

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA

FILED

APR 5 2010

ROBERT D. DENNIS, CLERK
U.S. DIST. COURT, WESTERN DIST. OF OKLA.
BY _____ DEPUTY

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)
LEE, an individual,)

Relief Defendants,)

Case No. 09-CV-1284 (DLR)

ANSWER OF DARREN A. LEE
TO MOTION IN BRIEF IN
SUPPORT TO AMEND THE *EX*
PARTE STATUTORY
RESTRAINING ORDER

I am not a polished attorney nor do I represent myself to have any skills in such matters. I am having to represent myself as no attorney would take this matter as they were concerned that they would have to turn any monies paid to them to the receiver.

As stated in and response to **MOTION IN BRIEF IN SUPPORT TO AMEND THE EX PARTE STATUTORY RESTRAINING ORDER**, dated March 3, 2010.

INTRODUCTION

Darren A. Lee, denies the allegations that Lee and the Prestige Enterprise misappropriated participant funds for personal use and used over \$2 million of pool funds to purchase real estate, cars, and other things for and to funnel cash to Lee's wife, Relief Defendant Sheila M. Lee, and Lee's sons, Relief Defendants David A. Lee and Darren A Lee (collectively, "Relief Defendants").

Darren A. Lee denies that the Relief Defendants provided no legitimate services to the Prestige Enterprise. The Relief defendants have no knowledge of the pool participants or the pool participants funds. The only money that Darren A Lee received was from his own trading that came from his own trading account under Prestige Ventures. Darren A. Lee earned over \$600,000, from the 2003 period until 2006, of which originated from his personal money.

II. STATEMENT OF NEW FACTS

Pursuant to Fed. R. Civ. P. 28(C), no deposition shall be taken before a person who is a relative or employee or counsel of any party, or is a relative or employee or associate of such

counsel, or is financially interested in the action. However, on consent of all the parties or their counsel, a deposition may be taken before such person, but only if the relationship of that person and the waiver are set forth in the certificate of return to the Court. Darren A. Lee has not seen the certificate that was returned to the Court and would request his deposition fall under the Disqualification for Interest clause if there is no certificate.

The date, time, and location are missing in the opening duties of the officer which violates Fed. R. Civ. P. 30(5)(A)(ii) because it was never stated on-the-record.

Darren A. Lee was unjustly deposed 7 days after he was unofficially notified via a FedEx letter that was just abandoned on the front porch that never gets used. Darren A Lee was unaware that he had a legal option to move the deposition to a later date which applies with Fed. R. Civ. P. Rule32(a)(5)(a).

A deposition taken without leave of Court under the unavailability provision of Rule 30(a)(2)(A)(iii) must not be used against a party who shows that, when served with the notice, it could not, despite diligent efforts, obtain an attorney to represent it at the deposition. There were 5 business days until the deposition, I never had time to obtain an attorney. Fed. R. Civ. P. 32(a)(5)(b). I have 3 local attorneys that I spoke with and none could help me. It took several days just to hear back from each of them, and the other 5 that I contacted never returned my telephone message. When I asked during the deposition if I needed an attorney because I was beginning to feel like I did, I never received an answer.

It does not seem fair to be able to do any of those things and all are in violation of the Federal Rules of Civil Procedure Rule.

A. Relief Defendants

Darren A. Lee admits that he is an individual whose last known address is 2676 Palmetto hall Boulevard, Mt. Pleasant, South Carolina 29466 and that Darren A. Lee is a son of Defendant Lee. Darren A. Lee admits having never been registered with the Commission in any capacity, or under the OUSA, or any predecessor act, because Darren A. Lee has never invested or traded any money but his own.

B. Relief Defendants Received Ill-Gotten Gains

Darren A. Lee denies the entire allegation that between 2003 and 2009, Lee and the Prestige Enterprise diverted at least \$2 million in pool participant funds to the Relief Defendants, who are Lee's wife and sons.

Darren A. Lee denies the examples listed because they were purchased with his own money that was withdrawn from his personal trading account through Prestige Ventures. Darren A. Lee knew nothing about any accounts with Prestige and was completely confused with any questions about any other account, other than Darren A. Lee's, that the Commission weaved into questions about Darren A. Lee's personal accounts.

The questions about how I understand something and whether that is factual are far from being legitimate reasons for the Plaintiffs to completely imply that it is fact and true. It is hardly justification for freezing of assets owned by Darren A. Lee. Whether the confusion of if I thought the money came from my parents personal account, or through Prestige Enterprise, does not exclude the fact that it was Darren A. Lee's own individual money that was transferred to Prestige from his personal trading account, to be paid to Darren A. Lee. Darren A. Lee had no knowledge of how that money was processed to get to him.

Darren A. Lee didn't know the bank account information well enough for it to be used as

factual evidence in the respected Court. I am submitting into evidence Exhibit C to Declaration of Darren A. Lee from my deposition pages 25:23-26:1. Darren A. Lee clearly informed the Commission that Darren A. Lee did not know anything of which the Commission was asking of him, and, yet, the Commission continually asked questions that Darren A. Lee had no factual knowledge of and confused the Relief Defendant into not understanding what exactly Darren A. Lee was being asked. Informing Darren A. Lee that he was a third party witness and then asking questions with the intention of taking everything from him with no legal counsel is unjust. The Commission asked for any documents I had and I have none. I do not know anything about Prestige Ventures bank accounts. I traded my own money, made my own profits, and all of that is rightfully mine. Prestige Enterprise does not own my house, my boat, or my bank accounts from 2003-2009.

C. Relief Defendants Did Not Provide Legitimate Services to the Prestige Enterprise

Darren A. Lee denies the allegation that he provided no legitimate services to the Prestige Enterprise. Legitimate services is a vague statement. I provided my legitimate services to the Plaintiffs in Exhibit A to Declaration of Darren A. Lee. I have stayed up countless nights having to watch trades and then continue to have to watch them the entire next day. To say that I did not provide 'legitimate services' to Prestige Enterprise is ludicrous. I never considered myself an employee but I contributed countless hours to the Prestige Enterprise. Darren A. Lee has no knowledge of any pool participants or their funds.

Darren A. Lee testified that in the last year he has done menial tasks around Lee's home and such as mowing the lawn and spent a large part of the day "scanning software" and looking at charts. The Plaintiff is trying to imply that Darren A. Lee did "menial" tasks. The

Plaintiff should be required to introduce any other part which ought in fairness to be considered with the part introduced to the Courts. Fed. R. Civ. P. 32(a)(6).

Darren A Lee testified that he would only take out the profit of his individual trade. I am submitting into evidence Exhibit D to Declaration of Darren A. Lee from my deposition pages 81:7-17. The time period of the \$1,500 weekly checks was when I quit taking sporadic amounts from my personal profits and took a weekly set amount. The check had to come through Prestige Ventures name for Darren A. Lee to receive it because his account was under Prestige Ventures.

III. ARGUMENT

A. Sheila, David, and Darren Lee Are Relief Defendants Who Should Be Subject to Certain Provisions of the Statutory Restraining Order

1. Sheila, David, and Darren Lee Are Proper relief Defendants

Darren A. Lee denies (1) having received ill-gotten funds; and (2) denies that he does not have legitimate claim to those funds that he has received.

Darren A. Lee denies that he is a proper relief defendant. Darren A. Lee acknowledges that the Plaintiffs do not accuse the Relief Defendants of wrongdoing. Darren A. Lee denies the allegation that Lee and the Prestige Enterprise diverted over \$2 million in the proceeds from Defendants' fraud to Relief Defendants in the forms of cash, gifts, goods, and expenses. Darren A. Lee denies that in return for those funds, Relief Defendants did not provide any legitimate services to the Prestige Enterprise. Darren A. Lee has no knowledge of any pool participants.

2. Relief Defendants Should Be Subject to an Asset Freeze and Temporary Receivership, and Prohibited from Destroying Books and Records

Darren A Lee has not received any ill-gotten gains for there to be legitimate claims for his assets to be frozen. Darren A Lee acknowledged that the Plaintiffs do not accuse the Relief

Defendants of wrongdoing. The result of the freezing of his assets is detrimental and has completely put his life to a halt. The Plaintiffs are left to their proofs and Darren A Lee should be treated innocent until proven otherwise by the respected Court.

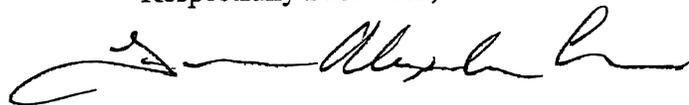
IV. CONCLUSION

For the foregoing reasons, and the answers to the Complaint, Darren A. Lee respectfully requests that the Court deny the commission's Motion to amend Statutory Restraining Order (1) freezing Relief Defendants' assets, (2) enjoining Relief Defendants from destroying books and records, and (3) subjecting Relief Defendants' assets to the control of the receiver.

I am awaiting information that I have requested from several of the people on the Plaintiffs' Disclosures and will have more information and evidence to submit to the Courts. I have delivered to the Receiver a copy of the deed to my house and a copy of the purchase agreement to the boat.

I thank the Court for its time and patience in this filing and realize it may not be correct in every legal respect.

Respectfully Submitted,



Darren Alexander Lee
2676 Palmetto Hall Blvd
Mount Pleasant, SC 29466
Telephone - 843-814-3884

CERTIFICATE OF SERVICE

I hereby certify that, on April 1, 2010, I caused one copy of **Relief Defendant**
Darren A. Lee's Response to MOTION IN BRIEF IN SUPPORT TO AMEND THE
EX PARTE STATUTORY RESTRAINING ORDER to be served by U.S. Mail on the
following:

Katherine S. Driscoll
1155 21st Street NW
Washington, DC 20581

Terra Shamas Bonnell
Oklahoma Department of Securities
120 North Robinson Avenue, Suite 860
Oklahoma City, OK 73102

**EXHIBIT C to
Declaration of Darren A. Lee**

1 IN THE UNITED STATES DISTRICT COURT
2 WESTERN DISTRICT OF OKLAHOMA
3 CASE NO.: 09-cv-01284

4 U.S. COMMODITY FUTURES TRADING)
5 COMMISSION AND OKLAHOMA DEPARTMENT)
6 OF SECURITIES ex rel. IRVING L.)
7 FAUGHT,)

COPY

8 Plaintiffs,)

9 -vs-)

DEPOSITION OF:
DARREN A. LEE
December 9, 2009

10 PRESTIGE VENTURES CORP., a)
11 Panamanian corporation, FEDERATED)
12 MANAGEMENT GROUF, INC., a Texas)
13 corporation, KENNETH WAYNE LEE, an)
14 individual, and SIMON YANG (a/k/a)
15 XIAO YANG a/k/a SIMON CHEN), an)
16 individual,)

17 Defendants.)

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The deposition of DARREN A. LEE, taken
before Lynda A. Bousquet, Professional Court Reporter
and Notary Public, at the offices of the U.S.
Attorney's Office, 151 Meeting Street, Charleston,
South Carolina, on Wednesday, December 9, 2009, at
2:00 p.m.

1 confused here.

2 Q I'm trying to figure out where the money
3 came from that went to purchase your house in 2005.

4 A From my father.

5 Q And where did the money from your father
6 come from?

7 A His checking account.

8 Q And where was his checking account?

9 A Try Bank of America. That's where they have
10 always banked. I mean, I am sure you have greater
11 access to this information than I do, so.

12 Q And as far as you are aware, did he have any
13 bank accounts other than his Bank of America
14 account?

15 A No, not that I'm aware of.

16 Q Are you aware of a personal bank account in
17 your father's name at Bank of America?

18 A That's the only one he's ever dealt with. I
19 don't know if he -- you'll check now. I'm not sure.

20 Q Now, when I say personal bank account, I
21 mean, a bank account that would be in your father's
22 name.

23 A All right. I don't know how to answer
24 questions for my dad, see. I don't know any of this
25 information that you're asking me.

1 Q Well, I am asking you what your
2 understanding is. If you don't know, you don't know.

3 A I don't know.

4 Q That's what I'm asking you.

5 A I don't know.

6 Q But are you aware of your father having a
7 bank account in his name Kenneth Lee?

8 A I don't know.

9 Q Are you aware of him having a bank account
10 in the name of Prestige Ventures?

11 A I don't know.

12 Q Do you recall the check that got transferred
13 to the lawyer whose account that check was on?

14 A I don't recall.

15 Q Is there a copy somewhere of that check?

16 A I would have to call my ex-wife and ask if
17 she has all of that stuff.

18 Q But the total amount that you paid for that
19 house came from your father?

20 A Yes.

21 Q What was your understanding of where your
22 father was getting his income from in 2005?

23 A The money left over from the houses that we
24 had had. He built a house when I was little, sold
25 that for two other houses. And then sold both of

**EXHIBIT D to
Declaration of Darren A. Lee**

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COPY

8 Plaintiffs,)

9 -vs-)

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22 South Carolina, on Wednesday, December 9, 2009, at
23 2:00 p.m.
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25

1 put into the main account that he used of his money.

2 This was my understanding.

3 Q Now I'm really confused. Are you telling me
4 that in July of 2004, you gave your father some of
5 your funds to invest and he paid you back 20 percent
6 of the amount that you gave to him to invest?

7 A That I had made off of the trade.

8 Q So it's just your profit on the trade?

9 A Correct. Correct.

10 Q It's not a commission?

11 A Well, that's what we would call commissions,
12 would be 20 percent of what the value was that you
13 put in the account.

14 Q And this is an account where you're trading
15 your own money for yourself?

16 A Correct, that the money would stay in our
17 branch of the company for capital.