

1 STATE OF CALIFORNIA
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY
3 DEPARTMENT OF CORPORATIONS

4 TO: John Chiyuan Lee
5 Legacy International, Inc.
6 Legacy International, Ltd.
7 433 N. Camden Drive, 4th Floor
8 Beverly Hills, CA 90210
9 and
10 10969 Rochester Ave.
11 Los Angeles, CA 90024

12 DESIST AND REFRAIN ORDER

13 (For violations of sections 25110 and 25401 of the Corporations Code)

14 The California Corporations Commissioner finds that:

15 1. At all relevant times herein, John Chiyuan Lee (“Lee”), Legacy International, Inc., and
16 Legacy International, Ltd. were located at 433 N. Camden Drive, 4th Floor, Beverly Hills, California
17 90210 and 10969 Rochester Ave., Los Angeles, California 90024. Lee was the president of Legacy
18 International, Inc. and Legacy International, Ltd. and also the fund manager for Legacy International,
19 Ltd.

20 2. Beginning in around January 2000 and continuing through at least September 2005,
21 Lee and Legacy International, Inc. offered and sold securities in the form of shares in Legacy
22 International, Ltd. Lee obtained investment money by soliciting unsophisticated individuals and then
23 their friends, by offering huge returns on investments, including telling some investors they could
24 earn 25% growth annually. Lee gave investors a Confidential Private Placement Memorandum
25 (“PPM”) for Legacy International, Ltd. that stated investor money would be used in its investment
26 program after payment of organizational and offering expenses. In the PPM, it states that the fund’s
27 investment objective is capital appreciation and that the fund may invest in any mix of U.S. and non-
28 U.S. commodities, currencies, debt obligations and equity securities. Lee offered and sold securities
to approximately 45 investors in excess of \$3 million.

1 3. In connection with the offer and sale of these securities, Lee, Legacy International,
2 Inc. and Legacy International, Ltd. made, or caused to be made, misrepresentations of material fact or
3 omitted to state material facts necessary in order to make the statements made, in the light of the
4 circumstances under which they were made, not misleading. These misrepresentations and omissions
5 included, but are not limited to the following:

- 6 a. Investors were told that Legacy International, Ltd. would earn 25% growth
7 annually;
- 8 b. Investors were told that Lee was an experienced and successful trader;
- 9 c. Investors were not told that they were investing in a ponzi scheme and that any
10 returns received on their investment money came from other investor money and not from any
11 investment returns;
- 12 d. Investors were not told that Lee was losing investor money when trading;
- 13 e. Investors were not told that Lee was using investor money for his own personal
14 use;
- 15 f. Investors were not told that Legacy International, Inc. was suspended by the
16 California Secretary of State on October 23, 2002 and suspended by the Franchise Tax Board on
17 October 1, 2003;
- 18 g. Investors were not told that Lee had fabricated other investors' investment
19 account statements showing huge returns; and
- 20 h. Some investors were told that their money in Legacy International, Ltd. would
21 be invested in Brown & Company Securities Corporation, n.k.a. Brownco.

22 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
23 that the securities in the form of shares in Legacy International, Ltd., sold by Lee and Legacy
24 International, Inc. are securities subject to qualification under the California Corporate Securities
25 Law of 1968 and are being or have been offered or sold without being qualified, in violation of
26 Section 25110 of the Corporate Securities Law of 1968.

27 Pursuant to Section 25532 of the Corporate Securities Law of 1968, John Chiyuan Lee,
28 Legacy International, Inc. and Legacy International, Ltd. are hereby ordered to desist and refrain

1 from the further offer or sale in the State of California of securities, including, but not limited to
2 shares in Legacy International, Ltd., unless and until qualification has been made under said law or
3 unless exempt. The sale of such securities is subject to qualification under said law and such
4 securities are being or have been offered for sale without first being so qualified.

5 Further, the California Corporations Commissioner is of the opinion that the securities offered
6 and sold by Lee, Legacy International, Inc. and Legacy International, Ltd. were offered and sold in
7 this state by means of written or oral communications that included untrue statements of material fact
8 or omitted to state material facts necessary in order to make the statements made, in the light of the
9 circumstances under which they were made, not misleading, in violation of section 25401 of the
10 Corporate Securities Law of 1968.

11 Pursuant to Section 25532 of the Corporate Securities Law of 1968, John Chiyuan Lee,
12 Legacy International, Inc. and Legacy International, Ltd. are hereby ordered to desist and refrain
13 from offering or selling or buying or offering to buy any security in the State of California, including,
14 but not limited to shares in Legacy International, Ltd., by means of any written or oral
15 communication which includes an untrue statement of a material fact or omits to state a material fact
16 necessary in order to make the statements made, in the light of the circumstances under which they
17 were made, not misleading.

18 This Order is necessary, in the public interest, for the protection of investors and consistent
19 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

20 Dated: March 14, 2006
21 Los Angeles, California

22 WAYNE STRUMPFER
23 Acting California Corporations Commissioner

24 By _____
25 ALAN S. WEINGER
26 Acting Deputy Commissioner
27 Enforcement Division
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