

BEFORE THE
DIVISION OF SECURITIES
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WISCONSIN

In the Matter of
YING XIONG,

PETITION FOR ORDER

Respondent.

File No. S-02224(EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, Bureau of Registration & Enforcement, has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Ying Xiong (hereinafter "Xiong") is an individual with a date of birth of February 5, 1971, who at all times material hereto has been an owner, officer and controlling person of WKY International, Inc. (hereinafter "WKY") with a last known home and business address of 3901 58th Av., Brooklyn Center, MN 55429;
2. During the period of June to August, 2002, Xiong offered and sold investments to at least seven persons in Wisconsin;
3. Upon information and belief, Xiong represented to the persons, referred to in Paragraph 2 above, that Xiong was in the business of selling hand-crafted items to J.C. Penney Corporation, Inc. and Walgreen Co., through contracts that Xiong had with those entities;
4. Upon information and belief, Xiong represented to those persons, referred to in Paragraph 2 above, that Xiong will pay the persons who make the hand-crafted items, referred to in Paragraph 3 above, that Xiong will provide instructions and materials to make the hand-crafted items to those persons;
5. Upon information and belief, Xiong told the persons, referred to in Paragraph 2 above, that each person first had to pay the amount of \$2500 as a membership fee to participate in the business of Xiong, and that they had to sign a contract with Xiong to participate in the venture;
6. Upon information and belief, each investor had a contractual relationship, involving an investment of money, in a common enterprise, with profits to come from the efforts of others;
7. Upon information and belief, the persons referred to in Paragraph 2 above will not be involved in the day-to-day management of the venture, since there are too many of them to each have any meaningful input, and they do not have the expertise or experience necessary to perform its duties;
8. Since the persons referred to in Paragraph 2 above will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the "investments" offered by the respondents are investment contracts as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.;
9. In response to a letter from staff, Mary R. Dahl, Litigation Legal Assistant of Walgreen Co., wrote in part:

"According to the Walgreen Co. purchasing and vendor relations departments, Walgreen Co. has had no contact with Mr. Ying Xiong or WKY International Inc. ...";

10. In response to a letter from the staff, Betsy I. Carter, Senior Counsel of J.C. Penney Corporation, Inc., wrote in part:

“...Our accounting center personnel have reviewed their supplier records and advised that none of the following entities are on file as JCPenney suppliers:

- Ying Xiong
- WKY International Inc. ...”;

11. Xiong has violated sec. 551.41(2), Wis. Stats., by making an untrue statement of a material fact in connection with the offer and sale of securities to persons in Wisconsin; and

12. In October, 2002, the staff wrote letters to Xiong at his last known home and business addresses requesting information and documents concerning his securities-related transactions with the persons referred to in Paragraph 2 above, but received no response.

Therefore, the staff of the Bureau of Registration & Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Mark E. Dorman 1-23-03
 Mark E. Dorman Date
 Examiner

David A. Cohen 1/24/03
 David A. Cohen Date
 Supervising Attorney