

FILED

APR 15 2010

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

**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)
LEE, an individual,)**

Relief Defendants,)

Case No. 09-CV-1284 (DLR)

**ANSWER OF DAVID A. LEE TO FIRST
AMENDED COMPLAINT FOR
INJUNCTIVE AND OTHER
EQUITABLE RELIEF AND FOR
CIVIL PENALTIES UNDER THE
COMMODITY EXCHANGE ACT
AND THE OKLAHOMA UNIFORM
SECURITIES ACT**

ENTRY OF APPEAL
PLEASE ENTER ME, DAVID A. LEE, AS REPRESENTING MYSELF IN THE ABOVE
CAPTIONED MATTER

I am not an attorney nor do I represent myself to have any skills in such matters. I have over 5 inches of legal documents in front of me that I have no idea what most of it means. I am having to represent myself, as no attorney would take this matter pro-bono. I have no way to retain them with my house and bank accounts frozen in the courts. I am trying to research the proper way to address the respected courts in this matter and am having difficulties understanding what exactly I am reading. I am going to have trouble addressing the plaintiffs arguments where cases are listed because I do not know how to look up those cases which could be detrimental, or beneficial, to my case.

As stated in and response to **FIRST AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF AND FOR THE CIVIL PENALTIES UNDER THE COMMODITY EXCHANGE ACT AND THE OKLAHOMA UNIFORM SECURITIES ACT**, dated April 6th, 2010.

I. SUMMARY

6. David 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"). David A. Lee denies that the Relief Defendants provided no legitimate

services to the Prestige Enterprise. David A. Lee has no knowledge of the pool participants or the pool participants funds. Legitimate services is vague to me. I never considered myself an employee but I contributed countless hours to the Prestige Enterprise. I am submitting into evidence Exhibit E to Declaration of David A. Lee from my deposition pages 43:21-44:24.

C. Relief Defendants

33. **David A. Lee** admits that he is an individual whose last known address is 2676 Palmetto hall Boulevard, Mt. Pleasant, South Carolina 29466 and that David A. Lee is a son of Defendant Lee. David A. Lee admits having never been registered with the Commission in any capacity, or under the OUSA, or any predecessor act, because David A Lee has never invested any money but his own. The only money that David A Lee received was from his own trading account, that was his own trading account under Prestige Ventures. David A. Lee earned around \$600,000, from the 2003 period until 2006, of which was the result of his own initial investment. David A. Lee denies that between 2003 and 2009, he has received approximately \$700,000 in pool participant funds from Lee and the prestige enterprise in the form of cash, real estate, cars, a boat and miscellaneous expenses.

All of the money that was paid to me were results of my personal trades and not those of the company, to make any other allegation when I worked off of my personal performance, not on an hourly basis, is incorrect..

The Prestige Enterprise and Lee Lost Funds Trading and Misappropriated Funds

70. David A. Lee denies the example that during the relevant period, the Relief Defendants, Sheila, David, and Darren Lee, together, received over \$2 million of Prestige Enterprise pool participant funds in the form of cash, real estate, cars, boats, yachting fees,

medical insurance, and miscellaneous expenses. David A. Lee has no knowledge of the pool participants or the pool participants funds.

David 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. David A. Lee knew nothing about any accounts with Prestige and was completely confused with any questions about any other account, other than David A. Lee's, that the Commission weaved into questions about David 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 David 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 David A. Lee's own individual money that was transferred to Prestige from his personal trading account, to be paid to David A. Lee. David A. Lee had no knowledge of how that money was processed to get to him.

David A. Lee didn't know the bank account information well enough for it to be used as factual evidence in the respected Court. The Commission asked for any documents I had and I have none. Everything was electronic and from over 5 years ago. 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 did not own my house, my boat, or my bank accounts from 2003-2009. I am submitting into evidence Exhibit B to Declaration of David A. Lee from my deposition pages 18:8-21; 33:25-34:6; 53:2-16.

David A. Lee denies the allegation that he provided no legitimate services to the Prestige

Enterprise. Legitimate services is a vague statement. 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

COUNT SEVEN

Disgorgement of Funds from the Relief Defendants

123. David A. Lee denies that he received funds as a result of the Defendants' fraudulent conduct and have been unjustly enriched thereby.

124. David A. Lee denies this allegation that David A. Lee has no legitimate entitlement to or interest in all of the funds received. David A. Lee has no knowledge of the Defendants' alleged fraudulent conduct.

125. David A. Lee denies that the he received any money from the Defendants' alleged fraudulent conduct.

STATEMENT OF FACTS i

1.

a.) 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. David 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.

b)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. I am submitting into evidence Exhibit A to Declaration of David A. Lee from my deposition pages 4:1-6:18.

c) David A. Lee was unjustly deposed 7 days after he was unofficially notified via a FedEx letter that was just abandoned on the front porch of a vacant house that he no longer owns. David 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).

d) 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 a few local attorneys that I spoke with and none could help me. It took several days just to hear back from each of them.

e) 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. I am submitting into evidence Exhibit C to Declaration of David A. Lee from my deposition pages 25:10-26:1; 28:8-17; 32:17-33:24.

CONCLUSION

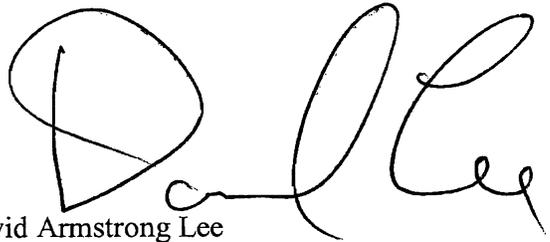
David A Lee has not received any ill-gotten gains for there to be legitimate claims for his assets to be frozen. David A Lee acknowledged that the Plaintiffs do not accuse the Relief Defendants of wrongdoing. The result of the freezing of his assets is detrimental and has

completely put his life to a halt. I am submitting into evidence Exhibit D to Declaration of David A. Lee from my deposition pages 37:22-38:3; 59:4-60:11; 109:11-110:13; 66:9-16; 67:7-13; 99:23-100:5; 103:2-105:2.

The Plaintiffs are left to their proofs and David A Lee should be treated innocent until proven otherwise by the respected Court. Without being named in the lawsuit until March 4th in the complaint, I found them to be being so unrealistic and coming after myself and my family in such a heavy handed way. It was exactly one week before Christmas and this letter is telling me to give someone in a state where I have never conducted business, especially when the respected Court hasn't heard my side of the case, everything that I have. I was intimidated and had trouble believing that it was possible for someone to demand me to turn my money, boat, and bank account over when it is purchased with my own money, from my own profits. I trust the courts and want the courts to know this. I believe in the courts ability to grant a proper judgment and I apologize to the courts for being in contempt.

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,

A handwritten signature in black ink, appearing to read 'D. Lee', with a large, stylized initial 'D' and a long, sweeping underline.

David Armstrong Lee
2676 Palmetto Hall Blvd
Mount Pleasant, SC 29466
Telephone - 843-814-3255

CERTIFICATE OF SERVICE

I hereby certify that, on April 7th, 2010, I caused one copy of **Relief Defendant David A. Lee's Response to FIRST AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF AND FOR THE CIVIL PENALTIES UNDER THE COMMODITY EXCHANGE ACT AND THE OKLAHOMA UNIFORM SECURITIES ACT** 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 A to Declaration of David 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,)

8)
9)
10 Plaintiffs,)

11 -vs-) DEPOSITION OF:
12) DAVID A. LEE
13) December 9, 2009

14 PRESTIGE VENTURES CORP., a)
15 Panamanian corporation, FEDERATED)
16 MANAGEMENT GROUP, INC., a Texas)
17 corporation, KENNETH WAYNE LEE, an)
18 individual, and SIMON YANG (a/k/a)
19 XIAO YANG a/k/a SIMON CHEN), an)
20 individual,)

21)
22)
23 Defendants.)
24)
25)

15
16
17
18 The deposition of DAVID A. LEE, taken
19 before Lynda A. Bousquet, Professional Court Reporter
20 and Notary Public, at the offices of the U.S.
21 Attorney's Office, 151 Meeting Street, Charleston,
22 South Carolina, on Wednesday, December 9, 2009, at
23 9:07 a.m.
24
25

1 (DAVID A. LEE, having been first duly
2 sworn, testified as follows:)

3 EXAMINATION BY MS. DRISCOLL:

4 Q Please state your full name for the record.

5 A David Armstrong Lee.

6 Q Mr. Lee, my name is Katherine Driscoll. I'm
7 a trial attorney with the Commodity Futures Trading
8 Commission.

9 A Uh-huh.

10 Q And we're here today in the matter of U.S.
11 Commodity Futures Trading Commission and the Oklahoma
12 Department of Securities vs. Federated Management
13 Group, Prestige Ventures, Kenneth Lee, and Simon
14 Yang.

15 A Uh-huh.

16 Q Are you aware of that case?

17 A Yes.

18 Q I just want to go over a couple of ground
19 rules before we start.

20 A Okay.

21 Q We have everything being taken down here by
22 a court reporter, so it's important that we don't
23 speak over each other. So if you could please wait
24 for me to finish my answers before you, excuse me,
25 ask my questions before I answer.

1 A Uh-huh.

2 Q Do you understand that?

3 A Yes.

4 Q If you could also respond audibly, meaning
5 please don't just shake your head or nod your head in
6 response or say hu-huh.

7 A Okay.

8 Q If you could just say yes or no or if it's
9 not a yes or no question. You understand?

10 A Yes.

11 Q Please tell me if a question is unclear.

12 A Okay.

13 Q Otherwise, I am going to assume that you
14 understand the question.

15 A Okay.

16 Q Okay. If you need to take a break, let me
17 know.

18 A Okay.

19 Q Okay. Are you able to give your full
20 testimony today?

21 A Yes.

22 Q Are you able to give complete testimony
23 today?

24 A Yes.

25 Q Are you able to give truthful testimony --

1 A Yes.

2 Q -- today? Are you taking any medications
3 that might affect your ability to do those things?

4 A No. No.

5 Q I just want to go back for a second. We
6 have two other participants in today's deposition.

7 A Okay.

8 MS. DRISCOLL: If you could state your
9 names for the record please.

10 A David Armstrong Lee. I'm sorry.

11 MR. MORIARTY: This is Steve Moriarty,
12 M-o-r-i-a-r-t-y. I am the court-appointed
13 Receiver in this case.

14 MS. DRISCOLL: Patty?

15 MS. LABARTHE: My name is Patty
16 Labarthe. It's L-a-b, as in boy, a-r-t-h-e.
17 And I am an attorney with the Oklahoma
18 Department of Securities.

19 BY MS. DRISCOLL:

20 Q Mr. Lee, are you familiar with the Defendant
21 in this case Kenneth Lee?

22 A Yes.

23 Q What is your relationship with him?

24 A He's my father.

25 Q Are you familiar with the Defendant

Exhibit B to Declaration of David 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,)

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12) DAVID A. LEE
13) December 9, 2009

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16 MANAGEMENT GROUP, INC., a Texas)
17 corporation, KENNETH WAYNE LEE, an)
18 Individual, and SIMON YANG (a/k/a)
19 XIAO YANG a/k/a SIMON CHEN), an)
20 individual,)

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23 Defendants.)

24 The deposition of DAVID A. LEE, taken
25 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
 9:07 a.m.

1 Q When did you start receiving paychecks from
2 your dad?

3 A 2003, when I started working for him.

4 Q What bank account did the paychecks come
5 from?

6 A They were Bank of America checks. That's
7 all I know.

8 Q Do you know the name of the account that the
9 checks were written on?

10 A No. That's my dad's business. I mean, they
11 were -- it was from Bank of America.

12 Q But you -- so do you believe they came from
13 your dad's business account?

14 A Yeah. Some account. Yeah. I mean, my
15 dad -- yeah. It would have come from -- my dad had
16 money before to pay me. So it's going to come from
17 his business account, I mean, naturally, because
18 that's the only way he does it.

19 Q Do you know what business account it came
20 from?

21 A No, I do not.

22 Q Did you ever receive a check from your
23 father?

24 A Well, that's what I was saying. I would get
25 my paycheck.

1 And that was money that I earned through him, you
2 know, even though the state of whatever is happening
3 now. You know, I was under the impression that I had
4 -- I had a job, you know. I didn't know, I guess,
5 that he was getting in trouble or something bad had
6 happened.

7 MS. DRISCOLL: I'm sorry. We just
8 need to go off the record for one minute.

9 THE WITNESS: Uh-huh.

10 (Off-the-record.)

11 BY MS. DRISCOLL:

12 Q How was the money transmitted to you from
13 your father to pay for the house?

14 A Well, I just put paychecks into my bank
15 account. Excuse me. Some of my paychecks or my
16 paycheck, I would put into my bank account, if that
17 answers your question.

18 Q Paychecks from which account?

19 A I guess they would be Prestige Ventures. I
20 was always under the impression that I was -- that I
21 worked under the Federated Management, but then I
22 didn't really know the difference between my dad's
23 businesses. I figured, you know, he could pay me out
24 of either one.

25 Q Why didn't you know the difference between

1 Federated and Prestige?

2 A Because I had nothing to do with Prestige.
3 I don't -- he wasn't -- I wasn't privileged to any of
4 that information, you know.

5 Q What was your understanding of the
6 relationship between Federated and Prestige?

7 A I thought they were totally separate things.
8 I thought that the Prestige thing was my dad's
9 dealing with people in Oklahoma, investing for people
10 in Oklahoma. And Federated I thought it was more of
11 something that was his business that I know that he
12 had kind of back in Texas growing up. And Prestige
13 wasn't really a part of our lives until we moved out
14 here.

15 And even though like my checks would come
16 off that, I figured, you know -- I didn't actually --
17 I didn't ever really question my dad. I just kind of
18 read what the paycheck said because I knew they were
19 both his companies, you know, part his companies.
20 But, yeah, my understanding was I worked mainly for
21 Federated Management.

22 Q Did you ever receive paychecks from a
23 Federated bank account?

24 A I think so but, I mean, I can't be positive.
25 But, I mean, I just remember seeing Federated

1 A No.

2 Q Did you provide any services to the
3 Federated Management Group investors?

4 A No. Now -- I don't know. Now, the question
5 you said before that, what was it? Now, I don't know
6 if by trading, if when I started trading out, if that
7 was started underneath the Federated Management Group
8 or not, to be honest with you. Because I know -- the
9 impression, I was part of that company, you know.
10 And so when I started my accounts, but they were --
11 they were my accounts, but I didn't know really how
12 to answer that. Because, technically, I guess I was
13 incorporated with my dad and brother. So that would
14 somehow link in with Alaron, I'm sure.

15 Q Did you use this Alaron account to trade?

16 A Yes. I used Alaron. Uh-huh.

17 Q I'm sorry. I need to take that back. This
18 is not the Alaron. This is a Rosenthal Collins Group
19 account.

20 A Okay.

21 Q Did you trade out of this Rosenthal Collins
22 Group account?

23 A No. I have never heard -- I've never heard
24 of this before.

25 Q Did your father consult you before he listed

Exhibit C to Declaration of David 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,)

8)
9)
10 Plaintiffs,)

11 -vs-) DEPOSITION OF:
12) DAVID A. LEE
13) December 9, 2009

14 PRESTIGE VENTURES CORP., a)
15 Panamanian corporation, FEDERATED)
16 MANAGEMENT GROUP, INC., a Texas)
17 corporation, KENNETH WAYNE LEE, an)
18 individual, and SIMON YANG (a/k/a)
19 XIAO YANG a/k/a SIMON CHEN), an)
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23 Defendants.)

24 The deposition of DAVID A. LEE, taken
25 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
 9:07 a.m.

1 Q Have you told her that you're having --

2 A Oh, no. She knows that I have one.

3 Q I am just going to restate my question then
4 for the record.

5 A Okay.

6 Q Have you told her that you're having a
7 deposition today?

8 A Yes.

9 Q When did you tell her that?

10 A When I found the paperwork on my porch, one
11 day last week, last Wednesday maybe.

12 Q What --

13 A Because I didn't know -- I'm sorry. I
14 didn't know about this for a week after it was
15 delivered at my house because it sat on the porch.
16 The FedEx thing, I never even signed for it. It
17 actually sat in the rain. My papers were all rained
18 on. So it had been there from -- I think it was
19 mailed out on the 25th. So it sat there from
20 Thanksgiving for almost probably a week outside
21 before I even knew about it.

22 Q Why wouldn't you have seen it before a
23 week?

24 A Because I live with my brother, and this was
25 left at my house, my old house on the porch, where I

1 don't live anymore.

2 Q But you did eventually receive the package?

3 A Yeah. When I went over to feed my fish at
4 the house, and I saw it sitting on the porch.

5 Q When you talked to your mother about
6 receiving this subpoena, what else did she say to
7 you?

8 A Nothing. We don't talk about things.

9 Q Did she tell you about her own subpoena?

10 A No. I actually didn't know that she was
11 coming in until maybe Monday, you know. I didn't
12 know that she had been subpoenaed.

13 Q Did your father ever tell you that you
14 didn't need to come in today in response to your
15 deposition subpoena?

16 A No. No. I asked because I was confused
17 about -- about who the versus thing on here. And so
18 I was like does this mean me or did this get
19 delivered to my house before for them. But, no, he
20 wouldn't say anything.

21 (Exhibit No. 2 marked.)

22 Q I am going to show you another exhibit that
23 I am marking as Exhibit 2.

24 MS. DRISCOLL: I am handing the
25 witness now Exhibit 2.

1 the Commission and Receiver.

2 A Okay.

3 Q May take depositions of Defendants and
4 non-parties. Do you see that?

5 A Yes.

6 Q Do you understand what that means?

7 A No.

8 Q Do you understand that you're a non-party to
9 this case?

10 A Yes. I guess so. I mean -- I mean, it
11 means that I am not -- the case is not against me.
12 I am being subpoenaed because I worked for my dad's
13 company, I guess.

14 Q You're here today pursuant to that Order?

15 A Uh-huh.

16 Q And the subpoena that was served on you?

17 A Uh-huh.

18 Q What is your educational background?

19 A A couple years of college. I didn't
20 graduate or anything. I went to Arkansas and then
21 some junior college.

22 Q When did you go to Arkansas?

23 A '91, '92.

24 Q Why did you leave Arkansas?

25 A I wasn't taking school seriously, and I

1 bought your house at 3230 Heathland Way?

2 A Yes.

3 Q What was the name of your attorney?

4 A I don't know. It was whoever my real estate
5 agent always used through Prudential, but I don't
6 even -- I don't remember the guy's name.

7 Q When you purchased your house at 3230
8 Heathland Way --

9 A Uh-huh.

10 Q -- where did you get the money to pay for
11 it?

12 A Well, I had money saved up and then from
13 some of the money -- from the money that I had saved,
14 I had traded on my own, you know, on my own, in my
15 own accounts. And that's how I got the money for
16 that.

17 Q Did you receive any money from your father
18 to pay for your house at 3230 Heathland way?

19 A He helped me with a little bit. I mean,
20 because I was still doing work for him at the time.
21 But, I mean, he didn't buy -- he didn't pay for very
22 much of it. But money came from him for me to buy my
23 house, as in like contributing paychecks.

24 Q How much money?

25 A No more than five grand probably, if that.

1 And that was money that I earned through him, you
2 know, even though the state of whatever is happening
3 now. You know, I was under the impression that I had
4 -- I had a job, you know. I didn't know, I guess,
5 that he was getting in trouble or something bad had
6 happened.

7 MS. DRISCOLL: I'm sorry. We just
8 need to go off the record for one minute.

9 THE WITNESS: Uh-huh.

10 (Off-the-record.)

11 BY MS. DRISCOLL:

12 Q How was the money transmitted to you from
13 your father to pay for the house?

14 A Well, I just put paychecks into my bank
15 account. Excuse me. Some of my paychecks or my
16 paycheck, I would put into my bank account, if that
17 answers your question.

18 Q Paychecks from which account?

19 A I guess they would be Prestige Ventures. I
20 was always under the impression that I was -- that I
21 worked under the Federated Management, but then I
22 didn't really know the difference between my dad's
23 businesses. I figured, you know, he could pay me out
24 of either one.

25 Q Why didn't you know the difference between

Exhibit D to Declaration of David A. Lee

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

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

)
)
Plaintiffs,)

-vs-) DEPOSITION OF:
) DAVID A. LEE
) December 9, 2009

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)
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Defendants.)

The deposition of DAVID 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
9:07 a.m.

1 Q What trading accounts do you have in your
2 own name?

3 A None right now.

4 Q What trading accounts have you had in the
5 past in your own name?

6 A Just my account through Alaron, which I
7 think is bought out by someone else now.

8 Q Is that account still open?

9 A No. Hu-huh. I haven't had it in a while.

10 Q And when did you open the Alaron account?

11 A 2000 – 2003, maybe early 2004.

12 Q When did you close the Alaron account?

13 A Probably around 2 -- somewhere in 2006, I
14 guess.

15 Q How much money came into that account
16 between 2003 and 2006?

17 A With me trading, I made, I don't know, a
18 couple hundred thousand dollars, but sometimes, I
19 mean, I would lose money out of it. But a couple
20 hundred thousand dollars. Enough for me to pay for
21 my house almost.

22 Q How much money did you put into the
23 account?

24 A About \$13,000 to start trading with.

25 Q Where did you get the \$13,000 to put into

1 the Alaron account?

2 A That was the money I'd saved from my other
3 job, from my pizza job.

4 Q Did any of that money come from any other
5 individuals?

6 A Well, I told you I had, you know, a couple
7 of Federated checks from when I first moved here
8 maybe or they were Prestige. I don't know what I
9 should really call them. But, you know, doing work
10 for my dad, some of that did come from, you know,
11 from those accounts, I guess, that were my -- that's
12 who would cut my paychecks.

13 Q So some of the \$13,000 came from a Prestige
14 bank account?

15 A That was contributed to it, yes, from me
16 cashing my checks, but it wasn't like I did nothing
17 that was put in my account. That was my pay that I
18 had been saving some of that.

19 Q And some of the \$13,000 came from a
20 Federated bank account?

21 A No. I don't -- it came from -- whatever my
22 money came from, whichever paycheck account, is what
23 it came from. I didn't pay attention to that. And
24 the rest came from my pizza job.

25 Q Did your father ever give you the money that

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1 there to watch him. And so I would watch him to see
2 why he did it or when he did it, you know, trying to
3 learn the ins and out of the markets.

4 Q Did you ever perform any of the trades
5 yourself while you were doing that?

6 A No, only my own.

7 Q And when you say only your own --

8 A Uh-huh.

9 Q -- what do you mean by that?

10 A Well, I had that one account through Alaron
11 that was my money to trade, you know, that I had put
12 in, and those are the only ones I made decisions on,
13 you know. Sometimes my dad might ask me like, hey,
14 will you go change the stop, because he would, you
15 know, he has accounts going. He would be like would
16 you mind moving that stop for me so he wouldn't, you
17 know, he wouldn't have to get up and do it or
18 something. I would do it for him.

19 Q And in that type of situation, who made the
20 decision to execute a change in the account?

21 A What do you mean to make -- well, he did.
22 He asked me to do it, and so I would do it.

23 Q And what accounts were you doing that for?

24 A I don't know. Whoever -- I mean, just his
25 trading account. That's kind of all I knew that he

1 had.

2 Q Were you aware of any accounts in his name,
3 Kenneth Lee?

4 A No.

5 Q Who is -- what was the name of the account
6 or accounts that you were asked to make --

7 A Well, they were all -- oh, sorry.

8 Q That you were asked to execute trades on?

9 A Prestige Ventures.

10 Q Did you have trading authority on any of the
11 Prestige Ventures trading accounts?

12 A I don't know. I don't think so. I mean,
13 because I'm not licensed to deal with other people's
14 stuff.

15 Q Is your father licensed to deal with other
16 people's stuff?

17 A I believe so. Yeah. He would have to be.

18 Q And why do you -- why do you say he would
19 have to be?

20 A That's what I thought you had to. I don't
21 know. I mean, I'm sure he is. But in order to set
22 up accounts and stuff like that through companies, I
23 thought that you had to be licensed in order to -- I
24 mean, don't you do a background check?

25 Q What type of license are you referring to?

1 watching some trades for my dad. Those were
2 commissions I had made off of trades.

3 Q I believe in your earlier testimony, you
4 indicated that you -- no. That you only traded for
5 your own money?

6 A Uh-huh.

7 Q And that only your father and Mr. Yang were
8 trading investor money. Do you recall that
9 testimony?

10 A Yes.

11 Q Are you now telling me that you were doing
12 more trading than what you previously described?

13 A No. No. What I am saying is when I had a
14 trading account through Alaron in my own name, all of
15 us were trading. Me and my brother and father each
16 had trading accounts in that company. Now, the money
17 that came from Prestige Ventures came from my dad's
18 personal trading account. And my dad's always
19 handled the finances through that Alaron account. So
20 whatever I made off of my commissions, I would get
21 that money drawn out to me. And the rest of the
22 money stayed in for me to make trades on.

23 Q What type of trades were you earning
24 commissions on?

25 A I was trading corn and sugar and different

1 things like that, and the grains, some of the grains.

2 Sometimes orange juice.

3 Q Weren't all of those trades your own money
4 on your own account?

5 A Yes, but my father controlled all the
6 account information.

7 Q But how do you earn a commission by trading
8 on your own account?

9 A I don't know why he tagged it commission.
10 It was profit that I had made from trading. And I
11 had to take a certain amount out for living expenses,
12 and then the other portion would stay in there. So,
13 I mean, I don't know what really what you're asking.

14 Q I am just asking you if you have any
15 knowledge as to why you were paid a commission in
16 July of 2004 in this amount?

17 A And I am telling you, no, I am confused why
18 all of this is happening. No. I don't know the
19 specifics about paychecks.

20 Q And, again, I realize you don't have these
21 items in front of you, and we may need to revisit
22 them at a later point in time. But they all appear
23 to bear your signature and are either deposited for
24 cash or deposited in what appears to be your account
25 *in Bank of America?*

1 A I sold my -- I sold my -- I traded my other
2 trade in it and had some savings still, some money in
3 my checking account, and so I put that towards it.

4 Q Where did the money in the checking account
5 that you used to buy the GMC Sierra come from?

6 A Well, part of it was where I still had
7 money, you know, but it came from my trading
8 accounts.

9 Q And when you say money you had earned, money
10 you had earned how?

11 A That I made trading, actually in my -- in my
12 account.

13 Q Did any of the money you used to buy the GMC
14 Sierra come from the work you did at Prestige
15 Ventures?

16 A No. That was all my own. All on my own.

17 Q And you testified that you sold another
18 truck before?

19 A I traded it in.

20 Q And what was the make and model of that?

21 A 2000 GMC Z71.

22 Q When did you buy the GMC Z71?

23 A The end of 2002, maybe 2003.

24 Q How much did the GMC Z71 cost?

25 A I want to say it was around 13 used.

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1 Q You bought it used?

2 A Uh-huh.

3 Q What was the trade-in value for it when you
4 bought the GMC Sierra?

5 A They only gave me 7,000 for it. So I
6 guess -- that's what they said the book was.

7 Q What money did you use to buy the GMC Z71?

8 A That was money I had brought from -- well,
9 that I had from my own pizza job and some of it that
10 I had earned from my trading. And I guess I had a
11 little Ford Ranger too I traded in when I got that,
12 but that wasn't worth very much. I mean, it didn't
13 bring me much from the trade-in value.

14 Q I believe you have also testified that you
15 were in an accident with your GMC Sierra?

16 A Uh-huh. Yes.

17 Q When did that happen?

18 A End of June. End of June. Oh, I'm sorry.

19 Q What year?

20 A This past year, 2009.

21 Q Did you collect any insurance money from
22 that accident?

23 A Yes.

24 Q How much money did you collect?

25 A A little over 12,000 I think I got for it.

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1 A About 218,000.

2 Q Do you recall giving that money to Sottile
3 Hopkins Daniel?

4 A No. I was just -- I was just kind of saying
5 the name rang a bell. I am pretty sure those were
6 the people who were there because otherwise I don't
7 think I would have heard of that company before.

8 Q Do you know -- did your parents ever have
9 any dealings with Sottile Hopkins Daniel?

10 A I don't know.

11 Q Do you know if your brother's ever had any
12 dealings with Sottile Hopkins Daniel?

13 A He may have because we used the same
14 Realtor. So if that's who Prudential Realtor's
15 lawyer of choice is, then he probably has. I don't
16 know.

17 Q Do you know how much your brother's house at
18 Palmetto Hall cost?

19 A No. Hu-huh.

20 Q Do you know how much your parents' house at
21 Jorrington Street cost?

22 A No.

23 Q Did the money to pay for your house at 3230
24 come from the Prestige Ventures bank account?

25 A No.

1 Q Did it come from your parents?

2 A No.

3 Q Did you borrow any money from your parents
4 to pay for your house at 3230 --

5 A No.

6 Q -- Heathland? The Prestige bank account
7 records show \$296,000 being transferred to you
8 between 2003 and January of 2009?

9 A Uh-huh.

10 Q Did you receive \$296,000 from the Prestige
11 Ventures bank account?

12 A No. Not that I -- no, not that I'm aware
13 of, unless that was in one of the trading accounts,
14 but I've never had that put in like my bank account.
15 No way.

16 Q Did you have that amount of money put into
17 your trading accounts from the Prestige Ventures --

18 A No. No.

19 Q Let me finish. Prestige Ventures bank
20 account?

21 A No.

22 Q Do you know why the bank account records
23 show \$296,000 --

24 A No.

25 Q -- going to you?

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1 A Correct.

2 Q How did you pay -- what was the source of
3 the funds that enabled you to pay the \$218,000?

4 A That came from my own personal trading
5 accounts.

6 Q When you say it came from your own personal
7 trading accounts, when you were required to deliver
8 the money at closing, did you deliver it in the form
9 of a check?

10 A I am not for certain. I believe it was
11 either cashier's -- I believe it may have been a
12 cashier's check. I can't remember for certain
13 though.

14 Q If it was a cashier's check, who would have
15 purchased the cashier's check?

16 A Timothy Eagen.

17 Q Who is Timothy Eagen?

18 A He's the guy who I bought my house from.

19 Q I'm sorry. Who purchased the cashier's
20 check that was given to Mr. Eagen?

21 A Oh, I don't remember if it was a cashier's
22 check exactly.

23 Q I'm just trying to figure out if you know
24 what the source of the funds were that enabled you to
25 close the sale of the transaction?

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1 A No.

2 Q But is it your testimony as we sit here
3 today that it was your money that closed that
4 transaction?

5 A Yes.

6 Q And it was not the money of Prestige
7 Ventures?

8 A Correct.

9 Q Were you required to pay a deposit or down
10 payment when you executed the contract to purchase
11 that property?

12 A I don't recall. I'm not for sure. I think
13 if I -- I think probably so, but I don't remember.

14 Q Do you have any explanation as to why
15 Prestige Ventures would have purchased a cashier's
16 check in the amount of \$216,690.67 on May 17th, 2004,
17 payable to Sottile Hopkins and Daniel?

18 A No. That might have been -- that might have
19 been for the house. I don't know.

20 Q Okay. If it was for the house, can you
21 explain for me why Prestige Ventures provided those
22 funds?

23 A No. I don't know why.

24 Q And it's still your testimony that you paid
25 for the purchase of that house with your own personal

1 funds?

2 A Correct.

3 Q Let's move over to your employment with, and
4 I'll just refer to Prestige. And by Prestige, I mean
5 Prestige and Federated and your dad, whatever goods
6 and services that you provided for those entities.
7 Could you provide for me a normal working day.

8 A I would get to the office at 8:30, watch my
9 dad work for awhile to try to learn the trading
10 systems. He would, you know, keep track of the
11 reports coming out, watching the different markets.
12 I was just supposed to pay attention to him. And
13 then a lot of times, I would just end up doing odd
14 things around the office or the shop.

15 Q So at times, you would have gone to the
16 shop; and at times you would have gone to your
17 parents' home?

18 A Yes. And a lot of times, I just worked from
19 home, just watching, watching the markets.

20 Q What did you consider your normal working
21 day? How long did it last?

22 A Till about two in the afternoon.

23 Q And other than watching your father trade or
24 doing odd jobs or watching the markets, was there
25 anything that you did?

Exhibit E to Declaration of David A. Lee

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

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

)
)
Plaintiffs,)

-vs-

) DEPOSITION OF:
) DAVID A. LEE
) December 9, 2009

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.)

The deposition of DAVID 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
9:07 a.m.

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1 -- I thought he was. But then again, I don't know,
2 you know. I don't know if -- because these are
3 things I just thought about. My dad kind of keeps me
4 out, out on things like that.

5 Q What made you think that Simon Yang might be
6 an investor in Prestige?

7 A Because my dad was doing business with him.
8 I just kind of thought, you know -- that's when
9 Prestige came around, so I kind of figured it's half
10 his company because I had heard my dad just talk
11 about him.

12 Q You thought Prestige was half of whose
13 company?

14 A Well, I thought -- this is just a guess. I
15 thought it was kind of dad's and Simon's business
16 cooperation thing. That's all I really knew about
17 it. Excuse me. Sorry. That was gross.

18 Q I just want to take a step back to what we
19 were talking about earlier about trading account.

20 A Uh-huh.

21 Q I'm sorry. I forgot to bring this up
22 before. Did you ever trade on any other trading
23 accounts besides your personal account on Alaron?

24 A Well, like a couple of times, I would get
25 out of a trade for my dad when he'd ask me to pull

1 the plug for him or something, like when he was gone.
2 I wasn't in charge of any accounts though or
3 anything.

4 Q What accounts were you able to do that on?

5 A What do you mean? Oh, you mean like get out
6 of a trade or something? I guess the last people
7 he's been with. PFG, Peregrin Financial or something
8 like that. PFGBEST is the platform he used. But I
9 really don't know if that's the company's name. I'm
10 sure it is.

11 Q How -- did you have trading authorization on
12 that account?

13 A No. No. I didn't do any big things, you
14 know. I mean, I know that my dad had a couple of
15 little accounts set up that he would mess with. I
16 never -- I never made any trades on any like big
17 accounts that I saw that were even more than a couple
18 thousand dollars because as I understand I'm supposed
19 to have a license or something to do that. But other
20 just little accounts that we had, I was under the
21 understanding, you know, that it was kind of our
22 accounts like between my mom and my dad and Darren
23 and I or money for us. And so I had made decisions
24 on those before.

25 Q And what name was on those accounts?