, Inc. ("WEMU" or the "Company") and three of its
25 senior officers. WEMU is a solar panel manufacturer headquartered in South San Francisco with
26 the majority of its operations in China. In early 2010, WEMU raised almost \$9 million from
27 U.S. investors in two private offerings of common stock and warrants to expand its solar
28 subsidiary, but failed to disclose to investors that it had committed to transfer almost half of the

1 equity in its largest and most profitable subsidiary to related parties. Neither the contractual
2 obligation nor the actual transfer of 49% of the subsidiary's equity was disclosed in any of
3 WEMU's public filings.

4 2. In February 2009, Jimmy Wang, WEMU's founder, CEO and Chairman of the
5 Board entered into two material agreements on behalf of WEMU to transfer 49% of the
6 Company's solar subsidiary to the subsidiary's three Chinese managers a year from then, in
7 February 2010. Mindy Wang, WEMU's then Vice President, Secretary, Treasurer and Director
8 was present when her husband Jimmy signed the agreement to transfer. Jeffrey Watson, the
9 Company's then-President was aware of this contractual obligation by fall 2009. Yet, in early
10 2010, when Jimmy Wang and Watson went out to raise money from investors, they failed to
11 disclose the agreement to transfer.

12 3. In March 2010, rather than disclose the existence of the obligation to transfer 49%
13 of the equity in WEMU's solar subsidiary, Jimmy and Mindy Wang traveled to China where
14 Jimmy Wang secretly signed a set of side agreements that allowed the solar managers to begin
15 the registration process with the Chinese government to effectuate the transfer. Both Jimmy and
16 Mindy Wang concealed these side agreements from the Company's auditors and other members
17 of management and the Board, resulting in further false and misleading filings by WEMU.

18 4. By engaging in the acts alleged in this Complaint, the defendants, among other
19 things, violated the antifraud provisions of the federal securities laws, falsified books and
20 records, lied to accountants and caused WEMU to file false and misleading quarterly and annual
21 statements and periodic reports with the Commission. The Commission seeks an order enjoining
22 all defendants from future violations of the securities law, requiring defendants to pay a civil
23 monetary penalty, barring Jimmy Wang, Watson and Mindy Wang from serving as an officer or
24 director of a public company, and providing other appropriate relief.

25 **JURISDICTION AND VENUE**

26 5. The Commission brings this action pursuant to Sections 20(b), 20(d) and 20(e) of
27 the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b), 77t(d) 77t(e)] and
28 Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C.

1 §§ 78u(d), 78u(e)].

2 6. This Court has jurisdiction over this action pursuant to Section 22 of the
3 Securities Act [15 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

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

7 8. Venue in this District is proper pursuant to Section 22 of the Securities Act [15
8 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 78aa] because one or more of the
9 defendants is found, inhabits or transacts business in the district.

10 INTRADISTRICT ASSIGNMENT

11 9. Under Civil Local Rule 3-2, this civil action should be assigned to the San
12 Francisco or Oakland Divisions, because a substantial part of the events or omissions which give
13 rise to the claim occurred in San Mateo County.

14 DEFENDANTS

15 10. **Worldwide Energy and Manufacturing USA, Inc.** is a Colorado corporation
16 with its principal place of business in South San Francisco, California. WEMU is an
17 international manufacturing and engineering firm focused on photovoltaic solar modules and
18 contract manufacturing services. During the relevant period, WEMU's common stock was
19 registered with the Commission pursuant to Section 12(g) of the Exchange Act. Shares of
20 WEMU were quoted on the Over the Counter Bulletin Board ("OTCBB") starting on May 28,
21 2004, and were quoted on the Pink Sheets from May 20, 2011 until the registration of WEMU's
22 securities was revoked by the Commission on May 16, 2012.

23 11. **Jimmy Yong Wang** ("Jimmy Wang"), age 56, is a resident of Hillsborough,
24 California. Wang co-founded WEMU with his wife Mindy, was President of WEMU from 1996
25 until 2008, and Chief Executive Officer and Chairman of the Board until his removal as an
26 officer of WEMU by the Board of Directors on April 25, 2011.

27 12. **Jeff Watson** ("Watson"), age 50, is a resident of Templeton, California. Watson
28 was a WEMU director from May 25, 2010 to June 3, 2011 and its Chief Financial Officer from

1 September 25, 2009 to February 18, 2010. Watson served as President of WEMU starting on
2 January 14, 2008 and became Chief Executive Officer after Jimmy Wang's removal on April 25,
3 2011. Watson separated from WEMU on June 19, 2012.

4 13. **Mindy Ming Wang** ("Mindy Wang"), age 55, is a resident of Hillsborough,
5 California. She co-founded the Company with her husband Jimmy Wang and was the
6 Company's Vice President, Secretary, Treasurer and a Director until her removal as an officer by
7 the Board of Directors on April 25, 2011.

8 **OTHER RELEVANT PERSONS**

9 14. **The Chinese Solar Managers** are three Chinese nationals who manage WEMU's
10 solar subsidiary based in Rugao City, China. The Chinese Solar Managers were the
11 counterparties to the material agreements signed by Jimmy Wang on behalf of WEMU
12 committing and transferring 49% of the equity in the solar subsidiary to them.

13 **FACTUAL ALLEGATIONS**

14 **A. Background**

15 15. Jimmy and Mindy Wang founded Worldwide Manufacturing USA (later
16 Worldwide Energy and Manufacturing USA, Inc.) as a sole proprietorship in 1993 and
17 incorporated WEMU as a private company in 1996. Jimmy Wang became President, CEO and
18 Chairman, and Mindy Wang became Controller and Director, of WEMU in September 2003.
19 WEMU gained access to the U.S. capital markets through a reverse merger with a U.S. shell
20 company in 2004; its shares were quoted on the OTCBB. Until 2008, WEMU was primarily an
21 engineering and contract manufacturing firm. In February 2008, WEMU established a solar
22 subsidiary in China that focused on manufacturing and sales of photovoltaic cells by purchasing
23 the brand name "AmeriSolar" from and employing the Chinese Solar Managers to manufacture
24 and sell solar panels.

25 16. WEMU's solar subsidiary was a joint effort from its inception in 2008, with
26 WEMU providing the capital and the Chinese Solar Managers controlling the subsidiary's
27 operations. The Chinese Solar Managers set growth and sales objectives and had authority to
28 establish policies to achieve those objectives, with the intention of acquiring equity in the solar

1 subsidiary after meeting certain revenue and profit milestones. Because the Company's future
2 success depended on the Chinese Solar Managers' technical expertise and sales connections,
3 WEMU entered into a stock option agreement with the Chinese Solar Managers in January 2008
4 that outlined solar revenue and net profit targets for the Chinese Solar Managers to earn options.
5 The stock option agreement also stated that the Chinese Solar Managers would receive additional
6 consideration in the form of a "future change in organization structure."

7 17. The solar subsidiary grew dramatically over the next twelve months and quickly
8 became WEMU's most profitable subsidiary, more than doubling its revenue targets and easily
9 exceeding its net profit targets for 2008. The solar subsidiary accounted for 77% of WEMU's
10 total revenue for fiscal 2009 and increased total revenue by 35% over the prior year.

11 **B. In February 2009, WEMU Entered into Agreements to Transfer 49% of the**
12 **Equity in the Solar Subsidiary to the Chinese Solar Managers.**

13 18. In February 2009, Jimmy Wang signed two key agreements on behalf of WEMU
14 to share 49% of the solar subsidiary's net profits with the Chinese Solar Managers and that
15 committed the Company to transfer 49% of the equity in the solar subsidiary to the Chinese Solar
16 Managers in a year, or February 2010. First, WEMU entered into employment agreements with
17 each of the Chinese Solar Managers stating "Worldwide agrees to distribute 49% of the solar
18 after tax net profit to the management team of the solar division till [sic] the management team
19 have [sic] 49% ownership of the solar factory..." (collectively, the "Employment Agreements").
20 Second, WEMU entered into an undated agreement stating that WEMU "will transfer the 49%
21 stock equity to [the Chinese Solar Managers] one year after the [solar subsidiary] is registered"
22 with the Chinese government (the "One Year Agreement"). According to a legal opinion by the
23 Company's Chinese counsel, WEMU registered its solar subsidiary in February 2009.

24 19. By May 2009, WEMU was planning to expand its solar operations by building a
25 factory in China to manufacture solar panels. In order to take advantage of tax, construction and
26 land lease incentives offered by the Chinese government, WEMU needed to invest \$10 million in
27 the solar subsidiary by the end of 2009. As a result, in fall 2009, WEMU management began
28 planning a capital raise.

1 20. In October 2009, Jimmy Wang told Watson that WEMU would be required to
2 transfer 49% of the equity in the solar subsidiary to the Chinese Solar Managers in February
3 2010. Watson also received the One Year Agreement from Jimmy Wang and by email from
4 Mindy Wang.

5 **C. WEMU, Jimmy Wang and Watson Raised \$8.8 Million Without Disclosing**
6 **Details of the Profit Sharing Arrangement to Prospective Investors and That**
7 **WEMU Was Contractually Obligated to Transfer 49% of the Solar**
8 **Subsidiary.**

9 21. In January 2010, Jimmy Wang and Watson met with potential investors in the
10 U.S. during a road show to raise capital for the solar manufacturing facility in China through a
11 private placement of common stock and warrants. Watson had the primary role in presenting the
12 offering and interfacing with investors during the road show, although Jimmy Wang was present
13 at the meetings.

14 22. During the road show, neither Jimmy Wang nor Watson disclosed to potential
15 investors that WEMU was sharing 49% of its solar net profits with related parties, or that it had a
16 contractual obligation to transfer 49% of the equity in the subsidiary to the Chinese Solar
17 Managers in February 2010 based on the Employment and One Year Agreements. The
18 PowerPoint presentation created by Watson and distributed to potential investors highlighted the
19 solar subsidiary's past success and touted it as the primary growth area for the Company based
20 on 100% ownership by WEMU. The presentation also included a chart indicating full ownership
21 of the solar subsidiary by WEMU without disclosing the contractual obligation to transfer 49%
22 of its equity.

23 23. The commitment to transfer was also not disclosed in the Securities Purchase
24 Agreements or Forms S-1 and S-1A filed in connection with the offerings, which Jimmy Wang
25 and Watson signed. In fact, the solar subsidiary's ownership in the Securities Purchase
26 Agreement was specifically set forth as 99.9% owned by WEMU and 0.1% owned by the
27 Chinese Solar Managers, again failing to disclose that WEMU's ownership would soon be
28 halved as a result of the contractual obligation to transfer 49% of the equity in the solar
subsidiary. Further, they did not disclose to potential investors that WEMU was currently

1 obligated to pay 49% of the solar subsidiary's net profits to the Chinese Solar Managers.

2 24. WEMU raised \$8 million on January 26, 2010 from 43 individual and 21
3 institutional investors, and nearly \$1 million in a follow-on offering on February 9, 2010 from 14
4 individual and seven institutional investors. WEMU wired \$5.5 million of investor funds to its
5 Chinese solar subsidiary on February 11, 2010 to secure the land and tax benefits from the
6 Chinese government for construction of the solar factory.

7 **D. Jimmy Wang Signed and Concealed Additional Agreements to Effectuate the**
8 **Transfer.**

9 25. In an effort to comply with WEMU's obligation to transfer the equity to the
10 Chinese Solar Managers, Jimmy Wang again raised the issue with Watson in late February 2010.

11 26. Rather than disclose the One Year Agreement to investors, Jimmy Wang
12 renegotiated the contract to push the transfer out until July 2010. However, facing pressure from
13 the Chinese Solar Managers, Jimmy and Mindy Wang secretly signed additional agreements and
14 documents, including solar subsidiary board minutes, to facilitate the initial steps to transfer
15 ownership of the solar subsidiary (collectively, the "Transfer Agreements").

16 27. Jimmy Wang also instructed the Chinese Solar Managers in April 2010 to apply
17 for the ownership transfer with the Chinese government "immediately," but warned that the
18 approval date for the registration must be after July 1, 2010 to coincide with the Board's
19 anticipated approval of the transaction. The Chinese authorities approved the transfer earlier
20 than expected, effectuating the transfer on April 28, 2010.

21 28. The Wangs concealed the Transfer Agreements and their filing with the Chinese
22 government from other members of the Board and management, including Watson, and the
23 outside auditors.

24 **E. The Transfer Agreements Are Discovered.**

25 29. In or around March 2011, following commencement of the SEC's investigation,
26 the outside auditors received one of the previously concealed Transfer Agreements from
27 WEMU's China-based finance staff. The auditors questioned the individual defendants, who
28 stated that there was no agreement to transfer and that it was still under negotiations.

1 **F. WEMU Filed False and Misleading Financial Statements and Failed to**
2 **Maintain Adequate Accounting Controls.**

3 30. WEMU failed to inform investors of its profit sharing arrangement, contractual
4 obligation, and transfer of equity in its public filings. WEMU's Forms 10-Q for the first three
5 quarters of 2009 and first quarter of 2010 were misleading because they omitted the Company's
6 contractual obligation to transfer 49% equity to a related party, as set forth in the Employment
7 and One Year Agreements. The Company's failure to report the transfer of the solar subsidiary
8 resulted in a material overstatement of net income on WEMU's reported financial statements.
9 WEMU's Form 10-Q for the first quarter of 2010 filed on May 17, 2010 was misleading because
10 it should have included, among other things, a subsequent event footnote disclosing the transfer
11 of the equity on April 28, 2010. WEMU's Forms 10-Q for the second and third quarters of 2010
12 were misleading because they failed to disclose the side agreements or that the equity was in fact
13 transferred on April 28, 2010. WEMU further failed to attach the agreements to its Form 10-Q
14 for the first quarter of 2009 when the contracts were executed or to the Form 10-Q for the second
15 quarter of 2010 when the Transfer Agreements were signed and became effective.

16 31. Additionally, WEMU failed to disclose the commitment to transfer equity as a
17 related party transaction in its Form 10-K for 2009 which the Wangs and Watson signed and
18 Jimmy Wang certified pursuant to Rule 13a-14 under the Exchange Act and Section 906 of the
19 Sarbanes-Oxley Act of 2002. Moreover, the omission was repeated in WEMU's Forms S-1 and
20 S-1A which registered the securities sold in the 2010 offerings so that the shareholders who
21 invested could resell the securities and recoup their investment. Jimmy Wang and Watson
22 signed the registration statement and amendments.

23 32. WEMU's 2009 Form 10-K was also misleading because it did not include a
24 discussion about the future equity transfer in the Management Discussion and Analysis section,
25 even though Jimmy Wang, Watson and Mindy Wang knew that the equity transfer would
26 materially change WEMU's future operating results and financial condition.

27 33. For each of the filings they signed above, the individual defendants knew or were
28 reckless in not knowing that the filings failed to disclose the commitment, the actual equity
 transfer and the changes to WEMU's operations.

1 34. The misstatement and omissions regarding the related party equity transfer in
2 WEMU's SEC filings were material because investors would consider it important that half of
3 WEMU's largest and most profitable subsidiary was to be transferred to a related party. Both the
4 oral representations and written materials provided to investors in the January and February 2010
5 offerings emphasized the solar subsidiary's dramatic growth and potential. Investors understood
6 that their investment was for expansion of the solar subsidiary and would have considered a
7 transfer of half of the equity in that subsidiary to a related party material to their investment
8 decisions.

9 35. WEMU failed to keep accurate books and records and to devise and maintain an
10 adequate system of internal accounting controls over its financial reporting. Various agreements,
11 including the One Year and Transfer Agreements were not initially disclosed to WEMU's
12 external auditors. The internal controls failed to adequately prevent material misstatements
13 related to the accuracy of the financial reporting process, including a failure to identify a material
14 related party agreement. WEMU did not have a central system for tracking and maintaining
15 material contracts and agreements, nor did it have a central record keeping system for subsidiary
16 records.

17 36. By the acts and omissions described, Defendants Jimmy Wang, Watson and
18 Mindy Wang knowingly circumvented a system of internal accounting controls, failed to
19 implement a system of internal accounting controls, and falsified books and records of WEMU.

20 37. Jimmy Wang directed the Chinese Solar Managers to file the Transfer
21 Agreements with the Chinese government to effectuate the equity transfer, thereby causing
22 WEMU to file false financial reports that did not disclose the transfer. Watson failed to
23 implement internal controls by failing to devise or maintain a centralized system for material
24 agreements or corporate minutes. When WEMU's auditors asked her for all corporate minutes,
25 Mindy Wang provided all minutes except the solar subsidiary board minutes that authorized the
26 transfer.

27 38. Jimmy and Mindy Wang concealed the Transfer Agreements, which prevented
28 the finance staff at WEMU headquarters from maintaining accurate books and records. As

1 Secretary, Mindy Wang was responsible for keeping WEMU's corporate minutes. By
2 concealing the solar subsidiary minutes, she failed to ensure that the books and records
3 accurately reflected the equity transfer.

4 **G. Individual Defendants Concealed Information and Misled WEMU's**
5 **Independent Auditors.**

6 39. Jimmy and Mindy Wang misled WEMU's outside auditors by signing
7 management representation letters for the second and third quarters of 2009, the first three
8 quarters of 2010 and the 2010 year end audit, which were sent to the auditors in connection with
9 the review and audit of WEMU's quarterly and annual reports. Watson misled WEMU's outside
10 auditors by signing management representation letters for the third quarter of 2009, the first three
11 quarters of 2010 and the 2010 year end audit, which were sent to the auditors in connection with
12 the review and audit of WEMU's quarterly and annual reports.

13 40. In each of the letters, they represented that: (1) there were no material transactions
14 that had not been properly recorded in the accounting records underlying the financial
15 information; (2) the financial statements and information provided to the auditors were presented
16 in conformity with GAAP and included all disclosures required by laws and regulations to which
17 the Company was subject; (3) related party transactions were properly recorded or disclosed in
18 the financial statements; (4) no events had occurred subsequent to the balance sheet that would
19 require disclosure in the financial statements; (5) all minutes of meetings had been made
20 available to the auditors; and (6) they had no knowledge of any fraud or suspected fraud
21 affecting the Company involving management or received in communications from former
22 employees. However, as described above, these representations were false.

23 **FIRST CLAIM FOR RELIEF**

24 **Violations of Exchange Act Section 10(b) and Rule 10b-5**

25 **By all defendants**

26 41. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.
27
28

1 42. By engaging in the conduct described above, WEMU, Jimmy Wang, Watson and
2 Mindy Wang, directly or indirectly, in connection with the purchase or sale of securities, by the
3 use of means or instrumentalities of interstate commerce, or the mails, with scienter:

4 (a) Employed devices, schemes, or artifices to defraud;

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

8 (c) Engaged in acts, practices, or courses of business which operated or would
9 operate as a fraud or deceit upon other persons, including purchasers and sellers
10 of securities.

11 43. WEMU, Jimmy Wang, Watson and Mindy Wang have violated and, unless
12 restrained and enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. §
13 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

14 **SECOND CLAIM FOR RELIEF**

15 **Violations of Securities Act Sections 17(a)(1), (2), and (3)**

16 **By all defendants**

17 44. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

18 45. By engaging in the conduct described above, WEMU, Jimmy Wang, Watson and
19 Mindy Wang directly or indirectly, in the offer or sale of securities, by use of the means or
20 instruments of transportation or communication in interstate commerce or by use of the mails,

21 (1) with scienter, employed devices, schemes, or artifices to defraud;

22 (2) obtained money or property by means of untrue statements of material fact or by
23 omitting to state a material fact necessary in order to make the statements made,
24 in light of the circumstances under which they were made, not misleading; and

25 (3) engaged in transactions, practices, or courses of business which operated or would
26 operate as a fraud or deceit upon purchasers.

27 46. WEMU, Jimmy Wang, Watson and Mindy Wang violated and, unless restrained
28 and enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM FOR RELIEF

**Violations of Exchange Act Section 13(a)
and Rules 12b-20, 13a-1, 13a-11, and 13a-13**

By defendant WEMU

47. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

48. Based on the conduct alleged above, WEMU violated Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, 240.13a-13], which obligate issuers of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 781] to file with the Commission periodic reports, including annual and quarterly reports that, among other things, do not contain statements of material fact or omit to state material information necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

FOURTH CLAIM FOR RELIEF

**Aiding and Abetting Violations of Exchange Act Section 13(a)
and Rules 12b-20, 13a-1, 13a-11 and 13a-13**

By defendants Jimmy Wang and Watson

49. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

50. By engaging in the acts and conduct alleged above, defendants Jimmy Wang and Watson knowingly provided substantial assistance to WEMU in its filing of misleading reports with the Commission.

51. Defendants Jimmy Wang and Watson aided and abetted violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, 240.13a-13], and unless restrained and enjoined, will continue to aid and abet such violations.

1 **FIFTH CLAIM FOR RELIEF**

2 **Aiding and Abetting Violations of Exchange Act Section 13(a)**

3 **and Rules 12b-20, 13a-1, and 13a-11**

4 **By defendant Mindy Wang**

5 52. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

6 53. By engaging in the acts and conduct alleged above, defendant Mindy Wang
7 knowingly provided substantial assistance to WEMU in its filing of misleading reports with the
8 Commission.

9 54. Defendant Mindy Wang aided and abetted violations of Section 13(a) of the
10 Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, and 13a-11 [17 C.F.R. §§ 240.12b-
11 20, 240.13a-1, 240.13a-11], and unless restrained and enjoined, will continue to aid and abet
12 such violations.

13 **SIXTH CLAIM FOR RELIEF**

14 **Violations of Exchange Act Section 13(b)(2)(A)**

15 **By defendant WEMU**

16 55. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

17 56. Based on the conduct alleged above, WEMU violated Section 13(b)(2)(A) of the
18 Exchange Act [15 U.S.C. § 78m(b)(2)(A)], which obligates issuers of securities registered
19 pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] to make and keep books, records,
20 and accounts which, in reasonable detail, accurately and fairly reflect the transactions and
21 dispositions of the assets of the issuer.

22 **SEVENTH CLAIM FOR RELIEF**

23 **Aiding and Abetting Violations of Exchange Act Section 13(b)(2)(A)**

24 **By defendants Jimmy Wang, Watson and Mindy Wang**

25 57. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

26 58. By engaging in the acts and conduct alleged above, defendants Jimmy Wang,
27 Watson and Mindy Wang knowingly provided substantial assistance to WEMU in its failure to
28

1 make and keep books, records, and accounts which, in reasonable detail, accurately and fairly
2 reflect its transactions and dispositions of its assets.

3 59. Defendants Jimmy Wang, Watson and Mindy Wang aided and abetted violations
4 of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)], and unless restrained
5 and enjoined, will continue to aid and abet such violations.

6 **EIGHTH CLAIM FOR RELIEF**

7 **Violations of Section 13(b)(2)(B) of the Exchange Act**

8 **By defendant WEMU**

9 60. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

10 61. Based on the conduct alleged above, WEMU violated Section 13(b)(2)(B) of the
11 Exchange Act [15 U.S.C. § 78m(b)(2)(B)], which obligates issuers of securities registered
12 pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] to devise and maintain a sufficient
13 system of internal accounting controls.

14 **NINTH CLAIM FOR RELIEF**

15 **Aiding and Abetting Violations of Section 13(b)(2)(B) of the Exchange Act**

16 **By defendants Jimmy Wang, Watson and Mindy Wang**

17 62. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

18 63. By engaging in the acts and conduct alleged above, defendants Jimmy Wang,
19 Watson and Mindy Wang knowingly provided substantial assistance to WEMU in its failure to
20 devise and maintain a sufficient system of internal accounting controls.

21 64. Defendants Jimmy Wang, Watson and Mindy Wang aided and abetted violations
22 of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)], and unless restrained
23 and enjoined, will continue to aid and abet such violations.

24 **TENTH CLAIM FOR RELIEF**

25 **Violations of Section 13(b)(5) of the Exchange Act**

26 **By all defendants**

27 65. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.
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1 73. Defendants Jimmy Wang, Watson and Mindy Wang have violated and, unless
2 restrained and enjoined, will continue to violate Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

3 **THIRTEENTH CLAIM FOR RELIEF**

4 **Violations of Rule 13a-14 of the Exchange Act**

5 **By defendants Jimmy Wang and Watson**

6 74. Paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

7 75. Jimmy Wang signed certifications, that were required to be made pursuant to Rule
8 13a-14 of the Exchange Act and that were included in WEMU's Form 10-K for the year ended
9 December 31, 2009, and Forms 10-Q for the quarters ended March 31, 2009, June 30, 2009,
10 September 30, 2009, March 31, 2010, June 30, 2010 and September 30, 2010, which were false
11 or misleading when made.

12 76. Watson signed a certification, that was required to be made pursuant to Rule
13 13a-14 of the Exchange Act and that was included in WEMU's Forms 10-Q for the quarter
14 ended September 30, 2009, which was false or misleading when made.

15 77. Jimmy Wang and Watson violated, and unless restrained and enjoined will
16 continue to violate, Exchange Act Rule 13a-14 [17 C.F.R. § 240.13a-14].

17 **PRAYER FOR RELIEF**

18 WHEREFORE, the Commission respectfully requests that this Court:

19 **I.**

20 Permanently enjoin defendants from directly or indirectly violating the applicable
21 provisions and rules of the Federal securities laws as alleged and asserted above.

22 **II.**

23 Pursuant to Section 20(e) of the Securities Act [15 U.S.C. §§ 77t(e)] and Section 21(d)(2)
24 of the Exchange Act [15 U.S.C. § 78u(d)(2)], prohibit Jimmy Wang, Watson and Mindy Wang
25 from serving as an officer or director of any entity having a class of securities registered with the
26 Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to
27 file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].
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III.

Order defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

IV.

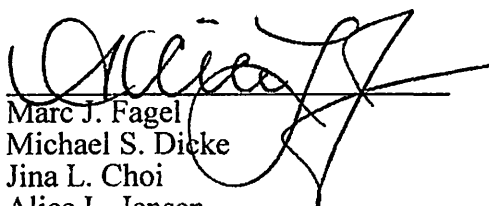
Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction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

V.

Grant such other and further relief as this Court may determine to be just and necessary.

Dated: September 5, 2012

Respectfully submitted,



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SECURITIES AND EXCHANGE COMMISSION