

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 81127 / July 11, 2017

Admin. Proc. File No. 3-17886

In the Matter of

CHINA BIOPHARMA, INC.,  
CHINA WATER GROUP, INC.,  
SCOUT EXPLORATION, INC., and  
TERYL RESOURCES CORP.

NOTICE THAT INITIAL DECISION HAS BECOME FINAL

The time for filing a petition for review of the initial decision in this proceeding has expired. No such petition has been filed by China Biopharma, Inc., China Water Group, Inc., Scout Exploration, Inc., or Teryl Resources Corp. and the Commission has not chosen to review the decision on its own initiative.

Accordingly, notice is hereby given, pursuant to Rule 360(d) of the Commission's Rules of Practice,<sup>1</sup> that the initial decision of the administrative law judge has become the final decision of the Commission with respect to China Biopharma, Inc., China Water Group, Inc., Scout Exploration, Inc., and Teryl Resources Corp.<sup>2</sup> The order contained in that decision is hereby declared final. The initial decision ordered that, pursuant to Section 12(j) of the

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<sup>1</sup> 17 C.F.R. § 201.360(d).

<sup>2</sup> *China Biopharma, Inc., China Linen Textile Indus., Ltd., China Water Grp., Inc., Scout Expl., Inc., and Teryl Res. Corp.*, Initial Decision Release No. 1127 (Apr. 27, 2017), 116 SEC Docket 12, 2017 WL 1507534. The Central Index Key numbers are: 1190132 for China Biopharma, Inc.; 1083459 for China Water Group, Inc.; 1371474 for Scout Exploration, Inc.; and 1109313 for Teryl Resources Corp.

Securities Exchange Act of 1934, the registrations of each class of registered securities of China Biopharma, Inc., China Water Group, Inc., Scout Exploration, Inc., and Teryl Resources Corp. are hereby revoked. The revocation is effective as of July 12, 2017.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Brent J. Fields  
Secretary

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

In the Matter of

CHINA BIOPHARMA, INC.,  
CHINA LINEN TEXTILE INDUSTRY, LTD.,  
CHINA WATER GROUP, INC.,  
SCOUT EXPLORATION, INC., and  
TERYL RESOURCES CORP.

INITIAL DECISION OF DEFAULT  
AS TO FOUR RESPONDENTS  
April 27, 2017

APPEARANCE: Neil J. Welch, Jr., for the Division of Enforcement,  
Securities and Exchange Commission

BEFORE: James E. Grimes, Administrative Law Judge

### SUMMARY

This initial decision revokes the registrations of the registered securities of Respondents China Biopharma, Inc., China Water Group, Inc., Scout Exploration, Inc., and Teryl Resources Corp.<sup>1</sup> The revocation is based on Respondents' failures to timely file required periodic reports with the Securities and Exchange Commission.

### INTRODUCTION

On March 21, 2017, the Commission initiated this proceeding under Section 12(j) of the Securities Exchange Act of 1934 with an order instituting proceedings (OIP). The OIP alleges that Respondents have securities registered with the Commission under Exchange Act Section 12(g) and have repeatedly failed to file timely periodic reports with the Commission, in violation of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 thereunder.

Respondents were served with the OIP by March 31, 2017, and their answers were due by April 13, 2017. *China Biopharma, Inc.*, Admin. Proc. Rulings Release No. 4734, 2017 SEC LEXIS 1045 (ALJ Apr. 5, 2017). On April 14, 2017, I noted that Respondents had not filed answers and ordered them to show cause by April 24, 2017, why the registrations of their securities should not be revoked by default due to their failures to file answers or otherwise

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<sup>1</sup> References to "Respondents" exclude China Linen Textile Industry, Ltd., which has not yet been served with the OIP.

defend the proceeding. *China Biopharma, Inc.*, Admin. Proc. Rulings Release No. 4752, 2017 SEC LEXIS 1140. Respondents did not attend the telephonic prehearing conference held on April 25, 2017, and to date have not filed answers or responded to the show cause order.

### FINDINGS OF FACT

Respondents are in default for failing to file answers, attend the prehearing conference, or otherwise defend the proceeding. See OIP at 3; 17 C.F.R. §§ 201.155(a)(1)-(2), .220(f), .221(f). Accordingly, as authorized by Rule of Practice 155(a), 17 C.F.R. § 201.155(a), I find the following allegations in the OIP to be true.

China Biopharma, Inc., Central Index Key (CIK) No. 1190132, is a void Delaware corporation located in Hangzhou, China, with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). The company is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-Q for the period ended March 31, 2009, which reported a net loss of over \$15.88 million from September 13, 2000, to March 31, 2009. As of March 16, 2017, the company's stock was quoted on OTC Link operated by OTC Markets Group, Inc. (OTC Link), had five market makers, and was eligible for the "piggyback" exception of Exchange Act Rule 15c2-11(f)(3).

China Water Group, Inc., CIK No. 1083459, is a revoked Nevada corporation located in Guangdong, China, with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). The company is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-Q for the period ended September 30, 2013, which reported a net loss of \$503,075 for the prior nine months. As of March 16, 2017, the company's stock was quoted on OTC Link, had seven market makers, and was eligible for the "piggyback" exception of Exchange Act Rule 15c2-11(f)(3).

Scout Exploration, Inc., CIK No. 1371474, is a Nevada corporation located in Vancouver, British Columbia, Canada, with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). The company is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-Q for the period ended June 30, 2013, which reported a net loss of \$893,117 for the prior three months. As of March 16, 2017, the company's stock was quoted on OTC Link, had six market makers, and was eligible for the "piggyback" exception of Exchange Act Rule 15c2-11(f)(3).

Teryl Resources Corp., CIK No. 1109313, is a British Columbia corporation located in Richmond, British Columbia, Canada, with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). The company is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 20-F for the period ended May 31, 2014, which reported a deficit of over \$12.9 million (Canadian) for the prior twelve months. As of March 16, 2017, the company's stock was quoted on OTC Link, had five market makers, and was eligible for the "piggyback" exception of Exchange Act Rule 15c2-11(f)(3).

In addition to their repeated failures to file timely periodic reports, Respondents failed to heed delinquency letters sent to them by the Commission's Division of Corporation Finance

requesting compliance with their periodic filing obligations or, through their failures to maintain valid addresses on file with the Commission as required by Commission rules, did not receive such letters.

## CONCLUSIONS OF LAW

Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 require public corporations to file annual and quarterly reports with the Commission. Compliance with these reporting requirements is mandatory. *America's Sports Voice, Inc.*, Exchange Act Release No. 55511, 2007 SEC LEXIS 1241, at \*12 (Mar. 22, 2007), *recons. denied*, Exchange Act Release No. 55867, 2007 SEC LEXIS 1239 (June 6, 2007). Scierer is not required to establish violations of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13. *See SEC v. McNulty*, 137 F.3d 732, 740-41 (2d Cir. 1998); *SEC v. Wills*, 472 F. Supp. 1250, 1268 (D.D.C. 1978). Respondents failed to file timely periodic reports. As a result, Respondents failed to comply with Exchange Act Section 13(a) and Rules 13a-1 and/or 13a-13.

## SANCTION

Under Exchange Act Section 12(j), the Commission is authorized, “as it deems necessary or appropriate for the protection of investors,” to revoke the registration of a security or suspend the registration for a period not exceeding twelve months if it finds, after notice and an opportunity for hearing, that the issuer of the security has failed to comply with any provision of the Exchange Act or rules thereunder. In determining what sanctions will ensure that investors are adequately protected, the Commission “consider[s], among other things, the seriousness of the issuer’s violations, the isolated or recurrent nature of the violations, the degree of culpability involved, the extent of the issuer’s efforts to remedy its past violations and ensure future compliance, and the credibility of its assurances, if any, against further violations.” *Gateway Int’l Holdings, Inc.*, Exchange Act Release No. 53907, 2006 SEC LEXIS 1288, at \*19-20 (May 31, 2006).

Respondents’ failures to file required periodic reports are serious because the failures constitute violations of a central provision of the Exchange Act. The purpose of periodic reporting is “to supply investors with current and accurate financial information about an issuer so that they may make sound [investment] decisions.” *Gateway Int’l Holdings, Inc.*, 2006 SEC LEXIS 1288, at \*26. The reporting requirements are the primary tool that Congress “fashioned for the protection of investors from negligent, careless, and deliberate misrepresentations” in the sale of securities. *Eagletech Commc’ns, Inc.*, Exchange Act Release No. 54095, 2006 SEC LEXIS 1534, at \*12 (July 5, 2006) (quoting *SEC v. Beisinger Indus. Corp.*, 552 F.2d 15, 18 (1st Cir. 1977)). Respondents’ violations are also recurrent in that they repeatedly failed to file periodic reports. *See Nature’s Sunshine Prods., Inc.*, Exchange Act Release No. 59268, 2009 SEC LEXIS 81, at \*20 (Jan. 21, 2009) (respondent failed to file seven required periodic reports due over a two-year period); *Impax Labs., Inc.*, Exchange Act Release No. 57864, 2008 SEC LEXIS 1197, at \*25-26 (May 23, 2008) (respondent’s failure to make eight filings over an eighteen-month period considered recurrent). Respondents are culpable because they failed to heed delinquency letters sent to them by the Division of Corporation Finance. Even if Respondents did not receive such letters due to their failures to maintain valid addresses on file

with the Commission as required by Commission rules, the other factors weigh in favor of revocation, and scienter is not necessary to establish grounds for revocation. *See China-Biotics, Inc.*, Exchange Act Release No. 70800, 2013 SEC LEXIS 3451, at \*37 & n.60 (Nov. 4, 2013). In any event, there is no indication that their violations were inadvertent or accidental. *Id.* at n.60. Respondents have not answered the OIP or responded to the show cause order, did not appear at the prehearing conference, and have not otherwise participated in the proceeding to address whether they have made any effort to remedy their past violations or ensure future compliance.

For the reasons described above, it is necessary and appropriate for the protection of investors to revoke the registrations of each class of Respondents' registered securities.

### ORDER

It is ORDERED that, under Section 12(j) of the Securities Exchange Act of 1934, the registrations of each class of registered securities of China Biopharma, Inc., China Water Group, Inc., Scout Exploration, Inc., and Teryl Resources Corp. are hereby REVOKED.<sup>2</sup>

This initial decision shall become effective in accordance with and subject to the provisions of Rule 360, 17 C.F.R. § 201.360. Under this rule, a party may file a petition for review of this initial decision within twenty-one days after service of the initial decision. A party may also file a motion to correct a manifest error of fact within ten days of the initial decision, under Rule 111, 17 C.F.R. § 201.111(h). If a motion to correct a manifest error of fact is filed by a party, then a party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact.

This initial decision will not become final until the Commission enters an order of finality. 17 C.F.R. § 201.360(d). The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the initial decision as to a party. *Id.* If any of these events occur, the initial decision shall not become final as to that party. *Id.*

A respondent may move to set aside a default. Rule 155(b) permits the Commission, at any time, to set aside a default for good cause, in order to prevent injustice and on such conditions as may be appropriate. 17 C.F.R. § 201.155(b). A motion to set aside a default shall be made within a reasonable time, state the reasons for the failure to appear or defend, and specify the nature of the proposed defense in the proceeding. *Id.*

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James E. Grimes  
Administrative Law Judge

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<sup>2</sup> This order applies to all classes of Respondents' securities registered under Section 12 of the Exchange Act, whether or not such securities are specifically identified by ticker symbol or otherwise in this initial decision.