

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA**

**U.S. COMMODITY FUTURES
TRADING COMMISSION and
OKLAHOMA DEPARTMENT OF
SECURITIES *ex rel.* IRVING L.
FAUGHT,**

Plaintiffs,

v.

**PRESTIGE VENTURES CORP., a
Panamanian corporation, FEDERATED
MANAGEMENT GROUP, INC., a Texas
corporation, KENNETH WAYNE LEE,
an individual, and SIMON YANG (a/k/a
XIAO YANG a/k/a SIMON CHEN), an
individual,**

Defendants, and

**SHEILA M. LEE, an individual, DAVID
A. LEE, an individual, and DARREN A.
LEE, an individual,**

Relief Defendants.

Civil Action No. 09-CV-1284 (DLR)

**PLAINTIFFS' REPLY TO
DEFENDANT KENNETH W. LEE'S
RESPONSE TO (PROPOSED)
ORDER GRANTING PLAINTIFF
COMMISSION'S MOTION TO
THE *EX PARTE* STATUTORY
RESTRAINING ORDER.**

Plaintiffs U.S. Commodity Futures Trading Commission (the "Commission") and Oklahoma Department of Securities *ex rel.* Irving L. Faught (together, "Plaintiffs") respectfully submit this reply to Defendant Kenneth W. Lee's Response to (Proposed) Order Granting Plaintiff Commission's Motion to [Amend] the *Ex Parte* Statutory Restraining Order (Doc. No. 55) ("Kenneth Lee's Response to Amended SRO"), filed on March 26, 2010.

Kenneth Lee's Response to Amended SRO is a restatement of Defendants (sic) Motion to Stay Receivership of any Property Owned by Kenneth Wayne Lee, Sheila Marjorie Lee, Darren Alexander Lee and David Armstrong Lee and Allow Defendant Lee to Trade for the Account of Investors for Purposes of Repayment (Doc. No. 48) ("Kenneth Lee's Motion to Stay"), filed on March 9, 2010. Plaintiffs filed an opposition to Kenneth Lee's Motion to Stay (Doc. No. 50) ("Plaintiffs' Opposition to Kenneth Lee's Motion to Stay"), on March 18, 2010. Plaintiffs respectively refer the Court to Plaintiffs' Opposition to Kenneth Lee's Motion to Stay and hereby incorporate by reference Plaintiffs' Opposition to Kenneth Lee's Motion to Stay.

Kenneth Lee's Response to Amended SRO contains four arguments that his Motion to Stay does not. First Kenneth Lee argues that the welfare of the customers should be most important in this matter and that he should be allowed to trade for their benefit. Plaintiffs agree that the welfare of the customers is important; however, the only way to ensure their welfare is to keep the receivership and account freeze in place.

Kenneth Lee's other new arguments are: he never solicited funds from customers in Oklahoma or any other state, he did not target the Chinese community or solicit anyone in the Chinese community, and he did not promise any large returns. In Plaintiff Commission's brief in support of its *ex parte* motion for statutory restraining order and appointment of temporary receiver (Doc. No. 8), the Commission made a prima facie showing that: Kenneth Lee solicited funds from customers in Oklahoma and other states (see Exhibit 6 ¶¶ 19, 26, 38, 40; Exhibit 7 ¶¶ 14, 21; Exhibit 8 ¶ 14; Exhibit 9 ¶¶ 9, 11,

16, 17; Exhibit 10 ¶¶ 27, 29, 34, 37, 39, 47, 51, 53, 57; and Exhibit 11 ¶ 26), Kenneth Lee solicited pool participants of ethnic Chinese decent (see Exhibit 6 ¶¶ 19, 26, 38, 40; Exhibit 7 ¶¶ 14, 21; Exhibit 8 ¶ 14; Exhibit 9 ¶¶ 9, 11, 16, 17; and Exhibit 11 ¶ 26), and Kenneth Lee promised large returns (see Exhibit 6 ¶¶ 16, 26; Exhibit 7 ¶¶ 15, 21; Exhibit 9 ¶ 9; Exhibit 10 ¶¶ 9, 10, 34; and Exhibit 11 ¶ 9). Kenneth Lee has offered no evidence to rebut this.

For the reasons stated above and in Plaintiffs' Opposition to Kenneth Lee's Motion to Stay, Plaintiffs respectfully request that the Court deny Defendant Kenneth Lee's request for authorization to trade for purposes of repaying investors, deny his request to stay the receivership, deny his request regarding the Order Granting Plaintiff Commission's Motion to Amend the *Ex parte* Statutory Restraining Order, and grant Plaintiffs' Motion for Contempt.

Dated: April 5, 2010

Respectfully Submitted,

/s/ Katherine S. Driscoll

Gretchen L. Lowe

James H. Holl, III

Katherine S. Driscoll

U.S. Commodity Futures Trading Commission

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CERTIFICATE OF SERVICE

I hereby certify that on April 2, 2010, I caused the above reply to be served by U.S. mail on the following, who are not registered participants of the ECF System:

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I hereby certify that on April 2, 2010, I electronically transmitted the above reply to the Clerk of Court using the ECF System for filing. Based on the records currently on file, the Clerk of Court will transmit a Notice of Electronic Filing to the following ECF registrants:

Katherine S. Driscoll

Stephen J. Moriarty

Warren F. Bickford, IV

/s/ Terra Shamas Bonnell
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