

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

U.S. COMMODITY FUTURES TRADING,)
COMMISSION and OKLAHOMA)
DEPARTMENT OF SECURITIES *ex rel*)
Irving L. Faught,)

Plaintiffs,)

v.)

Case No. 5:09-cv-01284-R

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.)

**RECEIVER’S COMBINED REPLY TO RESPONSE OF KENNETH LEE AND
DARREN LEE TO MOTION OF RECEIVER FOR ORDER REQUIRING
PROOF OF INSURANCE, PROOF OF CURRENT PAYMENT OF REAL
ESTATE TAXES, AND ESTABLISHING PROCEDURES
REGARDING MAINTENANCE OF PROPERTY**

Stephen J. Moriarty, as Receiver (“Receiver”) for Prestige Ventures Corp. (“Prestige”), Federated Management Group, Inc., Kenneth Wayne Lee, and Simon Yang (collectively the “Prestige Defendants”) for his reply to the response of Darren Lee (*Docket # 85*) (the “Darren Lee Response) and Kenneth Lee (*Docket # 88*)(the “Kenneth

Lee Response”) to Receiver’s motion for Order requiring Kenneth Wayne Lee, Sheila Lee, Darren Lee, and David Lee to provide proof of current homeowners insurance and payment of real estate taxes with respect to certain properties and to establish procedures to allow verification of the upkeep and maintenance of certain properties (*Docket # 80*) (the “Motion”) states as follows:

1. In the Motion, Receiver establishes that the Jorrington House, the Palmetto House and the Boat were paid for with investor funds deposited into the Prestige account at Bank of America and are therefore the property of Prestige. Defendants and Relief Defendants disagree and have refused to deliver possession of the Jorrington House, the Palmetto House and the Boat to Receiver and continue to have the full use of said properties.

2. If the Jorrington House, the Palmetto House and the Boat are recovered for the benefit of the investors, those assets will provide the majority of any monetary return to those investors. For these reasons, the Receiver has a recognizable interest in the Jorrington House, the Palmetto House and the Boat and is obligated to take all steps necessary to preserve the value of those assets for the benefit of the investors.

3. In order to maintain the *status quo* and to insure that the value of these assets are preserved, Kenneth Wayne Lee, Sheila Lee, Darren Lee, and David Lee should be required to provide proof of current homeowners’ insurance and payment of real estate taxes for the Jorrington House and the Palmetto House.

4. The Darren Lee Response and the Kenneth Lee Response, for the most part, argue the ultimate merits of the case and do not address the appropriateness of the relief

sought by the Motion. The Kenneth Lee Response states the property taxes have been paid. *Docket 88 at page 8*. If true, it should be easy enough for the Defendants to provide proof of such payment to Receiver. Neither the Darren Lee Response nor the Kenneth Lee Response address whether insurance is presently in place for the Jorrington House or the Palmetto House.

5. With respect to the Kenneth Lee Response only, the response is troubling in several respects. First, Exhibit 3 to the Kenneth Lee Response purports to be a brokerage account statement for Prestige Ventures, Corp maintained at PanAmerica Group, Inc., Panama City, Panama for the months of August and September, 2003. This document is clearly a business record of Prestige Ventures. Pursuant to the Statutory Restraining Order, entered November 20, 2009 (*Docket # 9*) and the Order of Civil Contempt, entered May 10, 2010 (*Docket # 83*), Defendant, Kenneth Lee was required to turn over all business records of Prestige Ventures to Receiver. Prior to the filing of the Kenneth Lee Response, Defendant had failed to turn over the records contained in Exhibit 3 to Receiver. Second, and more troubling, Defendant Kenneth Lee suggests that Exhibit 3 establishes that “the initial opening deposit on August 26th, 2003 of \$15,000, the deposits on September 29th and 30th of 2003, of \$30,000 and \$130,000 were mailed checks from Kenneth W. Lee’s personal funds.” *Docket # 88 at page 4*.¹ With regard to the September 30, 2003 deposit of \$130,000.00, attached as Exhibit 1 are copies of the items making up

¹ In the Motion, Receiver alleged that the Prestige Ventures was opened with a deposit of \$15,000 on August 26, 2003 and that several hundred thousand dollars of investor funds flowed into the account in August and September, 2003. *Docket # 80, pages 2 & 3 and Exhibits 1 & 2*. In the Kenneth Lee Response, Kenneth Lee represents to the Court that the Panamanian brokerage account was the source of the deposits to the Prestige Ventures account at Bank of America (i) on August 26, 2003, in the amount of \$15,000, (ii) on September 29, 2003, in the amount of \$30,000, and (iii) on September 30, 2003, in the amount of \$130,000.

the \$130,000.00 deposit; none of the checks are drawn on the Panamanian brokerage account and no part of the deposit came from Kenneth Lee. The entire September 30, 2003 deposit of \$130,000 represents investor funds. With regard to the September 29, 2003 deposit of \$30,000.00, attached as Exhibit 2 are copies of the items making up the \$30,000.00 deposit; none of the checks are drawn on the Panamanian brokerage account and no part of the deposit came from Kenneth Lee. The entire September 29, 2003 deposit of \$30,000 represents investor funds. With regard to the August 26, 2003 deposit of \$15,000.00, attached as Exhibit 3 is a copy of the item making up the \$15,000.00 deposit; the check is not drawn on the Panamanian brokerage account and no part of the deposit came from Kenneth Lee's personal funds.

WHEREFORE, Receiver respectfully requests that this Court enter an Order (a) requiring Kenneth Wayne Lee and Sheila Lee to provide proof of current homeowner's insurance and payment of real estate taxes for the Jorrington House; (b) requiring Darren Lee to provide proof of current homeowner's insurance and payment of real estate taxes for the Palmetto House; (c) requiring Darren Lee and David Lee to provide proof of current insurance covering the Boat; (d) granting Receiver reasonable access to the Jorrington House and the Palmetto House for the purpose of verifying the current condition of those properties; and (e) for such other and further relief as this Court deems just and proper.

/s/ Stephen J. Moriarty

Stephen J. Moriarty, OBA # 6440
FELLERS, SNIDER, BLANKENSHIP,
BAILEY & TIPPENS, P.C.
100 North Broadway, Suite 1700
Oklahoma City, OK 73102
Telephone: (405) 232-0621
Facsimile: (405) 232-9659
E-mail: smoriarty@fellerssnider.com

RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that on May 27, 2010, I electronically transmitted the attached document to the Clerk of Court using the ECF System for filing and transmittal of a Notice of Electronic Filing to the following ECF registrants: Patricia A. Labarthe, Katherine S. Driscoll and Terra S. Bonnell.

I hereby certify that on May 27, 2010, a true and correct copy of the above and foregoing document was mailed by regular first class mail, postage prepaid, to:

Simon
1912NW176thTerrace
Edmond, OK 73012

Yang Darren Lee
2676 Palmetto Blvd.
Mount Pleasant, SC 29466

Kenneth Lee
1660 Jorrington Street
Mount Pleasant, SC 29466

David Lee
2676 Palmetto Blvd.
Mount Pleasant, SC 29466

Sheila Lee
1660 Jorrington Street
Mount Pleasant, SC 29466

/s/ Stephen J. Moriarty
Stephen J. Moriarty



Capture Date: 09/30/2003 Sequence #: [REDACTED]

\$ LI TAN [REDACTED] Apt. G 39-8799/3030 875
 [REDACTED] VZ-B 4242014883
 NO. [REDACTED] OR 10098
 DATE 9-25-2003
 Prestige venture \$3000.00
 BY THE ORDER OF Three Thousands only DOLLARS
 MidFirst Bank
 218 West Street (408) 261-4000
 P.O. Box 6387 / Newark, CA 94709
 Remo for Account # [REDACTED]
 [REDACTED] 0000300000

BANK OF AMERICA INC
 [REDACTED] 6761 99 P25
 09/30/03

Bank of America
 [REDACTED]

1003 10011

*For Deposit only
 Prestige Ventures Corp.*

No Electronic Endorsements Found
 No Payee Endorsements Found



Capture Date: 09/30/2003 Sequence #: 00000000

American Wellflowers

ING-SHYH YANG
LI-LI YANG
124 [REDACTED] 71
[REDACTED] 02-7305

2598

9/22 1903

Pay to the Order of Prestige Ventures Corp \$ 10,000
Ten thousand Dollars

COMMUNICATION FEDERAL CREDIT UNION
P.O. BOX 2148
OKLAHOMA CITY, OKLAHOMA 73101

For Acc. # [REDACTED] Li Li Yang

2598 0001000000

1513 1521

For Deposit Only
Prestige Ventures Corp.

Bank of America NA DM
66701 98 P25
09/30/03

No Electronic Endorsements Found
No Payee Endorsements Found



Capture Date: 09/30/2003 Sequence #: 0900120004

ING-SHYH YANG [Redacted]		657
9/25 2003		
Pay To The Order Of	Prestige Ventures, Corp.	\$10,000.00
	Ten thousand	Dollars
Commercial Federal Bank A Federal Savings Bank 11845 S. Memorial Dr. Bobby, OK 74008		Ing Shyh Yang
For	Acc# [Redacted]	
[Redacted]		0657 0001000000

*For deposit only
Prestige Ventures Corp.*

BANK OF AMERICA IN DL
[Redacted] 09/30/03

No Electronic Endorsements Found
No Payee Endorsements Found



Capture Date: 09/30/2003 Sequence #: [REDACTED]

LLOYD L LEE
CHI MING LEE
[REDACTED]
NORMAN, OKLAHOMA 73069-2320

2320
DATE 9/23/03

PAY TO THE ORDER OF Prestige Ventures, Corp. \$ 10,000 ⁰⁰/₁₀₀

* Ten thousand Dollars Only DOLLARS

BANK OF OKLAHOMA
NORMAN, OKLAHOMA

MEMO Acct # [REDACTED] SIGNED Chi Ming Lee

[REDACTED] 2320 *0001000000*

BANK OF AMERICA ONE
[REDACTED] 66761 98 P25
09/30/03

*For Deposit only
Prestige Ventures Corp.*

No Electronic Endorsements Found
No Payee Endorsements Found



Capture Date: 09/30/2003 Sequence #: [REDACTED]

JIAN YUE / SHAOPING TANG 0208

Date 9-26-03

Pay to the Order of Prestige Ventures \$ 22000.00

Twenty Two Thousand only Dollars

BANK OF AMERICA NATIONAL ASSOCIATION

For Account of [REDACTED] Jean Yue

0208 0002200000

ARTISTIC CHECKS • 1-800-224-7821 • BEAUTIFUL AMERICA

For deposit only
Prestige Ventures Corp.

1000 10000000

BANK OF AMERICA

ESTD 1803

99/30/03

No Electronic Endorsements Found
No Payee Endorsements Found



Capture Date: 09/30/2003 Sequence #: [REDACTED]

MING YU
ZHONG-XIANG LUO

Held

DATE 09-28-03 110

PAY TO THE ORDER OF Prestige Ventures, Corp. \$ 40,000.00

Forty Thousand Dollars only DOLLARS

Bank of America. Equity CreditLine

ACH R/T 103000017

FOR Acct # [REDACTED] Ming Yu

[REDACTED] 0110 0004000000

For Deposit only -
Prestige Ventures Corp

DEPOSITED

BANK OF AMERICA, N.A.
[REDACTED] 6791 31 P83
09/30/03

No Electronic Endorsements Found
No Payee Endorsements Found



Capture Date: 09/30/2003 Sequence #: 87222222

Bank of America Advantage

PENG YUE 07/01 1011
 [Redacted] 31
 [Redacted]

Hold
 Date *Sept. 24 2003*

Pay *Prestige Ventures* \$ *5000.00*
 to the order of
Five Thousands Only

Bank of America
 ACH RT 10300017
 Memo Account # [Redacted]

Advantage
Peng Yue

+ [Redacted] 1011 0000500000

*For Deposit only
 Prestige Ventures Corp.*

BANK OF AMERICA NA
 ESTD 1811
 09/30/03

No Electronic Endorsements Found
No Payee Endorsements Found



Capture Date: 09/29/2003 Sequence #: [REDACTED]

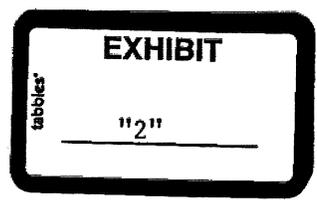
JINPENG PENG 1-32/210 179
 [REDACTED] 2K
 [REDACTED] 19
 DATE: 9/23/03
 PAY TO THE ORDER OF: Prestige Ventures, Corp. Acct #: 092203 \$ 10,000.00
 ten thousand DOLLARS
 Fleet
 34104 www.fleet.com
 Bay Ridge Office
 Brooklyn, New York 11209
 MEMO: [REDACTED]
 [REDACTED] 0179 0001000000

[REDACTED]

PAY TO THE ORDER OF
BANK OF AMERICA
DALLAS, TEXAS
FOR DEPOSIT ONLY
PRESTIGE VENTURES CORP

BANK OF AMERICA NA DAL
618 96 62825 98 819
E6325 98 819
ED/62/64
[REDACTED]

No Electronic Endorsements Found
No Payee Endorsements Found





Capture Date: 09/29/2003 Sequence #: [REDACTED]

WUI JUNG C. KUO
 1003
 DATE: 09/23/2003
 PAY TO THE ORDER OF: Prestige Ventures Corp. \$ 20,000.00
Twenty thousand only DOLLARS
BANK ONE J. Yang
 MEMO: Acct # [REDACTED] Jing Yang Chen
 1003 10002000000

[REDACTED]
 [REDACTED] A
 [REDACTED]

BANK OF AMERICA, NA DEL
 6835 99 417
 09/25/03
 [REDACTED]

PAY TO THE ORDER OF
 BANK OF AMERICA
 DALLAS, TEXAS
 FOR DEPOSIT ONLY
 PRESTIGE VENTURES CORP

No Electronic Endorsements Found
 No Payee Endorsements Found

