

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9345 / July 30, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14966

In the Matter of

JAMES FULD, JR.,

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933, MAKING FINDINGS, AND
IMPOSING A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) against James Fuld, Jr. (“Respondent” or “Fuld”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

These proceedings arise out of Respondent's sales of unregistered securities in violation of Section 5 of the Securities Act during the period August 2007 through October 2007.

Respondent

1. Fuld, age 64, currently resides in New York, New York. During the relevant period, Fuld held the title of "President" of James Fuld Jr. Corp.

Other Relevant Entities

2. James Fuld Jr. Corp. ("Fuld Corp.") is a small business Fuld founded in 1979 to sponsor and finance the acquisition of medium-sized consumer product manufacturers and retailers.

3. China Yingxia International, Inc. ("China Yingxia" or the "Company") was a Florida corporation headquartered in Harbin, China with purported operations in China. China Yingxia's stock was quoted on the OTC Link (formerly "Pink Sheets") operated by OTC Markets Group, Inc. under the symbol "CYXI." On February 2, 2012, the Commission instituted administrative proceedings pursuant to Section 12(j) of the Securities Exchange Act of 1934 against China Yingxia, as the Company had not filed any periodic reports with the Commission since late 2008. By an Order dated March 7, 2012, each class of China Yingxia's registered securities was revoked.

Background

4. In or around late April to early May 2007, Fuld sought investment ideas from a well-known fund manager that invested in Chinese companies ("Fund Manager"). Fuld asked the Fund Manager whether he was doing any "PIPE" or private investment in public equity deals in the consumer product or retail industry. Fuld knew the Fund Manager as he had invested in one of the Fund Manager's funds dedicated to U.S. listed Chinese companies.

5. The Fund Manager, in response, introduced Fuld to China Yingxia, a Chinese reverse merger company purportedly involved in the sale of nutraceutical products. China Yingxia's chief executive officer and her family held around 50% of the outstanding shares, and the CEO's son served as a director of the Company. At the time, China Yingxia, through a registered broker-dealer and others, was soliciting investors for participation in a PIPE. The Company was seeking to raise working capital, including for purchasing materials related to a soybean production line.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

6. In anticipation of a possible investment, which would be Fuld's first direct investment in a Chinese company, the Fund Manager and Fuld worked together to evaluate China Yingxia. Fuld and the Fund Manager conducted due diligence on the Company, including review of financial data, and research on franchisees. Additionally, the Fund Manager had communications with contacts in China concerning the Company.

7. After making their determination to invest, Fuld and the Fund Manager negotiated the investment terms with representatives of China Yingxia. In July 2007, Fuld invested \$500,000 in his individual capacity, and the Fund Manager invested \$1.5 million on behalf of two of his funds.

8. Representatives of China Yingxia negotiated to pay Fuld and the Fund Manager, the lead investors, for the due diligence they conducted in conjunction with their investments. The due diligence was later used by others in efforts to sell China Yingxia to investors in a subsequent PIPE transaction (which closed in August 2007 and raised approximately \$8.7 million).

9. On June 29, 2007, Fuld, on behalf of Fuld Corp., entered into a consulting agreement with an unnamed and, at the time, unknown shareholder of China Yingxia, to compensate Fuld for the due diligence he conducted (the "Agreement"). The Fund Manager entered into a substantially identical agreement around the same time concerning the same due diligence. Neither Fuld nor the Fund Manager provided a written report to the Company or others reflecting the due diligence they performed.

10. The Agreement provided for payment to Fuld Corp. of 75,000 restricted shares of China Yingxia that had been issued in connection with the Company's May 2006 reverse merger. Representatives of China Yingxia negotiated and facilitated the execution of the Agreement.

11. On August 1, 2007 – almost one month after execution of the Agreement – China Yingxia representatives identified the unnamed shareholder, who was supposedly the counterparty to the Agreement. The representatives facilitated the transfer of the shareholder's shares to Fuld Corp. Neither Fuld nor Fuld Corp. rendered any services to the shareholder, who was the CEO's father.

12. The CEO's father was a person directly or indirectly controlled by the issuer, China Yingxia. The CEO's father's restricted shares were transferred to Fuld Corp. at the apparent direction of the Company. Further, the CEO's father apparently was not reimbursed by the Company for his shares.

13. In the same communication identifying the unnamed shareholder, China Yingxia's representatives provided instructions for obtaining an opinion pursuant to Rule 144 under the Securities Act to lift the restrictions on the 75,000 shares, and thus render the shares freely tradeable. Although those Company representatives knew that no services were provided to the shareholder – as they had only then identified the CEO's father as a party to the Agreement – the representatives relayed advice to Fuld and the Fund Manager that, "if the shares were received as compensation for work done for the Company then [counsel] could not give the 144 legal opinion to

lift the restriction, but if the shares were compensatoin [sic] for work done for the shareholder, then this is none [sic] issue.”

14. After holding the restricted securities for only a short time, beginning on or around August 13, 2007 and continuing through October 12, 2007, Fuld, on behalf of Fuld Corp., sold the 75,000 restricted shares purportedly pursuant to Rule 144 under the Securities Act, for proceeds of \$178,594.85.

15. At the time, although the shares had been held by the CEO’s father for more than one year, they were not eligible for immediate resale. The CEO’s father could not legitimately rely on any exemption from registration of such securities given his relationship to the Company. The CEO’s father was an “issuer” as that term is defined in the definition of “underwriter” in Section 2(a)(11) of the Securities Act. Those who received shares from the CEO’s father, therefore, received restricted shares and were also deemed “underwriters” when they sold such shares. Moreover, Fuld Corp. did not meet the requirements for sale under Rule 144, and the transaction to compensate Fuld Corp., as arranged by China Yingxia representatives, operated to evade the registration requirements of the Securities Act.

16. There was no registration statement in effect for the shares that Fuld sold from August 13, 2007 to October 12, 2007.

Violations

17. As a result of the conduct described above, Fuld violated Sections 5(a) and 5(c) of the Securities Act, which make it unlawful for any person, directly or indirectly, to sell or to offer to sell a security for which a registration statement is not filed or not in effect or there is not an applicable exemption from registration.

Cooperation

In determining to accept the Offer, the Commission considered the cooperation afforded the Commission staff by Respondent.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent Fuld cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act.

B. Respondent shall, within 30 days of the entry of this Order, pay disgorgement of \$178,594.85 and prejudgment interest of \$38,096.70 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying James Fuld, Jr. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Andrew M. Calamari, Acting Regional Director, Division of Enforcement, Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, NY 10281.

C. Respondent acknowledges that the Commission is not imposing a civil penalty based upon his cooperation in a Commission investigation. If at any time following the entry of the Order, the Division of Enforcement obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission or in a related proceeding, the Division of Enforcement may, at its sole discretion and without prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay a civil money penalty. Respondent may not, by way of

defense to any resulting administrative proceeding: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Elizabeth M. Murphy
Secretary