

UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION,
:
:
Plaintiff,
:
:
v. Civil No. 98-0233 (TFH)
:
:
MIKO LEUNG (a/k/a LEUNG MING KANG)
and SIT WA LEUNG,
:
:
Defendants.

FILED

MAR 26 2002

NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

TFH
~~PROPOSED~~ **FINAL JUDGMENT OF PERMANENT INJUNCTION
BY DEFAULT AGAINST DEFENDANTS MIKO LEUNG
(a/k/a LEUNG MING KANG) AND SIT WA LEUNG**

It appearing to this Court that plaintiff Securities and Exchange Commission ("SEC" or the "Commission"), having filed and served upon defendants Miko Leung (a/k/a Leung Ming Kang) and Sit Wa Leung ("Defendants") a Complaint in this matter; the Clerk having entered a default against Defendants for failure to answer, plead, or otherwise defend this action within the time prescribed by law; Defendants having failed to answer, plead, or otherwise defend this action and having manifested no intention of defending this action; the Court having found that Defendants have defaulted in this action; and the Court, having reviewed the pleadings, records and files in this action and been otherwise advised, hereby rules on said motion and renders final judgment of permanent injunction in this cause as between the SEC and Defendants.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. This Court has personal jurisdiction over the parties hereto and the subject matter herein pursuant to Sections 20(b) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77t(b)] and Sections 21(d), 21(e), and 27 of the Securities Exchange Act of

1934 ("Exchange Act") [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

2. It appears from the Declaration of the SEC's counsel that Defendants were validly served by publication notice as of May 3, 2001.
3. As of the date of plaintiff's Proposed Final Judgment, Defendants have failed to plead or otherwise defend in response to the SEC's Complaint as required by Rule 12 of the Federal Rules of Civil Procedure.
4. Plaintiff filed an application for entry of default with the Clerk of this Court pursuant to Rule 55(a) on July 11, 2001.
5. On August 17, 2001, this Court entered an Order directing defendants to show cause why the Court should not enter a default judgment against them.
6. Defendants did not respond to the Court's Order to Show Cause.
7. On October 10, 2001, this Court entered a default judgment against Defendants for failure to answer, plead or otherwise respond to this action.
8. It appears from the Declaration of the SEC's counsel that neither of the Defendants are infants, incompetent persons, or engaged in military service with the armed forces of the United States.
9. By virtue of their failure to plead or otherwise defend, defendants are deemed to have admitted the allegations in the SEC's Complaint. Accordingly, the Court finds that:
 - a. Defendants knowingly and willfully violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] in that they, in the offer and sale of securities,
 - (i) employed devices, schemes, and artifices to defraud;
 - (ii) obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading; and

(iii) engaged in transactions, practices, and courses of business which operated as a fraud on purchasers of securities;

b. Defendants knowingly and willfully violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] in that they,

(i) employed devices, schemes, and artifices to defraud;

(ii) made untrue statements of material facts and omitted to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading; and

(iii) engaged in acts, practices, and courses of business which operated as a fraud in connection with the purchase and sale of securities;

c. Defendant Miko Leung knowingly and willfully violated Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] in that he knowingly circumvented or knowingly failed to implement a system of internal accounting controls, or knowingly falsified the books, records and accounts of an issuer that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 781];

d. Defendant Miko Leung knowingly and willfully violated Exchange Act Rule 13b2-1 [17 C.F.R. 240.13b2-1], in that he falsified or caused to be falsified books, records and accounts subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)]; and

e. Defendant Miko Leung knowingly and willfully violated Exchange Act Rule 13b2-2 [17 C.F.R. and 240.13b2-2], in that he, as a director or officer of an issuer, made or caused to be made a materially false and misleading statement to an accountant in connection

with an audit of the issuer's financial statements or in connection with the preparation or filing of a report filed by the issuer with the Commission.

10. The Court does not find it necessary to conduct a hearing or order a conference prior to entering final judgment of permanent injunction in this action or carrying its judgment into effect.

Accordingly,

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Miko Leung has engaged and, unless enjoined, will continue to engage in acts which constitute and will constitute violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Sections 10(b) and 13(b)(5) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78m(b)5] and Rules 10b-5, 13b2-1 and 13b2-2, thereunder [17 C.F.R. 240.10b-5, 240.13b2-1 and 240.13b2-2].

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Sit Wa Leung has engaged and, unless enjoined, will continue to engage in acts which constitute and will constitute violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Miko and Sit Wa Leung and their agents, servants, employees, and attorneys, and all persons in active

concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, hereby are permanently enjoined and restrained from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], by the use of any means or instrument of transportation or communication in interstate commerce, or of the mails, by,

- a. employing any device, scheme, or artifice to defraud;
- b. obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- c. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a purchaser,

in the offer or sale of any security.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Miko and Sit Wa Leung and their agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, hereby are permanently enjoined and restrained from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. 240.10b-5], promulgated thereunder, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, by,

- a. employing any device, scheme, or artifice to defraud;
- b. making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- c. engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

in connection with the purchase or sale of any security.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Miko Leung and his agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, hereby are permanently enjoined and restrained from violating Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)5] and Rule 13b2-1 [17 C.F.R. 240.13b2-1], by knowingly circumventing or knowingly failing to implement a system of internal accounting controls, or knowingly falsifying any book, record, or account of any issuer which has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 781] or any issuer which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Miko Leung and his agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, hereby are permanently enjoined and restrained from violating Rule 13b2-2 of the Exchange Act [15 U.S.C. § 78m(b)5], by, when acting as a director or officer of an issuer, making or causing to be made a materially false and misleading statement to an accountant in connection with an audit of the issuer's financial statements or in connection with the preparation or filing of a report filed by

the issuer with the Commission.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Miko and Sit Wa Leung are, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], each hereby barred from acting as an officer or director of any issuer required to file reports pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Miko and Sit Wa Leung shall be jointly and severally liable for disgorgement in the amount of \$16,240,000 plus prejudgment interest in the amount of \$17,235,420.

IX

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Miko Leung shall liable a for civil penalty, pursuant to Section 21(d)(3) of the Exchange Act, in the amount of \$100,000.⁰⁰

X.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Sit Wa Leung shall liable a for civil penalty, pursuant to Section 21(d)(3) of the Exchange Act, in the amount of \$100,000.⁰⁰

XI.

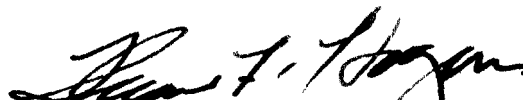
IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for all purposes, including enforcement and implementation of this Final Judgment which may include any discovery needed by the Commission to ascertain the location of all assets and identities of aliases and pseudonyms employed by Defendants, and to

ensure Defendants' compliance with this Final Judgment.

XII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, there being no just reason for delay, the Clerk of the Court is directed to enter this Final Judgment of Permanent Injunction immediately and without further notice.

Dated: March 27, 2001


THOMAS F. HOGAN
UNITED STATES DISTRICT JUDGE