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9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

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13 **SECURITIES AND EXCHANGE**
14 **COMMISSION,**

15 Plaintiff,

16 vs.

17 STEVE CHEN, USFIA, INC.,
ALLIANCE FINANCIAL GROUP,
18 INC., AMAUCTION, INC.,
ABORELL MGMT I, LLC,
19 ABORELL ADVISORS I, LLC,
ABORELL REIT II, LLC, AHOME
20 REAL ESTATE, LLC, ALLIANCE
NGN, INC., APOLLO REIT I, INC.,
21 APOLLO REIT II, LLC, AMKEY,
INC., US CHINA CONSULTATION
22 ASSOCIATION, and QUAIL RANCH
GOLF COURSE, LLC

23 Defendants.
24

Case No. CV 15-07425 (RGK)(GJSx)

**PRELIMINARY INJUNCTION AND
ORDERS: (1) FREEZING ASSETS;
(2) APPOINTING A PERMANENT
RECEIVER; (3) PROHIBITING
THE DESTRUCTION OF
DOCUMENTS; AND (4)
REQUIRING ACCOUNTINGS**

Dkt. 11

25 This matter is before the Court on the Consents and Stipulations to Entry of
26 Preliminary Injunction and Orders: (1) Freezing Assets; (2) Appointing a Permanent
27 Receiver; (3) Prohibiting the Destruction of Documents; and (4) Requiring
28

1 Accountings of Defendants Steve Chen (“Chen”), and USFIA, Inc., Alliance
2 Financial Group, Inc., Amauction, Inc., Aborell Mgmt I, LLC, Aborell Advisors I,
3 LLC, Aborell REIT II, LLC, Ahome Real Estate, LLC, Alliance NGN, Inc., Apollo
4 REIT I, Inc., Apollo REIT II, LLC, Amkey, Inc., US China Consultation Association,
5 and Quail Ranch Golf Course, LLC (“the Entity Defendants”) (collectively, “the
6 Defendants”).

7 The Court, having previously issued a Temporary Restraining Order and
8 Orders: (1) Freezing Assets; (2) Appointing a Temporary Receiver; (3) Prohibiting
9 the Destruction of Documents; (4) Granting Expedited Discovery; and (5) Requiring
10 Accountings and Order To Show Cause Re Preliminary Injunction on September 28,
11 2015 (“TRO”); and having considered the SEC’s Complaint, the TRO Application,
12 the supporting Memorandum of Points and Authorities, the supporting declarations
13 and exhibits, the other evidence and argument presented to the Court, as well as the
14 Consents and Stipulations, finds that:

- 15 A. This Court has jurisdiction over the parties to, and the subject matter of,
16 this action.
- 17 B. Chen and the Entity Defendants have consented to the entry of a
18 preliminary injunction on the terms below, and do not contest the
19 appointment of a permanent receiver during the pendency of this action.

20 **I.**

21 IT IS HEREBY ORDERED that the parties’ Consents and Stipulations are
22 GRANTED.

23 **II.**

24 IT IS FURTHER ORDERED that Chen and the Entity Defendants and their
25 officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those
26 persons in active concert or participation with any of them who receive actual notice
27 of this Order, by personal service or otherwise, and each of them, be and hereby are
28

1 preliminarily restrained and enjoined, pending trial in this action, from directly or
2 indirectly, in the absence of any applicable exemption:

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

7 B. unless a registration statement is in effect as to a security, carrying or
8 causing to be carried through the mails or in interstate commerce, by any
9 means or instruments of transportation, any such security for the purpose
10 of sale or for delivery after sale; or

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

19 in violation of Section 5 of the Securities Act, 15 U.S.C. § 77e.

20 **III.**

21 IT IS FURTHER ORDERED that Chen and the Entity Defendants and their
22 officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those
23 persons in active concert or participation with any of them, who receive actual notice
24 of this Order, by personal service or otherwise, and each of them, be and hereby are
25 preliminarily restrained and enjoined, pending trial in this action, from directly or
26 indirectly, in the offer or sale of any securities, by the use of any means or instruments
27 of transportation or communication in interstate commerce or by the use of the mails:

28 A. employing any device, scheme or artifice to defraud;

1 B. obtaining money or property by means of any untrue statement of a
2 material fact or any omission to state a material fact necessary in order to
3 make the statements made, in light of the circumstances under which
4 they were made, not misleading; or

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

8 **IV.**

9 IT IS FURTHER ORDERED that Chen and the Entity Defendants and their
10 officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those
11 persons in active concert or participation with any of them, who receive actual notice
12 of this Order, by personal service or otherwise, and each of them, be and hereby are
13 preliminarily restrained and enjoined, pending trial in this action, from directly or
14 indirectly, in connection with the purchase or sale of any security, by the use of any
15 means or instrumentality of interstate commerce, or of the mails, or of any facility of
16 any national securities exchange:

17 A. employing any device, scheme or artifice to defraud;

18 B. making any untrue statement of a material fact or omitting to state a
19 material fact necessary in order to make the statements made, in the light
20 of the circumstances under which they were made, not misleading; or

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

25 **V.**

26 IT IS HEREBY FURTHER ORDERED that Chen and the Entity Defendants
27 and each of their agents, servants, employees and attorneys and those persons in
28 active concert or participation with them who receive actual notice of this Order by

1 personal service or otherwise, including facsimile transmission, electronic mail, or
2 overnight delivery service, are hereby preliminarily restrained and enjoined, from
3 soliciting, accepting, or depositing any monies from actual or prospective investors in
4 connection with any offering of securities.

5 **VI.**

6 IT IS FURTHER ORDERED that, except as otherwise ordered by this Court,
7 Chen and the Entity Defendants and their officers, agents, servants, employees,
8 attorneys, subsidiaries and affiliate, and those persons in active concert with them,
9 who receive actual notice of this Order, by personal service or otherwise, and each of
10 them, be and hereby are preliminarily restrained and enjoined, pending trial in this
11 action, from, directly or indirectly, transferring, assigning, selling, hypothecating,
12 changing, wasting, dissipating, converting, concealing, encumbering, or otherwise
13 disposing of, in any manner, any funds, assets, securities, claims or other real or
14 personal property, including any notes or deeds of trust or other interest in real
15 property, wherever located, of any one of the Defendants, or their subsidiaries or
16 affiliates, owned by, controlled by, managed by or in the possession or custody of any
17 of them and from transferring, encumbering dissipating, incurring charges or cash
18 advances on any debit or credit card of the credit arrangement of any one of the
19 Defendants, or their subsidiaries and affiliates.

20 **VII.**

21 IT IS FURTHER ORDERED that, except as otherwise ordered by this Court,
22 the freeze, previously ordered by the TRO, shall remain in place on all monies and
23 assets (with an allowance for necessary and reasonable living expenses and/or
24 attorney's fees (including attorney's fees for services rendered before Chen was
25 served with the SEC complaint or TRO) to be granted only upon good cause shown
26 by application to the Court with notice to and an opportunity for the SEC to be heard)
27 in all accounts at any bank, financial institution or brokerage firm, or Internet or "e-
28 commerce" payment processor, all certificates of deposit, and other funds or assets,

1 held in the name of, for the benefit of, or over which account authority is held by
 2 Chen and the Entity Defendants, including but not limited to the accounts listed
 3 below:

Bank Name	Account Name	Account Number
Bank of America	USFIA, Inc.	XXXX-XXXX-0123
Bank of America	USFIA, Inc.	XXXX-XXXX-7578
Bank of America	USFIA, Inc.	XXXX-XXXX-5882
Bank of America	USFIA, Inc.	XXXX-XXXX-6182
East West Bank	USFIA, Inc.	XX-XXXX7483
Bank of America	Steve Chen & Luyang Li	XXXX-XXXX-1550
Bank of America	Steve Chen & Luyang Li	XXXX-XXXX-7776
Far East National Bank	Li Chen a/k/a/ Steve Chen	XXXXXX5058
Chase Bank	Steve Chen	XXXXXX7818
Chase Bank	Wei He or Li Chen	XXXXXX1716
Bank of America	Amauction, Inc.	XXXX-XXXX-7980

Bank Name	Account Name	Account Number
National Bank of California	Amauction, Inc.	XXX-XX1158
East West Bank	Amauction, Inc.	XX-XXXX8019
Bank of America	Ahome Real Estate, LLC	XXXX-XXXX-7811
Bank of America	Ahome Real Estate, LLC	XXXX-XXXX-9668
Bank of America	Amkey, Inc.	XXXX-XXXX-7970
Bank of America	Amkey, Inc.	XXXX-XXXX-8413
Bank of America	Amkey, Inc.	XXXX-XXXX-8465
Bank of America	Amkey, Inc.	XXXX-XXXX-8517
National Bank of California	Amkey, Inc.	XXX3589
Far East National Bank	Amkey, Inc.	XXXXXX0567
Bank of America	Aborell REIT II, LLC	XXXX-XXXX-3578
JPMorgan Chase	Aborell REIT II, LLC	XXX-XX7101

Bank Name	Account Name	Account Number
Bank of America	Aborell Management I, LLC	XXXX-XXXX-3688
Bank of America	Aborell Advisors I, LLC	XXXX-XXXX-3675
Bank of America	Alliance NGN, Inc.	XXXXX-X0450
Bank of America	Alliance NGN, Inc.	XXXX-XXXX-9564
Bank of America	Alliance NGN, Inc.	XXXXX-X7774
Bank of America	Alliance NGN, Inc.	XXXXX-X8089
Bank of America	Apollo REIT I	XXXX-XXXX-0222
JPMorgan Chase	Apollo REIT II, LLC	XXX-XX7768
Bank of America	US China Consultation Association	XXXX-XXXX-6580
Bank of America	US China Consultation Association	XXXX-XXXX-5788

Bank Name	Account Name	Account Number
Bank of America	Alliance Financial Group	XXXX-XXXX-0086
Bank of America	Quail Ranch Golf Club, LLC	XXXX-XXXX-8268
Bank of America	Quail Ranch Golf Club, LLC	XXXX-XXXX-8226
Bank of America	Li Chen & Li Zhao	XXXXX-X2299
Far East National Bank	Amkey, Inc.	XXX-XX0028
First Regional Bank	Amkey, Inc.	XXX-XX0048
First Regional Bank	Amkey VOIP	XXX-XX1813
Bank of America	Aborell Investment Associates I, LLC	XXXX-XXXX-3659
Torrey Pines Bank	Aborell REIT II, LLC	XXXXX-X6620
Bank of America	Apollo Advisors I, LLC	XXXXX-X0157
Bank of America	Apollo Investors	XXXX-X3662
Bank of America	Apollo Mgmt I, LLC	XXXXX-X0171

Bank Name	Account Name	Account Number
Bank of America	Apollo REIT II, LLC	XXXXX- X0203
HSBC	Alliance NGN, Inc.	XXXXXX9610
Bank of Nova Scotia	Ammine SRL	XXX0053

VIII.

IT IS FURTHER ORDERED that, except as otherwise ordered by this Court, Chen and the Entity Defendants, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily restrained and enjoined, pending trial in this action, from, directly or indirectly: destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in any manner, any documents, which includes all books, records, computer programs, computer files, computer printouts, contracts, emails, correspondence, memoranda, brochures, or any other documents of any kind in their possession, custody or control, however created, produced, or stored (manually, mechanically, electronically, or otherwise), pertaining in any manner to Chen and the Entity Defendants.

IX.

IT IS FURTHER ORDERED that Chen and the Entity Defendants, are relieved of their obligation under the TRO to produce accountings with five (5) days of the issuance of the TRO, and instead, shall, within thirty (30) days of the issuance of this Order, prepare and deliver to the SEC a detailed and complete schedule of all of their

1 personal assets, including all real and personal property exceeding \$5,000 in value,
2 and all bank, securities, and other accounts identified by institution, branch address
3 and account number, wherever located. The accounting shall include a description of
4 the sources of all such assets. Such accounting shall be filed with the Court and a
5 copy shall be delivered to the SEC's Los Angeles Regional Office to the attention of
6 Donald W. Searles, Trial Counsel. After completion of the accounting, each of the
7 Defendants shall produce to the SEC's Los Angeles Regional Office, at a time
8 agreeable to the SEC, all books, records and other documents supporting or
9 underlying their accounting.

10 **X.**

11 IT IS FURTHER ORDERED that any person who receives actual notice of this
12 Order by personal service or otherwise, and who holds, possesses or controls assets
13 exceeding \$5,000 for the account or benefit of any one of the Defendants or the
14 Funds, are relieved of their obligation under the TRO to produce accountings with
15 five (5) days of the issuance of the TRO, and instead shall, within thirty (30)
16 receiving actual notice of this Order, provide counsel for the SEC with a written
17 statement identifying all such assets, the value of such assets, or best approximation
18 thereof, and any account numbers or account names in which the assets are held,
19 wherever located. After completion of the accounting, Chen and the Entity
20 Defendants shall produce to the SEC at a time agreeable to the SEC, books, records
21 and other documents supporting or underlying their accounting that are reasonably
22 requested by the SEC.

23 **XI.**

24 IT IS FURTHER ORDERED that Thomas Seaman is appointed during the
25 pendency of this action as permanent receiver of the Entity Defendants and their
26 subsidiaries and affiliates, with full powers of an equity receiver, including, but not
27 limited to, full power over all funds, assets, collateral, premises (whether owned,
28 leased, occupied, or otherwise controlled), choses in action, books, records, papers

1 and other property belonging to, being managed by or in the possession of or control
2 of the Receivership Entities and their subsidiaries and affiliates and that such receiver
3 is immediately authorized, empowered and directed:

- 4 A. to have access to and to collect and take custody, control, possession,
5 and charge of all funds, assets, collateral, premises (whether owned,
6 leased, occupied, or otherwise controlled), choses in action, books,
7 records, papers and other real or personal property, wherever located, of
8 or managed by the Entity Defendants and their subsidiaries and
9 affiliates, with full power to sue, foreclose, marshal, collect, receive, and
10 take into possession all such property (including access to and taking
11 custody, control, and possession of all property of the Receivership
12 Entities property, and that of their subsidiaries and affiliates);
- 13 B. to have control of, and to be added as the sole authorized signatory for,
14 all accounts of the entities in receivership, including all accounts at any
15 bank, title company, escrow agent, financial institution or brokerage firm
16 (including any futures commission merchant) which has possession,
17 custody or control of any assets or funds of the Entity Defendants and
18 their subsidiaries and affiliates, or which maintains accounts over which
19 the Entity Defendants and their subsidiaries and affiliates, and/or any of
20 its employees or agents have signatory authority;
- 21 C. to conduct such investigation and discovery as may be necessary to
22 locate and account for all of the assets of or managed by the
23 Receivership Entities and their subsidiaries and affiliates, and to engage
24 and employ attorneys, accountants and other persons to assist in such
25 investigation and discovery;
- 26 D. to take such action as is necessary and appropriate to preserve and take
27 control of and to prevent the dissipation, concealment, or disposition of
28 any assets of or managed by the Entity Defendants and their subsidiaries

1 and affiliates;

2 E. to make an accounting, as soon as practicable, to this Court and the SEC
3 of the assets and financial condition of the Entity Defendants, and to file
4 the accounting with the Court and deliver copies thereof to all parties;

5 F. to make such payments and disbursements from the funds and assets
6 taken into custody, control, and possession or thereafter received by him
7 or her, and to incur, or authorize the making of, such agreements as may
8 be necessary and advisable in discharging his or her duties as receiver;

9 G. to employ attorneys, accountants, and others to investigate and, where
10 appropriate, to institute, pursue, and prosecute all claims and causes of
11 action of whatever kind and nature which may now or hereafter exist as
12 a result of the activities of present or past employees or agents of the
13 Entity Defendants and their subsidiaries and affiliates; and

14 H. to have access to and monitor all mail, electronic mail, and video phone
15 of the Receivership Entities in order to review such mail, electronic mail,
16 and video phone which he or she deems relates to their business and the
17 discharging of his duties as receiver.

18 **XII.**

19 IT IS FURTHER ORDERED that the Entity Defendants and their officers,
20 agents, servants, employees and attorneys, and any other persons who are in custody,
21 possession or control of any assets, collateral, books, records, papers or other
22 property of or managed by any of the entities in receivership, shall forthwith give
23 access to and control of such property to the permanent receiver. This turn over
24 requirement shall not constitute a waiver by Chen of his attorney-client or other
25 applicable privileges.

26 **XIII.**

27 IT IS FURTHER ORDERED that no officer, agent, servant, employee or
28 attorney of the Entity Defendants shall take any action or purport to take any action,

1 in the name of or on behalf of the Entity Defendants without the written consent of
2 the receiver or order of this Court.

3 **XIV.**

4 IT IS FURTHER ORDERED that, except by leave of this Court, during the
5 pendency of this receivership, all clients, investors, trust beneficiaries, note holders,
6 creditors, claimants, lessors and all other persons or entities seeking relief of any
7 kind, in law or in equity, from the Entity Defendants, or their subsidiaries or
8 affiliates, and all persons acting on behalf of any such investor, trust beneficiary, note
9 holder, creditor, claimant, lessor, consultant group or other person, including sheriffs,
10 marshals, servants, agents, employees and attorneys, are hereby restrained and
11 enjoined from, directly or indirectly, with respect to these persons and entities:

- 12 A. commencing, prosecuting, continuing or enforcing any suit or
13 proceeding (other than the present action by the SEC or any other action
14 by the government) against any of them;
- 15 B. using self-help or executing or issuing or causing the execution or
16 issuance of any court attachment, subpoena, replevin, execution or other
17 process for the purpose of impounding or taking possession of or
18 interfering with or creating or enforcing a lien upon any property or
19 property interests owned by or in the possession of the Entity
20 Defendants; and
- 21 C. doing any act or thing whatsoever to interfere with taking control,
22 possession or management by the temporary receiver appointed
23 hereunder of the property and assets owned, controlled or managed by or
24 in the possession of the Entity Defendants, or in any way to interfere
25 with or harass the temporary receiver or his or her attorneys,
26 accountants, employees, or agents or to interfere in any manner with the
27 discharge of the receiver's duties and responsibilities hereunder.

28 **XV.**

1 IT IS FURTHER ORDERED that the Entity Defendants, and their subsidiaries,
2 affiliates, officers, agents, servants, employees and attorneys, shall cooperate with
3 and assist the receiver and shall take no action, directly or indirectly, to hinder,
4 obstruct, or otherwise interfere with the permanent receiver or his or her attorneys,
5 accountants, employees or agents, in the conduct of the temporary receiver's duties or
6 to interfere in any manner, directly or indirectly, with the custody, possession,
7 management, or control by the receiver of the funds, assets, collateral, premises, and
8 choses in action described above.

9 **XVI.**

10 IT IS FURTHER ORDERED that the Entity Defendants and their subsidiaries
11 and affiliates, shall pay the costs, fees and expenses of the permanent receiver
12 incurred in connection with the performance of his or her duties described in this
13 Order, including the costs and expenses of those persons who may be engaged or
14 employed by the receiver to assist him or her in carrying out his or her duties and
15 obligations. All applications for costs, fees, and expenses for services rendered in
16 connection with the receivership (including applications for attorney's fees) other than
17 routine and necessary business expenses in conducting the receivership, such as
18 salaries, rent, and any and all other reasonable operating expenses, shall be made by
19 application setting forth in reasonable detail the nature of the services and shall be
20 heard by the Court.

21 **XVII.**

22 IT IS FURTHER ORDERED that no bond shall be required in connection with
23 the appointment of the permanent receiver. Except for an act of gross negligence, the
24 receiver shall not be liable for any loss or damage incurred by any of the defendants,
25 their officers, agents, servants, employees and attorneys or any other person, by
26 reason of any act performed or omitted to be performed by the receiver in connection
27 with the discharge of his or her duties and responsibilities.

28 **XVIII.**

1 IT IS FURTHER ORDERED that representatives of the SEC and any other
2 government agency are authorized to have continuing access to inspect or copy any
3 or all of the corporate books and records and other documents of the Entity
4 Defendants and continuing access to inspect their funds, property, assets and
5 collateral, wherever located.

6 **XIX.**

7 IT IS FURTHER ORDERED that Chen and the Entity Defendants are relieved
8 of their obligation to respond to the SEC's expedited discovery requests concerning
9 Defendants, their assets and activities, and that discovery shall hereafter proceed in
10 accordance with Rules 26, 30, 33, 34, 36, and 45 of the Federal Rules of Civil
11 Procedure and the corresponding Local Rules of this Court.

12 **XX.**

13 IT IS FURTHER ORDERED that this Court shall retain jurisdiction over this
14 action for the purpose of implementing and carrying out the terms of all orders and
15 decrees which may be entered herein and to entertain any suitable application or
16 motion for additional relief within the jurisdiction of this Court.

17
18 IT IS SO ORDERED.



19
20 Dated: October 6, 2015

21 HON. GARY KLAUSNER
22 UNITED STATES DISTRICT JUDGE

23 Presented by:
24 Donald W. Searles
25 Attorney for Plaintiff
26 Securities and Exchange Commission
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