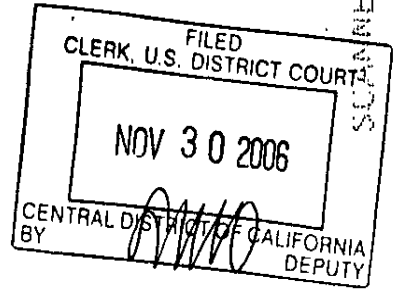


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CENTRAL DISTRICT OF CALIF.
LOS ANGELES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT CALIFORNIA

13 Commodity Futures Trading)
Commission,)

14 Plaintiff,)

15)
16 Emerald Worldwide Holdings, Inc.,)
City Trust and Investment Co.)

17 Ltd., Hao Jan Lu and Jian Zhuang,)

18 Defendants,)

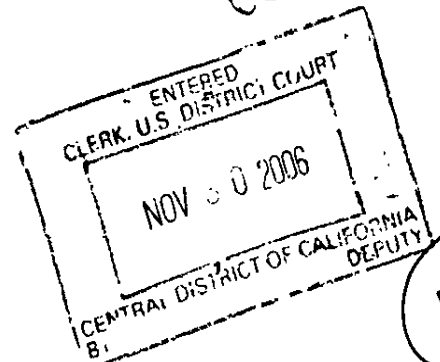
19 and)

20 Lynnwood Jen, Esther Pranolo, ACE)
Capital Advisory Group, Inc., and)
21 ACE Emerald W. Holding, Inc.,)

22 Relief Defendants.)

) Case No.: No. CV03-8339 AHM (Ex)

) CONSENT ORDER OF PERMANENT
) INJUNCTION, MONETARY PENALTY AND
) EQUITABLE RELIEF AGAINST
) DEFENDANTS JIAN ZHUANG AND
) EMERALD WORLDWIDE HOLDINGS, INC.



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I.

INTRODUCTION

On May 10, 2004, Plaintiff Commodity Futures Trading Commission ("CFTC") filed the First Amended Complaint in this civil action against Defendants Emerald Worldwide Holdings, Inc. ("Emerald"), City Trust and Investment Co. Ltd. ("CTI"), Jian Zhuang ("Zhuang") and Hao Jan Lu ("Lu"). The First Amended Complaint seeks injunctive and other equitable relief for violations of the antifraud and exchange trading provisions of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. § 1 et seq., and the Regulations promulgated thereunder, 17 C.F.R. § 1.1 et seq.

On July 5, 2005, the Court issued an order granting summary judgment on liability as to the Defendants Zhuang, Emerald, and Lu finding that, through the fraudulent solicitation of retail customers to deposit funds in Emerald's United States bank accounts to trade illegal off-exchange foreign currency futures contracts in the United States, Emerald violated Sections 4(a), 4b(a)(2) and 4h of the Act, 7 U.S.C. § 6(a), 6b(a)(2) and 6h, and CFTC Regulation 1.1(b), 17 C.F.R. §1.1(b), and that Emerald, Zhuang and Lu violated Section 4b(a)(2) of the Act and CFTC Regulation 1.1(b) by misappropriating customer funds deposited into Emerald's United States bank accounts.

II.

CONSENTS AND AGREEMENTS

1. To effect settlement of the matters alleged in the First Amended Complaint without any further judicial proceedings, Defendants Zhuang and Emerald:

1 a. Consent to the entry of this *Consent Order of*
2 *Permanent Injunction, Monetary Penalty and Other Equitable Relief*
3 *Against Defendants Jian Zhuang and Emerald Worldwide Holdings Inc.*
4 (*"Order"*).

5 b. Affirm that they have read and agree to this Order
6 voluntarily and that no promise or threat has been made by the
7 Commission or any member, officer, agent or representative thereof, or
8 by any other person, to induce consent to this Order, other than as
9 set forth specifically herein.

10 c. Admit that this Court has jurisdiction over them and
11 the subject matter of this action pursuant to Section 6c of the Act, 7
12 U.S.C. § 13a-1 (2002).

13 d. Admit that venue properly lies with this Court
14 pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002).

15 e. Waive:

16 1. All claims which may be available under the Equal
17 Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412, to seek
18 costs, fees and other expenses relating to, or arising from, this
19 action;

20 2. Any claim of Double Jeopardy based upon the
21 institution of this proceeding or the entry in this proceeding of any
22 order imposing a civil monetary penalty or any relief; and

23 3. All rights of appeal in this action.

24 f. Consent to the continued jurisdiction of this Court
25 for the purpose of enforcing the terms and conditions of this Order
26 and for any other purposes relevant to this case.

1 g. No provision of this Order shall in any way limit or
2 impair the ability of any person to seek any legal or equitable remedy
3 against Zhuang, Emerald or any other person in any other proceeding.

4 h. By consenting to the entry of this Order, Zhuang and
5 Emerald neither admit nor deny the allegations of the Complaint or the
6 Findings of Fact contained in this Order, except as to jurisdiction
7 and venue, which they admit. Zhuang and Emerald do not consent to the
8 use of this Order, or the findings of fact or conclusions of law, as
9 the sole basis for any other proceeding brought by or involving the
10 CFTC, other than a proceeding in bankruptcy relating to Zhuang or
11 Emerald, or to enforce the terms of this Order. Solely with respect
12 to any bankruptcy proceeding relating to Zhuang or Emerald, or any
13 proceeding to enforce this Order, Zhuang and Emerald agree that the
14 allegations of the First Amended Complaint and the findings in this
15 Order shall be taken as true and correct and be given preclusive
16 effect, without further proof. Furthermore, Zhuang and Emerald agree
17 to provide immediate notice to this Court and the CFTC by certified
18 mail of any bankruptcy proceeding filed by, on behalf of, or against
19 either of them.

20 i. Agree that neither they nor any of their agents,
21 servants, employees, contractors or attorneys shall take any action or
22 make any public statement denying, directly or indirectly, any
23 allegation in the First Amended Complaint or findings or conclusions
24 in the Order or creating, or tending to create, the impression that
25 the First Amended Complaint or this Order is without a factual basis;
26 provided, however, that nothing in this provision shall affect

1 Zhuang's and Emerald's (a) testimonial obligations; or (b) right to
2 take legal positions in other proceedings to which the Commission is
3 not a party. Zhuang and Emerald shall take all necessary steps to
4 ensure that all of their agents, servants, employees, contractors and
5 attorneys understand and comply with this agreement.

6 j. Acknowledge service of the complaint and summons in
7 this matter.

8 k. Appoint Defendants' undersigned attorney as agent to
9 receive service of notices and judgment. With respect to such, Zhuang
10 and Emerald waive the territorial limits on service contained in Rule
11 4 of the Federal Rules of Civil Procedure and any applicable local
12 rules.

13 2. After the entry of this Order instituting a final
14 settlement of this matter as to Zhuang and Emerald, the CFTC does not
15 object to the Court's reconsideration of its September 15, 2004 Order
16 Imposing Monetary Sanctions and its January 3, 2005 Order Granting
17 Plaintiff's Motion for Warrant of Arrest of Defendant Jian Zhuang.

18 3. The Court, being fully advised in the premises, finds that
19 there is good cause for the entry of this Order and that there is no
20 just reason for delay. The Court therefore directs the entry of
21 findings of fact, conclusions of law and orders of permanent
22 injunction, monetary penalty and ancillary equitable relief, pursuant
23 to Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), as set forth
24 herein.

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1 III.

2 FINDINGS AND CONCLUSIONS

3 A. Findings of Fact

4 4. At all relevant times, Zhuang was a director and
5 shareholder of defendant CTI. Since August 2002, Zhuang has been sole
6 shareholder of defendant Emerald. Zhuang has never been registered
7 with the Commission in any capacity.

8 5. Emerald was incorporated on March 12, 2001, in the state of
9 California, with its principal place of business at 17870 Castleton
10 Street, Suite 335, City of Industry, California. Emerald has never
11 been registered with the Commission in any capacity.

12 6. From at least March 2002 to approximately July 2005,
13 defendants CTI and Emerald, operating together as a common enterprise,
14 solicited and collected at least \$5 million from more than 300
15 customers in Japan and China, purportedly to be used for trading
16 foreign currency contracts through or with Emerald in the United
17 States.

18 7. The foreign currency contracts that defendants offered and
19 purported to trade were contracts for future delivery of foreign
20 currencies that are cash settled ("futures contracts"). The foreign
21 currency exchange transactions purportedly purchased or entered into
22 by customers could be held open indefinitely and were purportedly
23 closed by offsetting transactions. Customers, who sought profits on
24 their purported investments, deposited funds with Emerald solely for
25 the purpose of speculating in the foreign currency market.

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1 8. While the transactions offered and purportedly traded by
2 Emerald and CTI were foreign currency futures contracts, the customers
3 were not eligible contract participants and Emerald was not a proper
4 counterparty to the purported contracts under the Commodity Exchange
5 Act.

6 9. The transactions offered and purportedly traded by Emerald
7 and CTI were not conducted on or subject to the rules of a board of
8 trade that has been designated or registered by the CFTC as a contract
9 market or derivatives transaction execution facility for such
10 commodity, and the contracts were not executed or consummated by or
11 through such a contract market.

12 10. CTI, holding itself out as Emerald's agent, solicited
13 customers to deposit funds into Emerald's United States bank accounts.
14 CTI had five to ten offices in Japan and China. CTI hired "financial
15 consultants" (FCs) to solicit new customers in Japan and China. CTI,
16 through its agents, trained its FCs how to solicit customers to invest
17 with Emerald and provided FCs with promotional materials and account
18 opening documents to disseminate to prospective customers.

19 11. When soliciting investors to deposit funds, CTI's FCs
20 represented that Emerald granted CTI exclusive authorization to
21 solicit customers in Japan and China to trade through Emerald. FCs
22 misrepresented to prospective customers that Emerald was a branch of
23 "ACE Financial Group" ("ACE") and that ACE was one of the biggest
24 foreign currency exchange trading companies in the United States.

25 12. FCs also misrepresented to potential customers that their
26 investments would be protected because Emerald was regulated in the

1 United States by the CFTC, the National Futures Association (NFA), the
2 National Association of Securities Dealers (NASD), and the Securities
3 Investor Protection Corporation (SIPC) and that, as a result of
4 regulation by these entities, customers' investment funds were
5 protected even if Emerald ceased operating.

6 13. As Emerald's exclusive agent, CTI distributed to
7 prospective customers Emerald's promotional brochure, which made the
8 same misrepresentations. Emerald falsely represented in its
9 promotional brochure and Internet website that it is affiliated with
10 entities and individuals that are registered with the Commission.
11 These materials identified Emerald as a registered broker or dealer in
12 foreign currency exchange investments and in futures and commodities
13 trading and as "one of the largest and most experienced Futures
14 Commission Merchants ["FCM"] that focuses solely on the currency
15 market." However, Emerald is not and never has been registered with
16 the Commission in any capacity.

17 14. In Emerald's promotional brochure and Internet website,
18 www.emeraldforex.com, Emerald represented that it is a subsidiary of
19 ACE, a registered FCM. The brochure stated that ACE is "a member of
20 the U.S.A. Commodity Futures Trading Commission [CFTC], the U.S.A.
21 Futures Commission Merchant [FCM], the U.S.A. National Futures
22 Association [NFA], the U.S.A. National Association Securities
23 Association [NASD], and the U.S.A. Securities Investor Protection
24 Corporation [SIPC]," and proud to have been "one of the first
25 registered FCM following the passage of the Commodity Modernization
26 Act of August 1998." Although ACE is registered with the CFTC as a

EMERALD

1 notice broker or dealer and introducing broker, and is a member of the
2 National Futures Association,¹ ACE has never been registered as a FCM
3 and it does not engage in foreign currency trading on behalf of
4 clients.

5 15. "ACE Financial Group" is the name under which another
6 entity, Anthony John Columbo Inc. ("Columbo Inc."), actually conducts
7 business. Emerald also claims that it is affiliated with Columbo Inc.
8 and that Columbo Inc. is a subsidiary of ACE. Emerald's brochure and
9 website stated that Anthony John, presumably Anthony John Columbo
10 ("Columbo"), President of Columbo Inc., is the Vice President and
11 Chief of Spot Trading at Emerald. Although Columbo is registered with
12 the Commission, he did not actually have any relationship with Emerald
13 or CTI.

14 16. Emerald, in its promotional brochure and Internet website,
15 identified William Ahdout ("Ahdout") as the Head of Option Trading and
16 provides a biography of Ahdout. Ahdout never maintained any business
17 affiliation, commercial or otherwise, with Emerald or ACE and never
18 engaged in foreign currency trading through his employer, Forex
19 Capital Markets, a registered FCM with the Commission.

20 17. Emerald's promotional brochure and Internet website
21 identified David Sakhai ("Sakhai") as the Chief Operating Officer of
22 Emerald. David Sakhai is the Principal of Forex Capital Markets.

23

24 ¹ The NFA is a not-for-profit membership corporation formed in 1976 to
25 become a futures industry's self-regulatory organization under Section
26 17 of the Commodity Exchange Act. Section 17 was added to the
Commodity Exchange Act by Title III of the Commodity Futures Trading
Commission Act of 1974 and provides for the registration and CFTC
oversight of self-regulatory associations of futures professionals.

1 Sakhai has never maintained any business affiliation, commercial or
2 otherwise, individually or through Forex Capital Markets, with Emerald
3 or ACE.

4 18. CTI incorporated many of the same misrepresentations into
5 its own company brochures that were also distributed to prospective
6 customers. CTI's brochures and employee business cards stated that
7 Emerald was part of ACE Financial Group, and that ACE Financial Group
8 was a registered FCM and member of the CFTC, NFA, NASD, and SIPC. CTI
9 managers used these brochures to train FCs. FCs used this information
10 to solicit customers, make them believe to that Emerald was a
11 legitimate foreign currency contract trading company registered and
12 regulated in the U.S., and lure them into depositing funds with
13 Emerald.

14 19. CTI, through its agents, solicited approximately 300
15 investors in Japan and China to deposit investment funds in Emerald's
16 bank accounts in the United States. CTI did not solicit investors to
17 trade through any firm other than Emerald.

18 20. Emerald/CTI customers relied on the misrepresentations made
19 by Emerald and CTI in deciding to invest funds to trade through
20 Emerald.

21 21. CTI, through its agents, falsely advised customers that
22 foreign currency trades placed by FCs or customers at a CTI dealing
23 room were made through Emerald in City of Industry, California.

24 22. Emerald's website stated that customers could place trade
25 orders directly by calling Emerald in California and that customers
26 had access "24-hours a day from Sunday evening 5:00PM WST (California

1 Time) to Friday afternoon at 12:00pm WST" to the "dealing desk" via
2 Emerald's main telephone number. From approximately March 2002
3 through November 2003, Emerald employed several part-time operators to
4 answer calls nearly 24 hours a day in Emerald's California office.

5 23. However, Emerald did not actually trade the funds collected
6 from Emerald/CTI customers. Other than wire transfers between them,
7 the only deposits into Emerald's two main Citibank accounts in the
8 U.S. were from customers, directly or through Otomo FX International
9 or CTI, totaling approximately \$5 million. Emeralds accounts received
10 no distributions from a bank, clearinghouse, designated contract
11 facility or any other entity that would be consistent with trading.

12 24. Emerald did not distribute customer funds to any
13 clearinghouse, designated contract facility or other entity that would
14 be consistent with trading. Rather, approximately \$2.1 million in
15 customer funds was wired to offshore bank accounts in the name of CTI,
16 \$82,000 to other entities, \$10,000 to Zhuang, and \$507,000 moved to
17 other Emerald accounts at Wells Fargo, Bank of America, or Citibank.
18 Approximately \$1.9 million in customer funds was transferred back to
19 customers for the purported liquidation of some or all of their
20 trading accounts.

21 25. To uphold the appearance of trading, Emerald and/or CTI
22 manufactured customer account statements, printed on Emerald
23 letterhead and bearing an Emerald seal, that detailed purported
24 trading results for any given day. These statements identified the
25 account balance, margin requirements, commissions, and profits/losses,
26 as well as specific contracts purportedly bought or sold. They were

1 sent to customers regularly and served to maintain the appearance of
2 trading and enable the defendants' scheme to continue. CTI
3 distributed the false account statements to customers in Japan and
4 China.

5 26. From at least March 2002 through on or about August 6,
6 2002, Zhuang participated, along with Lu, in the business operations
7 of Emerald. In August 2002, Zhuang purchased all shares of Emerald.
8 From August 2002 to present, Zhuang has controlled Emerald. Zhuang,
9 who is also known as "Ken So" or "Ken Sho," was also a shareholder and
10 director or officer of CTI and exercised control over CTI. Zhuang, a
11 signatory on one or more Emerald accounts into which investor funds
12 were deposited, knowingly misappropriated and failed to trade investor
13 funds. Emerald is liable for Zhuang's actions because Zhuang was
14 acting as an agent of Emerald.

15 27. To cover Emerald's business expenses while Lu owned
16 Emerald, funds were transferred from the customer funds contained in
17 Emerald's Citibank accounts into Emerald's checking accounts at Bank
18 of America ("BOA") and Wells Fargo. With Zhuang's knowledge and
19 consent, Lu issued checks from Emerald's BOA and Wells Fargo accounts
20 to various individuals and entities to pay for Emerald expenses and
21 issued checks to himself or to "cash."

22 28. Zhuang set up and approved wire transfers from Emerald's
23 Citibank accounts. In March 2003, wire transfers were made from
24 Emerald's Citibank account to Emerald's BOA account and Zhuang issued
25 checks from that account to pay various business expenses of Emerald.

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1 29. On November 18, 2003, the Court entered a Statutory
2 Restraining Order against Zhuang and Emerald, imposing a freeze on
3 their assets, including the funds in Emerald's two Citibank accounts.

4 30. To circumvent the statutory restraining order, from on or
5 about December 1, 2003 to April 2005, Emerald and/or CTI, through
6 their agents, directed Emerald customers to wire investment deposits
7 to other bank accounts in California. One account, at Citibank, is in
8 the name of relief defendant ACE Capital. The second account, at Bank
9 of America, is in the name of relief defendant ACE Emerald. From at
10 least December 1, 2003, to April 2005, several customers solicited by
11 CTI to trade through Emerald deposited investment funds into these
12 bank accounts in the United States.

13 **B. Conclusions of Law**

14 31. This Court has jurisdiction over this action pursuant to
15 Section 6c of the Act, 7 U.S.C. § 13a-1 (2002), which authorizes the
16 Commission to seek injunctive relief against any person whenever it
17 shall appear that such person has engaged, is engaging, or is about to
18 engage in any act or practice constituting a violation of any
19 provision of the Act or any rule, regulation or order thereunder.

20 32. Section 2(c)(2)(B)(i) and (ii) of the Act provides that the
21 Commission shall have jurisdiction over an agreement, contract or
22 transaction in foreign currency that is a sale of a commodity for
23 future delivery (or option thereon) or an option, so long as: 1) the
24 contract is "offered to, or entered into with, a person that is not an
25 eligible contract participant;" and 2) "the counterparty, or the person
26

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1 offering to be the counterparty," is not one of the regulated entities
2 enumerated in Section 2(c)(2)(B)(ii)(I-VI).

3 33. All of the foreign currency transactions alleged herein
4 were offered to or entered into with retail customers who did not
5 qualify as "eligible contract participants" as defined in Section
6 1a(12)(A)(xi) of the Act.

7 34. During the relevant period, the counterparty to the retail
8 forex futures transactions entered into by the customers was Emerald,
9 which was not an appropriate counterparty to retail forex futures
10 transactions.

11 35. This Court has personal jurisdiction over Zhuang and
12 Emerald, who acknowledge service of the Summons and First Amended
13 Complaint and consent to the Court's jurisdiction over them.

14 36. Venue properly lies with this Court pursuant to Section
15 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2002), in that the defendants
16 are found in, inhabit, or transact business in this district, and the
17 acts and practices in violation of the Act have occurred, are
18 occurring, or are about to occur within this district, among other
19 places.

20 37. As found in the Court's Order of July 5, 2005, by the
21 conduct described in Section IIIA above, Emerald, by and through its
22 employees and/or agents, including CTI, offered to enter into,
23 executed, confirmed the execution of, or conducted an office or
24 business in the United States for the purpose of soliciting, accepting
25 any order for, or otherwise dealing in transactions in, or in
26 connection with, a contract for the purchase or sale of a commodity

1 for future delivery when: (a) such transactions have not been
2 conducted on or subject to the rules of a board of trade which has
3 been designated or registered by the Commission as a contract market
4 or derivatives transaction execution facility for such commodity; and
5 (b) such contracts have not been executed or consummated by or through
6 such contract market, in violation of Section 4(a) of the Act, 7
7 U.S.C. § 6(a) (2002).

8 38. As found in the Court's Order of July 5, 2005, by the
9 conduct described in Section IIIA above, Emerald, through its
10 employees and/or agents, including CTI, made material
11 misrepresentations, and failed to disclose material facts, while
12 soliciting and accepting funds from retail customers to engage in
13 speculative trading of futures contracts. By virtue of this
14 fraudulent conduct, Emerald has violated Section 4b(a)(2)(i) and (iii)
15 of the Act, 7 U.S.C. §6b(a)(2)(i) and (iii) (2002), and Regulation
16 1.1(b)(1) and (3), 17 C.F.R. §§ 1.1(b)(1) and (3) (2004).

17 39. As found in the Court's Order of July 5, 2005, by the
18 conduct described in Section IIIA above, Emerald, by and through its
19 employees and/or agents, including CTI, misrepresented itself as an
20 FCM registered with the Commission in its solicitation of customers
21 and claimed that the contracts it offered would be executed through an
22 entity that is registered with the Commission, in violation of Section
23 4h of the Act, 7 U.S.C. § 6h.

24 40. As found in the Court's Order of July 5, 2005, by the
25 conduct described in Section IIIA above, Lu and Zhuang violated
26 Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and

1 (iii) (2002), and Regulation 1.1(b)(1) and (3), 17 C.F.R. §§ 1.1(b)(1)
2 and (3) (2004), in that they cheated or defrauded or attempted to
3 cheat or defraud investors or prospective investors in the investment
4 program, and willfully deceived or attempted to deceive investors or
5 prospective investors, by misappropriating funds received from
6 investors.

7 41. Defendants Lu and Zhuang engaged in the fraudulent
8 misappropriation of investor funds while acting as Emerald's agent.
9 As found in the Court's Order of July 5, 2005, Emerald is thereby
10 liable for Lu's and Zhuang's violations of Section 4b(a)(2)(i) and
11 (iii) of the Act and Regulation 1.1(b)(1) and (3), pursuant to Section
12 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B).

13 IV.

14 ORDER OF PERMANENT INJUNCTION

15 IT IS HEREBY ORDERED that:

16 42. Defendants Zhuang and Emerald, their agents, servants,
17 employees, successors, assigns, attorneys-in-fact, and any other
18 person or entity in active concert or participation with defendants
19 Zhuang or Emerald who receives actual notice of this Order, by
20 personal service or otherwise, are permanently enjoined, restrained
21 and prohibited from directly or indirectly offering to enter into,
22 entering into, executing, confirming the execution of, or conducting
23 any office or business anywhere in the United States, its territories
24 or possessions, for the purpose of soliciting or accepting any order
25 for, or otherwise dealing in, any transactions in, or in connection

1 with, a contract for the purchase or sale of a commodity for future
 2 delivery when:

3 a. such transactions have not been conducted on or
 4 subject to the rules of a board of trade which has been designated or
 5 registered by the CFTC as a contract market or derivatives transaction
 6 execution facility for such commodity future, and

7 b. such contracts have not been executed or consummated
 8 by or through a member of such contract market, in violation of
 9 Section 4(a) of the Act, 7 U.S.C. § 6(a) (2002).

10 43. Defendants Zhuang and Emerald, in or in connection with
 11 orders to make, or the making of, contracts of sale of any commodity
 12 for future delivery, made, or to be made, for or on behalf of any
 13 other persons, are permanently enjoined, restrained and prohibited
 14 from, directly or indirectly violating Section 4b(a) of the Act, 7
 15 U.S.C. § 6b(a) (2002) and Commission Regulations 1.1(b)(1)-(3), 17
 16 C.F.R. §1.1(b)(1)-(3) (2004) by

17 a. cheating or defrauding or attempting to cheat or
 18 defraud other persons;

19 b. willfully making or causing to be made materially
 20 false reports or statements thereof by preparing and issuing false
 21 trading statements to investors; and

22 c. deceiving or attempting to deceive other persons by
 23 any means whatsoever;

24 This includes but is not limited to conduct described in paragraphs 4
 25 through 30 above.

26

1 44. Defendants Zhuang and Emerald, and any other person,
2 insofar as he or she is acting in the capacity of officer, agent,
3 servant, employer, or attorney of the defendants, and any person
4 insofar as he or she is acting in active concert or participation with
5 defendants and receives actual notice of this Order by personal
6 service or otherwise, are permanently enjoined, restrained and
7 prohibited from, directly or indirectly:

8 a. trading on or subject to the rules of any registered
9 entity as that term is defined by Section 1(a)(29) of the Act, as
10 amended, 7 U.S.C. § 1a(29)(2002);

11 b. soliciting, receiving, or accepting any funds in
12 connection with the purchase or sale of any commodity futures contract
13 or option on a futures contract;

14 c. engaging in, controlling or directing the trading for
15 any commodity interest account for or on behalf of any other person or
16 entity, directly or indirectly, whether by power of attorney or
17 otherwise;

18 d. applying for registration or seeking exemption from
19 registration with the Commission in any capacity, except as provided
20 for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9)(2004), and
21 engaging in any activity requiring such registration or exemption from
22 registration, except as provided for in Regulation 4.14(a)(9), 17
23 C.F.R. § 4.14(a)(9)(2004), or acting as a principal, agent, officer
24 or employee of any person registered, required to be registered, or
25 exempted from registration, except as provided for in Regulation
26 4.14(a)(9), 17 C.F.R. § 4.14(a)(9)(2004). This prohibition includes,

1 but is not limited to soliciting, accepting, or receiving any funds,
2 revenue, or other property from any person, giving advice for
3 compensation, or soliciting prospective customers, related to the
4 purchase or sale of any commodity futures or options on commodity
5 futures contracts, except as provided for in regulation 4.14(a)(9), 17
6 C.F.R. § 4.14(a)(9)(2004); and

7 e. filing a petition in bankruptcy without providing the
8 CFTC with prompt notice by Certified Mail of such filing.

9 45. The injunctive provisions of this Order shall be binding
10 upon Defendants Zhuang and Emerald, and any person insofar as he or
11 she is acting in the capacity of officer, agent, servant, or attorney
12 of Defendants Zhuang and Emerald, and any person who receives actual
13 notice of this Order by personal service or otherwise insofar as he or
14 she is acting in active concert or participation with Defendants
15 Zhuang and Emerald.

16 V.

17 ORDER OF RESTITUTION AND CIVIL MONETARY PENALTY

18 IT IS FURTHER ORDERED THAT:

19 A. RESTITUTION

20 46. Emerald shall pay restitution in the amount of three
21 million four hundred thirty-three thousand seven hundred twenty-two
22 dollars and sixty-one cents (\$3,433,722.61).

23 47. Zhuang, jointly and severally with Emerald, shall pay
24 restitution in the amount of two million two hundred sixty-four
25 thousand eight hundred seventy-nine dollars and ninety-four cents
26 (\$2,264,879.94).

1 48. Zhuang and Emerald shall make payment of restitution to the
2 Clerk of this Court, together with a cover letter identifying the
3 payer by name as a defendant in this action, setting forth the title
4 and civil action number of this action and the name of this Court and
5 specifying that payment is made pursuant to this Order. The payer
6 shall simultaneously transmit photocopies of such payment and letter
7 to the CFTC's counsel in this action. Post judgment interest shall
8 accrue on the unpaid balance, from the date of this Order until the
9 restitution is paid in full, at the Treasury Bill rate prevailing on
10 the date of this Order, pursuant to 28 U.S.C. § 1961(a).

11 49. The restitution obligation of Zhuang and Emerald shall be
12 offset by any restitution actually paid to the Clerk of the Court by
13 any defendant in this action, any disgorgement actually paid to the
14 Clerk of the Court by any relief defendant in this action, and any
15 funds delivered to the Clerk of the Court by any bank holding such
16 funds pursuant to the Court's Statutory Restraining Orders issued
17 November 18, 2003 and May 11, 2004.

18 50. The Clerk shall deposit any funds paid by any defendant,
19 relief defendant or bank in this action into an interest bearing
20 account with the Court Registry Investment System ("CRIS"). These
21 funds, together with any interest and income earned thereon
22 (collectively, the "Fund"), shall be held by the CRIS until further
23 order of the Court. In accordance with 28 U.S.C. § 1914 and the
24 guidelines set by the Director of the Administrative Office of the
25 United States Courts, the Clerk is directed, without further order of
26 this Court, to deduct from the income earned on the money in the Fund

SCANNED

1 a fee equal to ten percent of the income earned on the Fund. Such fee
2 shall not exceed that authorized by the Judicial Conference of the
3 United States.

4 51. Attachment A to this Order is a list of accounts held in
5 the name of one or more defendants at various banks. Each bank listed
6 in Attachment A is hereby authorized and directed to transfer to the
7 custody of the Clerk of this Court, within thirty (30) days of service
8 of this Order, the amount of funds held in the listed accounts at the
9 time of service upon the bank of this Court's November 18, 2003,
10 Statutory Restraining Order. Payment shall be accompanied by a cover
11 letter identifying the bank by name, setting forth the title and civil
12 action number of this action and the name of this Court and specifying
13 that payment is made pursuant to this Order. The bank shall
14 simultaneously transmit photocopies of such payment and letter to the
15 CFTC's counsel in this action. Zhuang and Emerald shall provide full
16 cooperation in ensuring that the Clerk of this Court receives these
17 funds.

18 52. Any acceptance by the CFTC or the Clerk of the Court of
19 partial payment of Zhuang's and Emerald's restitution obligation shall
20 not be deemed a waiver of their obligations to make further payment
21 pursuant to this Order, or a waiver of the CFTC's right to seek to
22 compel payment of any remaining balance.

23 53. Distribution of the restitution funds to Emerald/CTI
24 customers shall be determined by further order of the Court. Within
25 one hundred twenty (120) days of the date of issuance of this Order,

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1 the CFTC shall propose to the Court for its approval a plan for
2 distribution of the Fund.

3 **B. CIVIL MONETARY PENALTY**

4 54. Zhuang shall pay to the CFTC a civil monetary penalty in
5 the amount of two hundred fifty thousand dollars (\$250,000).

6 55. Emerald shall pay to the CFTC a civil monetary penalty in
7 the amount of nine million dollars (\$9,000,000).

8 56. Upon satisfaction of their restitution obligations, Zhuang
9 and Emerald shall commence to pay their civil monetary penalties until
10 the civil monetary penalties are paid in full. Upon termination of
11 the restitution and civil monetary penalty obligations, satisfaction
12 of judgment will be entered.

13 57. Zhuang and Emerald shall make payment of the civil monetary
14 penalties by electronic funds transfer, or by U.S. postal money order,
15 certified check, bank cashier's check, or bank money order, made
16 payable to the Commodity Futures Trading Commission and sent to the
17 Office of Cooperative Enforcement, Division of Enforcement, Commodity
18 Futures Trading Commission, Three Lafayette Centre, 1155 21st Street,
19 N.W., Washington, DC 20581, under cover of a letter that identifies
20 the name of the defendant paying and the name and docket number of
21 this proceeding. Zhuang or Emerald shall simultaneously transmit a
22 copy of the cover letter and the form of payment to the Director,
23 Division of Enforcement, Commodity Futures Trading Commission, 1155
24 21st Street NW, Washington, DC 20581.

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1 VI.

2 MISCELLANEOUS PROVISIONS

3 IT IS FURTHER ORDERED THAT:

4 58. Except as provided in paragraph 48 above, upon the entry of
5 this Order the provisions of the Court's November 18, 2003, Statutory
6 Restraining Order entered against Zhuang and Emerald, imposing a
7 freeze on their assets, shall no longer be in effect.

8 59. Entire Agreement and Amendments: This Order incorporates
9 all of the terms and conditions of the settlement among the parties
10 hereto. Nothing shall serve to amend or modify this Order in any
11 respect whatsoever, unless: (1) reduced to writing; (2) signed by all
12 parties hereto; and (3) approved by order of this Court.

13 60. Invalidation: If any provision of this Order, or the
14 application of any provisions or circumstances is held invalid, the
15 remainder of the Order and the application of the provision to any
16 other person or circumstance shall not be affected by the holding.

17 61. Waiver: The failure of any party hereto or of any customer
18 at any time or times to require performance of any provision hereof
19 shall in no manner affect the right of such party at a later time to
20 enforce the same or any other provision of this Order. No waiver in
21 one or more instances of the breach of any provision contained in this
22 Order shall be deemed to be or construed as a further or continuing
23 waiver of such breach or waiver of the breach of any other provision
24 of this Order.

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1 62. Acknowledgements: Upon being served with copies of this
2 Order after entry by the Court, the Defendants shall sign
3 acknowledgments of such service and serve such acknowledgments on the
4 Court and the Commission within seven (7) calendar days.

5 63. Continuing Jurisdiction of this Court: This Court shall
6 retain jurisdiction of this cause to assure compliance with this Order
7 and for all other purposes related to this action.

8 64. Authority: Zhuang hereby warrants that he is the sole
9 shareholder and officer of Emerald, that this Order has been duly
10 consented to by Emerald and that he has been duly empowered to sign
11 and submit it on behalf of Emerald.

12 65. Directions to the Clerk of the Court:

13 a. The Clerk of the Court shall file Attachment A to this
14 Order under seal.

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944-446-6753
To: Mr. Dave
From: ZHUANG

SCANNED

1 b. There being no just cause for delay, the Clerk of the
2 Court shall enter judgment against defendants Zhuang and Emerald
3 forthwith and without further notice.

4
5 Consented to: Jian Zhuang Date: 2006.8.8
6 My: Jian Zhuang, President,
7 on behalf of
8 Emerald Worldwide Holdings, Inc.
9 Defendant

9 Consented to: Jian Zhuang Date: 2006.8.8
10 Jian Zhuang
11 Defendant

12 Approved by: David Weichert Date: 8/9/06
13 David Weichert, Esq.
14 Counsel for
15 Defendants Jian Zhuang and
16 Emerald Worldwide Holdings, Inc.

16 Approved by: Christine M. Ryall Date: 11/28/06
17 Christine M. Ryall, Esq.
18 Counsel for Plaintiff
19 Commodity Futures Trading Commission

19 SO ORDERED, in Los Angeles, California, on this 30th day of
20 November, 2006.

A. Howard Katz
A. Howard Katz
UNITED STATES DISTRICT JUDGE

26

SCANNED

1 Presented by:

2 Christine M Ryall

3 Christine M. Ryall (Pro Hac Vice)
4 John Dunfee (Pro Hac Vice)
5 Kent Kawakami (CA Bar #149803)
6 Commodity Futures Trading Commission
7 Division of Enforcement
8 1155 21st Street NW
9 Washington, DC 20581
10 (202) 418-5318 (Ryall)
11 (202) 418-5396 (Dunfee)
12 (202) 418-5520 (fax)
13 Attorneys for Plaintiff
14 COMMODITY FUTURES TRADING COMMISSION

9
10 CERTIFICATE OF SERVICE

11 I hereby certify that on November 28 2006 a true and correct
12 copy of the **CONSENT ORDER OF PERMANENT INJUNCTION, MONETARY PENALTY
13 AND EQUITABLE RELIEF AGAINST DEFENDANTS JIAN ZHUANG AND
14 EMERALD WORLDWIDE HOLDINGS, INC.** was served by U.S. Mail, pre-paid, on
15 the following persons:

16 Paul Cass
17 3055 Wilshire Blvd., Ste. 900
18 Los Angeles, CA 90010
19 Counsel for Defendant Thomas Hao
20 Jan Lu

David Weichert
107 Avenida l Miramar, Ste. A
San Clemente, CA 92672
Co-counsel for Defendants
Emerald Worldwide Holdings, Inc.
and Jian Zhuang

Steven Krongold
Bienert & Krongold
115 Avenida Miramar
San Clemente, CA 92672
Counsel for Relief Defendants
Lynnwood Jen, Ester Pranolo and
ACE Capital Advisory Group Inc.

21
22 By: Christine M Ryall
23 Christine M. Ryall
24
25
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