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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

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12 SECURITIES AND EXCHANGE COMMISSION,
13 Plaintiff,
14 v.
15 EADGEAR, INC., EADGEAR HOLDINGS
LIMITED, CHARLES S. WANG, FRANCIS Y.
16 YUEN, AND QIAN CATHY ZHANG,
17 Defendants,
18 LAURATA P. CHAN,
19 Relief Defendant.

Case No. 3:14-CV-04294-RS

~~[PROPOSED]~~ FINAL JUDGMENT AS TO
DEFENDANT CHARLES S. WANG

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23 The Securities and Exchange Commission having filed a Complaint, and Defendant Charles
24 S. Wang having entered a general appearance; consented to the Court’s jurisdiction over Defendant
25 and the subject matter of this action; consented to entry of this Final Judgment without admitting or
26 denying the allegations of the Complaint (except as to jurisdiction and except as otherwise indicated
27 herein in Paragraph X, below); waived findings of fact and conclusions of law; and waived any right
28 to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Charles S. Wang is permanently restrained and enjoined from directly or indirectly, in the absence of any applicable exemption:

A. Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; or

B. Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the SEC as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. § 77h;

in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Charles S. Wang is permanently restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

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 light of the circumstances under which they were made, not misleading; or

1 C. Engaging in any transaction, practice, or course of business which operates or
2 would operate as a fraud or deceit upon the purchaser;
3 in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
5 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual
6 notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents,
7 servants, employees, and attorneys; and (b) other persons in active concert or participation with
8 Defendant or with anyone described in (a).

9 III.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Charles S.
11 Wang is permanently restrained and enjoined from, directly or indirectly, in connection with the
12 purchase or sale of any security, by the use of any means or instrumentality of interstate commerce,
13 or of the mails, or of any facility of any national securities exchange:

14 A. Employing any device, scheme or artifice to defraud;

15 B. Making any untrue statement of a material fact or omitting to state a material
16 fact necessary in order to make the statements made, in the light of the circumstances under
17 which they were made, not misleading; or

18 C. Engaging in any act, practice, or course of business which operates or would
19 operate as a fraud or deceit upon any person;
20 in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17
21 C.F.R. § 240.10b-5.

22 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
23 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual
24 notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents,
25 servants, employees, and attorneys; and (b) other persons in active concert or participation with
26 Defendant or with anyone described in (a).

IV.

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2 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Charles S.
3 Wang is permanently restrained and enjoined from, directly or indirectly participating in the issuance,
4 offer, or sale of any security of any entity controlled by, or under joint control with any person named
5 a defendant in this case, including but not limited to securities of eAdGear (or of eAdGear Holdings
6 Limited or of eAdGear, Inc.), and in particular:

7 a. This prohibition includes but is not limited to the securities described as “business
8 packages” or “memberships” marketed by Defendants or any of them, including through the websites
9 found at: www.eadgear.com, www.eadgear.net, www.winteam777.com, and www.winteam168.com;

10 b. This prohibition includes but is not limited to the offer or sale of securities, and the
11 acceptance of any money or anything of value by Defendants for such securities, through the websites
12 (or through the instructions provided in the websites) found at: www.eadgear.com, www.eadgear.net,
13 www.winteam777.com, and www.winteam168.com.

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
15 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual
16 notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents,
17 servants, employees, and attorneys; and (b) other persons in active concert or participation with
18 Defendant or with anyone described in (a).

19 V.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Charles S.
21 Wang is permanently restrained and enjoined from directly or indirectly soliciting any person or
22 entity to purchase or sell any security.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
24 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual
25 notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents,
26 servants, employees, and attorneys; and (b) other persons in active concert or participation with
27 Defendant or with anyone described in (a).

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2) and Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), Defendant Charles S. Wang is permanently prohibited from acting as an officer or director of any issuer that has a class of securities registered 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).

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Charles S. Wang is liable, jointly and severally with Defendant Qian Cathy Zhang, for disgorgement of \$2,019,000, representing ill-gotten gains resulting from the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$61,280.

Defendant shall satisfy this obligation by paying \$2,080,280 to the Securities and Exchange Commission pursuant to the terms of the payment schedule set forth in paragraph VIII. of this Final Judgment. Any money paid by Defendant to satisfy the forfeiture order in *United States v. Charles Wang*, No. CR-14-0488-YGR (N.D. Cal.) shall be credited toward the total amount owed to the SEC under the terms of this Final Judgment.

Defendant may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; Charles S. Wang as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

1 Defendant shall simultaneously transmit photocopies of evidence of payment and case
2 identifying information to the Commission's counsel in this action. By making this payment,
3 Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the
4 funds shall be returned to Defendant. The Commission shall send the funds paid pursuant to this
5 Final Judgment to the United States Treasury.

6 The Commission may enforce the Court's judgment for disgorgement and prejudgment
7 interest by moving for civil contempt (and/or through other collection procedures authorized by law)
8 at any time 14 days after any unpaid portion becomes delinquent under this Final Judgment.
9 Defendant shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

10 VIII.

11 Defendant Charles S. Wang shall pay the total of disgorgement and prejudgment interest due
12 of \$2,080,280 to the Commission, according to the following schedule:

13 (1) Defendant shall pay \$117,336, within 14 days of entry of this Final Judgment, which
14 amount represents all funds deposited by him into and currently held (under the terms of the
15 Preliminary Injunction, as Amended, entered in this case) in the client security trust account of his
16 counsel.

17 (2) Defendant shall pay, within 14 days of entry of this Final Judgment, all amounts
18 remaining in the account held in the name of Charles S. Wang (and Qian Cathy Zhang) at JP Morgan
19 Chase Bank (account number XXXXX7816) as of the date of entry of this Final Judgment, except
20 that Defendant may retain in the account an amount equivalent to 500 percent of the value of the
21 monthly mortgage payment and taxes due on the property located at 37 Mount Horeb Road, Warren,
22 New Jersey which may be used solely to pay such monthly mortgage and taxes; Defendant shall
23 simultaneously provide to counsel for the Securities and Exchange Commission a statement for the
24 above account showing the full value of the account as of the date of entry of this Final Judgment.

25 (3) Defendant shall pay, within 5 days of the closing of the sale, and in any event within
26 180 days of entry of this Final Judgment, all proceeds from the sale of the property located at 37
27 Mount Horeb Road, Warren, New Jersey, after subtracting: any amounts paid to holders of mortgages
28 or recorded liens, closing costs, and all amounts paid to satisfy any order of forfeiture in the criminal

1 case, *United States v. Charles Wang, et al.*, No. CR-14-0488-YGR (N.D. Cal.); Defendant shall
2 simultaneously provide to counsel for the Securities and Exchange Commission a statement reflecting
3 the final price received in the sale, and evidence of the amounts paid to other persons from those
4 proceeds as set forth above. Also within 5 days of the sale of this property, Defendant shall pay all
5 amounts remaining in the account held in the name of Charles S. Wang (and Qian Cathy Zhang) at JP
6 Morgan Chase Bank (account number XXXXX7816) as of that date; and Defendant shall
7 simultaneously provide to counsel for the Securities and Exchange Commission a statement for the
8 above account showing the full value of the account as of that date. Defendant shall be prohibited
9 from imposing any liens on this property.

10 (4) Defendant shall pay, within 5 days of the closing of the sale, and in any event within
11 180 days of entry of this Final Judgment, all proceeds from the sale of the property located at Unit 04,
12 Level 24, 28 Ted Rogers Way, Toronto, Ontario, Canada, after subtracting: any amounts paid to
13 holders of mortgages or recorded liens, and closing costs; Defendant shall simultaneously provide to
14 counsel for the Securities and Exchange Commission a statement reflecting the final price received in
15 the sale, and evidence of the amounts paid to other persons from those proceeds as set forth above.

16 (5) Defendant shall pay, within 270 days of entry of this Final Judgment, the balance of
17 disgorgement and prejudgment interest remaining (after subtracting all payments made above from
18 the \$2,080,280 owed, including all payments made by defendant pursuant to any order of forfeiture in
19 the criminal case), plus all post judgment interest accrued.

20 Payments shall be deemed made on the date they are received by the Commission and shall be
21 applied first to post judgment interest, which accrues pursuant to 28 U.S.C. § 1961 on any unpaid
22 amounts due after 14 days of the entry of Final Judgment. Prior to making the final payment set forth
23 herein, Charles S. Wang shall contact counsel for the Commission for the amount due for the final
24 payment. If Charles S. Wang fails to make any payment by the date agreed and/or in the amount
25 agreed according to the schedule set forth above, all outstanding payments under this Final Judgment,
26 including post-judgment interest, minus any payments made, shall become due and payable
27 immediately at the discretion of the staff of the Commission without further application to the Court.
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IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant Charles S. Wang shall comply with all of the undertakings and agreements set forth therein.

X.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the Complaint are true and admitted by Defendant, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

XI.


IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

XII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Final Judgment replaces the Court’s Third Amended Order Granting Preliminary Injunction, Dkt. No. 77 (“Order”). The terms of that Order shall no longer have any effect.

IT IS SO ORDERED.

Dated: 2/1, 2016


RICHARD SEEBORG
UNITED STATES DISTRICT JUDGE