

IN THE GRAND COURT OF THE CAYMAN ISLANDS

BETWEEN: BANK OF CHINA

AND: NBM L.L.C.

AND: YANG MEI CORP.

AND: C.H.G. ENTERPRISES, INC.

AND: NATIONAL BUDGET MERCHANDISE INC.

AND: BHK L.L.C

AND: GEG INTERNATIONAL, INC.

AND: BOC COMPANY

AND: SINO-PLACE ALLIANCE INC.

AND: NON-FERROUS BM CORPORATION

AND: CBL LTD. a/k/a/ CBL INVESTMENT
COMPANY GRAND CAYMAN

AND: CHARACT ENTERPRISES, INC.

AND: CENTURY LIMITED

AND: JOHN CHOU a/k/a/ QIANG ZHOU

AND: SHERRY LIU a/k/a/ SHERRY PING LIU

AND: MINKANG GU

AND: DAO ZHONG LIU a/k/a/ TONG LIU

AND: SHUMIN WANG

AND: LINDA XIAO a/k/a/ XIAOWANLIAN

AND: HELEN ZHOU

AND: HUI LIU

AND: JEFF HOHL

AND: NING ZHOU

AND: PATRICK YOUNG

AND: BANK OF AMERICA TRUST & BANKING
CORP (CAYMAN) LTD.

AND: BANK OF BERMUDA (CAYMAN) LTD.

AND: BANK OF BUTTERFIELD INTERNATIONAL
(CAYMAN) LTD.

AND: BARCLAYS BANK PLC

AND: ROYAL BANK OF CANADA

AND: ROYAL BANK OF CANADA TRUST
(CAYMAN) LTD.

AND: UBS AG

AND: UBS (CAYMAN ISLANDS) LTD.

AND: UBS TRUSTEES (CAYMAN) LTD.

CAUSE NO. 142 OF 2001
PLAINTIFF

FIRST DEFENDANT

SECOND DEFENDANT

THIRD DEFENDANT

FOURTH DEFENDANT

FIFTH DEFENDANT

SIXTH DEFENDANT

SEVENTH DEFENDANT

EIGHTH DEFENDANT

NINTH DEFENDANT

TENTH DEFENDANT

ELEVENTH DEFENDANT

TWELFTH DEFENDANT

THIRTEENTH DEFENDANT

FOURTEENTH DEFENDANT

FIFTEENTH DEFENDANT

SIXTEENTH DEFENDANT

SEVENTEENTH DEFENDANT

EIGHTEENTH DEFENDANT

NINETEENTH DEFENDANT

TWENTIEETH DEFENDANT

TWENTY-FIRST DEFENDANT

TWENTY-SECOND DEFENDANT

TWENTY-THIRD DEFENDANT

TWENTY-FOURTH DEFENDANT

TWENTY-FIFTH DEFENDANT

TWENTY-SIXTH DEFENDANT

TWENTY-SEVENTH DEFENDANT

TWENTY-EIGHTH DEFENDANT

TWENTY-NINTH DEFENDANT

THIRTIETH DEFENDANT

THIRTY-FIRST DEFENDANT

THIRTY-SECOND DEFENDANT

WRIT OF SUMMONS

WRIT OF SUMMONS

TO: See the list attached as Attachment "A".

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in respect of the claim set out on the next pages.

Within 28 days after the service of this Writ on you, counting the day of service, if you are served outside the Cayman Islands, you must either satisfy the claim or return to the Court Office, P. O. Box 495G, George Town, Grand Cayman, the accompanying Acknowledgment of Service stating therein whether you intend to contest these proceedings. If served within the Cayman Islands, the time period is 14 days.

If you fail to satisfy the claim or to return the Acknowledgment within the time stated, or if you return the Acknowledgment without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this ~~12th~~ day of March 2001.

NOTE - This Writ may not be served later than 4 calendar months (or, if leave is required to effect service out of the jurisdiction, 6 months) beginning with the date of issue, unless renewed by order of the Court.

IMPORTANT

Directions for Acknowledgment of Service are given with the accompanying form.

I. PARTIES

STATEMENT OF CLAIM

(i) The Plaintiff

1. The Plaintiff (hereinafter "Bank of China") is a bank organized under the laws of the People's Republic of China, is an instrumentality of the People's Republic of China, and duly licensed, through its New York branch, to conduct business from its principal place of business located at 410 Madison Avenue, New York City, NY 10017.

(ii) The Defendants – An Overview

2. The Defendants fall into three types:
 - (1) corporate Defendants which are not financial institutions (First to Twelfth Defendants) (hereinafter the "NBM Entities");

Fees Paid..	\$ 10,000 -
Receipt No.	91905 -
Date	12.3.2001

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- (2) individual Defendants (Thirteenth to Twenty-Third Defendants); and
- (3) financial institutions in the Cayman Islands (Twenty-Fourth to Thirty-Second Defendants).
3. The individual Defendants, with the Thirteenth and Fourteenth Defendants as the masterminds, with the knowledge and assistance of the NBM Entities, conspired to , and carried out, a fraudulent scheme with the unlawful purpose of causing damage to the Plaintiff and used the unlawful means of, by deceit, obtaining ever larger loans from the Plaintiff using the Plaintiff's own money as collateral.
4. The Defendants which are financial institutions in the Cayman Islands became mixed up in the fraudulent and tortuous activities of the First Twenty-Three Defendants, so as to facilitate their wrongdoing.

(iii) The NBM Entities

5. The First Defendant, NBM L.L.C. (hereinafter "NBM"), is a corporation organized under the laws of the State of New Jersey, one of the United States of America, having its principal place of business located at 526 Route 46 West, Teterboro, New Jersey, 07608.
6. The Second Defendant, YANG MEI Corporation (hereinafter "Mei"), is a corporation organized under the laws of the State of New Jersey, having its principal place of business located at the same address as the First Defendant NBM - 526 Route 46 West, Teterboro, New Jersey, 07608.
7. The Third Defendant, C.H.G. Enterprises Inc. (hereinafter "CHG"), is a corporation organized under the State of New Jersey, having its principal place of business located at the same address as the First Defendant, NBM - 526 Route 46 West, Teterboro, New Jersey 07608.
8. The Fourth Defendant, National Budget Merchandise, Inc. (hereinafter "Budget"), is a corporation organized under the laws of the State of New Jersey, having its

- principal place of business located at the same address as the First Defendant, NBM - 526 Route 46 West, Teterboro, New Jersey, 07608.
9. The Fifth Defendant, BHK L.L.C. (hereinafter "BHK"), is a corporation organized under the laws of the State of New Jersey, having its principal place of business located at 40 Clifton Terrace, Englewood Cliffs, New Jersey, 07632.
 10. The Sixth Defendant, GEG International Inc., (hereinafter "GEG") is a corporation organized under the laws of the State of New Jersey, having its principal place of business located at 540 Sylvan Avenue, Englewood Cliffs, New Jersey, 07632.
 11. The Seventh Defendant, BOC Company (hereinafter "BOC"), is a company organized and carrying on business under the laws of the Cayman Islands, as an exempt company, having its registered office at Maples & Calder, P.O. Box 309 GT, Grand Cayman, Cayman Islands.
 12. The Eighth Defendant, Sino-Place Alliance Inc. (hereinafter "Sino"), is a corporation organized under the laws of the State of New Jersey, having its principal place of business at 3220 Quartz Lane, B16, Fullerton, California, 92831.
 13. The Ninth Defendant, Non-Ferrous BM Corporation (hereinafter "BM"), is a corporation organized under the laws of the State of New Jersey, having its principal place of business at the same address as the First Defendant, NBM - 526 Route 46 West, Teterboro, New Jersey, 07608.
 14. The Tenth Defendant, CBL Ltd. a/k/a CBL Investment Company, Grand Cayman (hereinafter "CBL"), is a company organized and carrying on business under the laws of the Cayman Islands, as a resident company, and has its registered office at the same place as the Seventh Defendant, BOC, Maples & Calder, P.O. Box 309GT, George Town, Grand Cayman and a mailing address at 295 Tenafly

Road, Apartment 1, Tenafly, New Jersey, 07670. CBL is the registered owner, with title private absolute of at least two parcels of property, as follows:

- (1) West Bay Beach South, Block 12D, Parcel 25H15 (Brittania Building # 5, Apartment 114) (hereinafter "Cayman Property 1") bought on 2nd September 1994 for US\$347,000; and
- (2) West Bay Beach South, Block 12D, Parcel 40H18 (Brittania Phase II, Building # 8, South Block, Apartment # 912) (hereinafter "Cayman Property 2") bought on 2nd September 1994 for US\$375,000.

Both of these Properties are currently listed for sale.

15. The Eleventh Defendant, Charact Enterprises, Inc (hereinafter "Charact") is a corporation organized under the laws of the State of New Jersey, having its principal place of business at 11 Autumn Terrace, Alpine, New Jersey, 07620.

16. The Twelfth Defendant, Century Limited. (hereinafter "Century") is a company organized and carrying on business under the laws of the Cayman Islands, as a resident company, and has its registered office at Maples & Calder P.O. Box 309 GT, George Town, Grand Cayman, Cayman Islands. Century is the registered owner, with title private absolute of property in the Cayman Islands being Registration Section West Bay Beach South, Block 12D, Parcel 40H30, bought on 2nd September 1994 for US\$660,000 (hereinafter "Cayman Property 3"). This Property is currently listed for sale.

(iv) The Individual Defendants

17. The Thirteenth Defendant, John Chou a/k/a Qiang Zhou (hereinafter "Chou"), is an individual domiciled in the State of New Jersey and residing at 11 Autumn Terrace, Alpine, New Jersey, 07620.
18. The Fourteenth Defendant, Sherry Liu a/k/a Sherry Ping Liu (hereinafter "S. Liu"), is an individual domiciled in the State of New Jersey, and residing at 11

Autumn Terrace, Alpine, New Jersey, 07620, the same address as the Thirteenth Defendant, Chou.

19. The Fifteenth Defendant, Minkang Gu (hereinafter ("Gu")), is an individual domiciled in the State of New Jersey and residing at 2430 Eighth Street, No. 6 Fort Lee, New Jersey, 07024.

20. The Sixteenth Defendant, Dao Zhong Liu a/k/a/ Tong Liu (hereinafter "DZ. Liu"), is an individual domiciled in the State of New Jersey and residing at 40 Clifton Terrace, Englewood Cliffs, New Jersey, 07632, the principal place of business of the Fifth Defendant, BHK.

21. The Seventeenth Defendant, Shumin Wang (hereinafter "Wang"), is an individual domiciled in the State of New Jersey and residing at 540 Sylvan Avenue, Englewood Cliffs, New Jersey, 07632, the principal place of business of the Sixth Defendant, GEG.

22. The Eighteenth Defendant, Linda Xiao a/k/a/Xiao Wanlian (hereinafter "Xiao"), is an individual domiciled in New York and residing at 527 Third Avenue #362, New York, NY 10016.

23. The Nineteenth Defendant, Helen Zhou (hereinafter ("H. Zhou")), is an individual domiciled in New York, residing at 40 Clifton Terrace, Englewood, NJ 07632, the principal place of business of the Fifth Defendant, BHK, and the residence of the Sixteenth Defendant, DZ. Liu.

24. The Twentieth Defendant, Hui Liu (hereinafter H. Liu"), is an individual domiciled in New York and residing at 332 E. 6th Street, Apt. #5, New York, NY 10022.

25. The Twenty-First Defendant, Jeff Hohl (hereinafter "Hohl") is an individual domiciled in the State of New Jersey and residing at 295 Tenafly Road,

Apartment # 1, Tenafly, New Jersey, 07670, the mailing address of the Tenth Defendant, CBL.

26. The Twenty-Second Defendant, Ning Zhou (hereinafter "N. Zhou") is a individual domiciled in New Jersey and residing at 500 Priscilla Lane, P.O. Box 1231, Englewood Cliffs, New Jersey, 07632. N. Zhou had, at all material times, an account, with the Twenty-Eighth Defendant, the Royal Bank of Canada.

27. The Twenty-Third Defendant, Patrick Young (hereinafter "Young") is an individual domiciled in New York and residing at 32 Red Oak Place, Massapequa, New York, 11758.

(iv) Cayman Financial Institutions

28. The Twenty-Fourth Defendant, the Bank of America Trust & Banking Corp. (Cayman) Ltd. (hereinafter "Bank of America"), is a bank and trust company organized and carrying on business under the laws of the Cayman Islands as a resident company and has its registered office at P.O. Box 1092 Fort Street, George Town, Grand Cayman, Cayman Islands.

29. The Twentieth-Fifth Defendant, Bank of Bermuda (Cayman) Ltd., (hereinafter "Bank of Bermuda"), is a bank registered and carrying on business under the laws of the Cayman Islands as a non-resident company and has its registered office at 36C Bermuda House, George Town, Grand Cayman, Cayman Islands.

30. The Twenty-Sixth Defendant, the Bank of Butterfield International (Cayman) Ltd. (hereinafter "Bank of Butterfield"), is a bank organized and carrying on business under the laws of the Cayman Islands as a resident company having its registered office at Butterfield House, P.O. Box 705, George Town, Grand Cayman, Cayman Islands.

31. The Twenty-Seventh Defendant, Barclays Bank PLC, (hereinafter "Barclays Bank"), is a bank registered and carrying on business under the laws of the

- Cayman Islands as a foreign company having its registered office at P.O. Box 68GT, George Town, Grand Cayman, Cayman Islands.
32. The Twenty-Eighth Defendant, the Royal Bank of Canada (hereinafter "Royal Bank"), is a bank registered and carrying on business under the laws of the Cayman Islands as a foreign company having its registered office at P.O. Box 245 GT, Grand Cayman, Cayman Islands.
33. The Twenty-Ninth Defendant, the Royal Bank of Canada Trust (Cayman) Ltd. (hereinafter "Royal Bank Trust"), is a trust company organized and carrying on business under the laws of the Cayman Islands as a non-resident company having its registered office at P.O. Box 1586 GT, George Town, Grand Cayman, Cayman Islands.
34. The Thirtieth Defendant, UBS AG (hereinafter "UBS AG") is a bank registered and carrying on business under the laws of the Cayman Islands as a foreign company having its registered office at Caledonia Bank & Trust Ltd. P.O. Box 1043 GT, George Town, Grand Cayman, Cayman Islands.
35. The Thirty-First Defendant, UBS (Cayman Islands) Ltd. (hereinafter "UBS Cayman"), is a bank organized and carrying on business under the laws of the Cayman Islands as a resident company having its registered office at UBS Trustees (Cayman) Ltd, P.O. Box 2325 GT, George Town, Grand Cayman, Cayman Islands.
36. The Thirty-Second Defendant, UBS Trustees (Cayman) Ltd. (hereinafter "UBS Trustees"), is a trust company organized and carrying on business under the laws of the Cayman Islands as a resident company having its registered office at P.O. Box 2325GT, George Town, Grand Cayman, Cayman Islands.

II FACTS

A. RELATIONSHIP AMONG THE INDIVIDUAL DEFENDANTS AND THE NBM ENTITIES

37. Attached to this Statement of Claim, as Attachment “B”, is a Chart of Interrelationships (Individuals) which shows the relationship of the individual Defendants to each other and to the NBM Entities (First to Twelfth Defendants). The NBM Entities were controlled, at all material times, directly or indirectly, by the Thirteenth Defendant, Chou, and by his wife, the Fourteenth Defendant, S. Liu. The contents of Attachment “B” are incorporated herein.
38. Attached to this Statement of Claim, as Attachment “C”, is a Chart of Corporate Interrelationships which shows the relationship of the NBM Entities (First to Twelfth Defendants) to each other. The contents of Attachment “C” are incorporated herein.
39. The NBM Entities and the individual Defendants conspired with each other and carried out a fraudulent scheme, the sole or predominant purpose of which was to damage the Plaintiff, as outlined hereinafter.
40. The aforementioned conspirators were assisted by a collaborator, Young, the Twenty-Third Defendant, who was employed by the Plaintiff in various capacities but who, at all material times, was acting outside the scope of his employment in participating in the fraud of the First to Twenty-Second Defendants; more about this below and hereinafter.

B. FRAUDULENT CONDUCT OF PATRICK YOUNG (PLAINTIFF’S EX EMPLOYEE)

41. The Twenty-Third Defendant, Young, was employed by the Plaintiff from 29th May 1992 to March 2000 when he was dismissed for misconduct. During the period of 29th May 1992 to November 1999, Young was the Deputy Manager of the Credit and Business Development Department in New York; from November 1999 to March 2000, Young was the Deputy Manager of the Risk Management

Department. Young's fraudulent conduct will be described in greater detail hereinafter.

C. THE NBM CREDIT FACILITY

(i) Introduction

42. At the request of Thirteenth Defendant, Chou, and the Ninth Defendant, BM, a predecessor to the First Defendant, NBM, the Plaintiff provided a US\$6,000,000 trade finance facility to the Ninth Defendant, BM, on 21st March 1992.
43. On 9th March 1994, at the further request of the Ninth Defendant, BM, and the Thirteenth Defendant, Chou, the Plaintiff increased the aforementioned facility to US\$10,000,000 with a maturity date of 31st December 1994.
44. Again at the request of the Thirteenth Defendant, Chou, and the Ninth Defendant, BM, on 31st August 1994, the Plaintiff extended to the Ninth and Twelfth Defendants a further credit facility of US\$5,000,000 with a maturity date of 31st December 1994. Both aforementioned credit facilities are hereinafter referred to as the "NBM Credit Facility".
45. Again at the request of the Ninth Defendant, BM, and the Thirteenth Defendant, Chou, the Plaintiff issued written extensions of the maturity date of the US\$15,000,000 NBM Credit Facility several times. Finally, the Plaintiff extended the maturity date of the NBM Credit Facility until 31st July 1999.
46. Each commitment letter agreement with respect to the NBM Credit Facility stated expressly that the purpose of the Credit Facility was to accommodate NBM's "export of nonferrous metals, other metals and fabrics to and from China". Each such agreement specifically imposed as a condition and limit to obtaining funds under the facility that the funds be used for actual metal or fabric importing and exporting transactions. Neither the approval to the NBM Credit Facility nor any

agreement connected therewith authorized the funds be used for the speculation of commodities trading.

47. BM's obligation to repay the Plaintiff under the NBM Credit Facility is documented by a Credit Agreement dated 4th October 1996, a Continuing Agreement for Letters of Credit dated 4th October 1996 and a Master Promissory Note dated 28th September 1998 in the original principal amount of US\$15,000,000 issued by NBM in favour of the Plaintiff (the "Note") and separate individual promissory notes.

48. Under the Note, if any of NBM's debt to the Plaintiff was not paid when due (31st July 1999), all sums of principal and interest and all sums payable under the Credit Agreement became immediately due and payable, without notice of default or demand, and the Plaintiff was (and is) entitled to recover its costs of collection.

49. Under the NBM Credit Facility, the Plaintiff made advances to NBM in both US dollars and Japanese yen, amounting to approximately US\$19,000,000.

50. The security for the NBM Credit Facility consisted of a lien on personal property, real property mortgages (charges), pledges and assignments of deposits and personal guarantees (described below).

51. The Plaintiff perfected its security interests in the First Defendant NBM's general personal property.

(ii) Mortgages (Charges) Used as Security for the NBM Credit Facility

52. The Thirteenth Defendant, Chou, and the Fourteenth Defendant, S. Lui, husband and wife, as security for the NBM Credit Facility, granted the Plaintiff mortgages (charges) over three properties owned by them, as follows:

- (1) 665 Summit Street, Englewood Cliffs, New Jersey (hereinafter "Property 1"). A mortgage was granted on 21st April 1994 in the original principal

amount of US\$385,000.00 and was modified and extended on 4th October 1996 (hereinafter "Mtge #1).

(2) 394 East Palisades Avenue, Englewood, New Jersey (hereinafter "Property # 2"). A mortgage was granted on 4th October 1996 in the principal amount of US\$1,800,000.00 and recorded (registered) on 6th November 1996 (hereinafter "Mtge # 2).

(3) 11 Autumn Terrace, Alpine, New Jersey (hereinafter "Property # 3"). A mortgage was granted on 4th October 1996 in the principal amount of US\$3,000,000.00 (hereinafter "Mtge # 3).

(iii) Defrauding the Plaintiff With Respect to the Real Property Held as Security

53. The Thirteenth Defendant, Chou, and the Fourteenth Defendant, S. Liu, conspired with the Twenty-Third Defendant, Youngs, and engaged in a fraudulent scheme designed to damage the Plaintiff; the scheme was carried out, thereby damaging the Plaintiff as outlined hereinafter. At all material times, the said Youngs, was acting outside the scope of his employment with the Plaintiff.

54. With respect to Property # 2 and Mtge # 2, the Twenty-Third Defendant, Youngs, on 6th May 1997, wrongfully and fraudulently caused Mtge # 2 to be postponed.

55. Subsequently, the Thirteenth Defendant, Chou, and the Fourteenth Defendant, S. Lui conspired, with the Twenty-Third Defendant, Youngs, to present and did present to Shmuley Boteach and Deborah Boteach, potential purchasers of Property # 2, a forged letter, dated 28th December 1999, on the Plaintiff's letterhead which purported to release the Plaintiff's mortgage (Mtge # 2) on Property # 2. This allowed Chou and Lui to sell Property # 2 to the Boteachs on 18th January 2000 for US\$1,520,000.00, without Mtge # 2 being satisfied and to defeat a substantial part of the security for the NBM Credit Facility.

56. With respect to Property # 3 and Mtge # 3, the Thirteenth Defendant, Chou, the Fourteenth Defendant, S. Lui, and their collaborator, the Twenty-Third Defendant, Young, wrongfully and fraudulently, in or about 1997, caused Mtge # 3 to be subordinated to a mortgage in favour of the Emigrant Mortgage Company, Inc. in the amount of US\$2,000,000.00, (subsequently the latter mortgage was assigned, on 19th June 1998, to the Emigrant Savings Bank). The fraudulent subordination was carried out by the collaborator, Young, who signed the subordination documents. The aforesaid fraud allowed Chou and S. Lui to pocket the US\$2,000,000.00 and, effectively, defeated the Plaintiff's real property security for the NBM Credit Facility.

(iv) Security for the NBM Credit Facility - The RCHFINS Deposit

57. To further induce the Plaintiff to fund loans under the NBM Credit Facility, on 1st October 1996, the First Defendant, NBM, delivered to the Twenty-Third Defendant, Young, a Pledged Collateral Account Agreement for US\$1,000,000 in United States Treasury Securities deposited with RCHFINS Inc. (the "Treasury Collateral Agreement"). Young, acting at all material times outside the scope of his employment, falsely reported to the Plaintiff that NBM had delivered cash collateral rather than the United States Treasury Securities. The Thirteenth Defendant, Chou, executed the Treasury Collateral Agreement on behalf of NBM and Young executed it on behalf of the Plaintiff.

58. The Treasury Collateral Agreement was on a RCHFINS Inc. Form and established an account for such deposit and authorized the Plaintiff to give instructions with respect to the account, provided that any instruction to distribute funds from the account had to come from both the Plaintiff and the First Defendant, NBM, unless the Plaintiff specified that an "Event of Default" had occurred.

59. RCHFINS Inc. signed an acknowledgment of receipt of the Treasury Collateral Agreement.
60. RCHFINS Inc. is currently defunct (not in good standing and not active) and has been defunct since at least 1997. There is currently no corporate charter filed with the Secretary of State of Delaware, the State of incorporation for "RCHFINS Inc."

(v) Personal Guarantees of Chou and S. Liu

61. On 4th October 1996, in order to induce the Plaintiff to advance funds to the First Defendant, NBM, the Thirteenth Defendant, Chou, executed a personal guarantee guaranteeing all obligations owed by the First Defendant, NBM, to the Plaintiff, with the liability of Chou, as guarantor, not to exceed, at any one time, the aggregate principal amount of US\$15,000,000 plus interest and expenses (the "Chou Guarantee"). Chou never intended to and did not honour the Chou Guarantee.
62. In order to induce the Plaintiff to advance funds to the First Defendant, NBM, on 4th October 1996, the Fourteenth Defendant, S. Liu, also executed a personal guarantee guaranteeing all obligations owed by NBM to the Plaintiff, with the liability of S. Liu, as guarantor, not to exceed, at any one time, the aggregate principal amount of US\$15,000,000 plus interest and expenses (the "S. Liu First Guarantee"). S. Liu never intended to and did not honour the S. Liu First Guarantee.
63. Though the Plaintiff has made timely demands for payment, in furtherance of their fraud on the Plaintiff, the Thirteenth Defendant, Chou, and the Fourteenth Defendant, S. Liu, in breach of contract, never honoured the Chou Guarantee nor the S. Liu First Guarantee.

(vi) The NBM Discount Loans

64. Between August and December of 1999, the Thirteenth Defendant, Chou, together with certain other Defendants, as detailed below, in order to damage the Plaintiff, fraudulently induced the Plaintiff to make a series of 17 short term loans ("Discount Loans") in Japanese yen to the First Defendant, NBM. At least 16 of the 17 Discount Loans were not repaid by the First Defendant, NBM, when due.
65. Each Discount Loan was documented by a "Revised Discount and Reimbursement Agreement" (collectively "Discount Agreements" and, individually, "Discount Agreement").
66. Each Discount Agreement was said, expressly, to be governed by the laws of the State of New York, one of the United States of America.
67. Under Section 2 of each Discount Agreement, upon the First Defendant NBM's failure to reimburse any amounts due to the Plaintiff, the Plaintiff was expressly authorized to deduct the amount owed from all accounts of the First Defendant, NBM, with the Plaintiff and from any assigned monies received by NBM, including funds received from Kwangtung Provisional Bank.
68. Pursuant to each Discount Agreement, the First Defendant, NBM, also undertook to pay any deficiency resulting from any currency exchange and agreed to indemnify the Plaintiff against all losses arising therefrom and the fees and expenses incurred in the performance and enforcement of the Discount Agreement, including attorneys' fees.
69. Each Discount Agreement contained a cross-default provision which specified that a default under any Discount Agreement constituted a default under all other Discount Agreements.

(vii) Fraudulent and Inadequate Security for the Discount Loans

70. At least 15 of the defaulted Discount Loans were each secured by a time deposit made by the Seventh Defendant, BOC, with the Kwangtung Provisional Bank, denominated Hong Kong dollars, and evidenced by a Certificate of Deposit (hereinafter "CD") issued by Kwangtung Provisional Bank to BOC (a Cayman company).
71. All but one of the CD's was the subject of a Hypothecation Agreement (each a "Hypothecation Agreement") in favour of the Plaintiff given by the account holder of the CD's, the Seventh Defendant, BOC, pursuant to which Kwangtung Provisional Bank was authorized to pay the amount of each CD to the Plaintiff for the benefit of First Defendant NBM's account on the maturity date of the corresponding Discount Agreement.
72. The Nineteenth Defendant, H. Liu, the Thirteenth Defendant Chou's brother-in-law, is the authorized signatory of the Seventh Defendant, BOC, and BOC is directly or indirectly controlled by Chou. H. Liu signed each Hypothecation Agreement before the Twenty-Third Defendant, Young, a Notary Public.
73. The First Defendant, NBM, through the Thirteenth Defendant, Chou, fraudulently misrepresented to the Plaintiff that the funds borrowed under the Discount Loans were to be used for import and export of metals. The Plaintiff would not have made the Discount Loans if it knew that this representation was false.
74. The First Twenty-Two Defendants effectively engaged in a "kiting" scheme whereby they used loan funds for unauthorized transactions and also as collateral for future loans, borrowing funds from the Plaintiff, and then falsely representing, in applying for future loans to the Plaintiff, that the loan funds were actually business revenue. This was done with the collaboration of the Twenty-Third Defendant, Young, who, at all material times, was acting outside the scope of his employment. Some of the borrowed funds were passed through account # 5301-

8211892-001, in the name of the Twenty-Second Defendant, N. Zhou, at the Bank of China, Grand Cayman. The authorized signatories on that account were N. Zhou, the Thirteenth Defendant, Chou, and the Fourteenth Defendant, S. Lui. Some of the borrowed funds were used by CBL and Century to buy the 3 Cayman properties referred to earlier.

75. Specifically, without ever informing the Plaintiff, the First Defendant, NBM, used the loans to engage in unauthorized currency and interest rate arbitrage by taking out loans in Japanese yen, sometimes converting it through several currencies, then finally using the converted funds and the Seventh Defendant BOC's CDs in Hong Kong dollars to collateralize the future loans from the Plaintiff, profiting from differences in currency and interest rates at the time the "collateral" was paid. NBM fraudulently misrepresented to the Plaintiff that the "collateral" represented a trade debt owed by BOC to NBM, when, in fact, it was the funds from an earlier Discount Loan or from the NBM Credit Facility or one of the other Credit Facilities referred to below.

76. The First Defendant, NBM, used this scheme of fraudulently obtaining increasing amounts of loan funds from the Plaintiff (by using funds from previous Discount Loans and/or a Credit Facility as "collateral") without the intention ever to repay the great bulk of the amounts borrowed from the Plaintiff under all of the Credit Facilities it had received, either directly or indirectly.

77. Although the Plaintiff has taken possession of and applied sufficient "collateral" to repay all of the amounts due under the Discount Loans (with the exception of legal and collection fees), much of this "collateral" was funds from loans made under the NBM Credit Facility to the First Defendant, NBM; therefore, substantial sums remain due from NBM to the Plaintiff for which the First Twenty-Three Defendants are all liable, jointly and severally.

78. The First Defendant NBM's activities, culminating in the failure to repay amounts due, while using loan funds from various credit lines to induce the Plaintiff to increase the total indebtedness of NBM (and the other Second, Third and Fifth Defendants), constitutes fraud and a default under various agreements between the Plaintiff and NBM. The First Twenty-Three Defendants are jointly and severally liable for the damages caused by such fraud and default. In addition, NBM has breached its contracts with the Plaintiff, so have the Thirteenth Defendant, Chou, and the Fourteenth Defendant, S. Liu.

(viii) Amount Owning

79. As of 1st January 2001, the amount owing to the Plaintiff under the NBM Credit Facility is US\$16,132,345.

D. THE MEI CREDIT FACILITY

(i) Introduction

80. On 9th March 1996, the Plaintiff approved a line of credit of US\$3,000,000 to the Second Defendant, Mei (hereinafter "Mei Credit Facility"), with an original maturity date of 28th March 1997. Thereinafter, the Plaintiff extended the maturity date and increased the credit amount of the Mei Credit Facility several times. Finally on 16th November 1999, the Plaintiff increased the Mei Credit Facility to US\$12,500,000 and extended the maturity date to 30th April 2000.

81. The Mei Credit Facility is documented by a Reimbursement and Credit Agreement, dated 16th November 1999, between the Plaintiff and Second Defendant, Mei (hereinafter the "Mei Credit Agreement"). The signatory for Mei on the Mei Credit Agreement is the company President, the Fourteenth Defendant S. Liu.

82. On 7th December 1999, the Second Defendant, Mei, issued a master Promissory Note in favour of the Plaintiff in the original amount of US\$12,500,000, with a maturity date of 30th April 2000.

83. In collusion with the other First Twenty-Three Defendants, the Second Defendant, Mei, fraudulently induced the Plaintiff to lend the US\$12,500,000, without any intention of ever repaying the amount due.

84. The Second Defendant, Mei, has defaulted on the Mei Credit Facility and, as of the date hereof, the default and breach of contract have not been cured.

(ii) Security for Mei Credit Facility

85. Starting in 1996, the Fourteenth Defendant, S. Liu, executed a series of personal guarantees, each in increasing principal amounts, in order to fraudulently induce the Plaintiff to advance funds to Second Defendant, Mei. On 7th December 1999, S. Liu executed the final personal guarantee guaranteeing all obligations owed by Mei to the Plaintiff, with the liability of S. Liu, as guarantor, not to exceed, at any one time, the aggregate principal amount of US\$12,500,000 plus interest and expenses (hereinafter the "S. Liu Second Guarantee"). S. Liu never had any intention of honouring the S. Liu Second Guarantee and, in breach of contract, has not honoured it.

86. As further security, the Second Defendant, Mei, caused an account to be hypothecated with the Tenth Defendant, CBL, (a Cayman company) in the amount of US\$1,000,000 as "collateral" for loans under the Mei Credit Facility.

87. The Second Defendant, Mei, in or about November of 1999, in order to obtain an extension of US\$3,000,000 additional credit under the then existing Mei Credit Facility, promised to place an additional US\$500,000 in deposits with the Plaintiff. Mei never intended to fulfill this promise and made it only to induce the

Plaintiff to lend further funds to Mei. The deposits of US\$500,000 were never made.

88. Finally, to further induce the Plaintiff to fund loans to it, the Second Defendant, Mei, like the First Defendant, NBM, delivered to the Twenty-Third Defendant, Young, a Pledged Collateral Account Agreement for US\$2,250,000 in United States Treasury Securities deposited with RCFINS, Inc. (the "Treasury Collateral Agreement"). Young, acting at all material times outside the scope of his employment, fraudulently reported to the Plaintiff that Mei had delivered collateral. Young did not mention the fact that the collateral was United States Treasury Securities and not cash.

89. The Fourteenth Defendant, S. Liu, executed the Treasury Collateral Agreement for the Second Defendant, Mei, and the Twenty-Third Defendant, Young, executed it on behalf of the Plaintiff.

90. As stated above, RCHFINS Inc. is defunct and has been defunct since 1997 and, there is no corporate charter filed with the Secretary of State of Delaware for "RCHFINS, Inc."

(iii) **Amount Owning**
91. As of 1st January 2001, the outstanding principal and interest owing to the Plaintiff under the Mei Credit Facility totals US\$12,799,435.00.

E. THE CHG CREDIT FACILITY

(i) **Introduction**

92. On 5th August 1996, the Plaintiff approved a credit facility for CHG (hereinafter the "CHG Credit Facility") in the original amount of US\$2,500,000 with a maturity date of 5th August 1997. Thereafter, the CHG Credit Facility was extended, reinstated and increased several times.

93. On 16th March 1999, the Plaintiff renewed the CHG Credit Facility, increased it to US\$4,900,000 and extended the maturity date until 12th March 2000.

(ii) Security for the CHG Credit Facility

94. Security for the CHG Credit Facility was in the form of a general security agreement, UCC-1 filings, subordination of shareholder's loans, and a Cash Collateral and Pledge Agreement under which the Third Defendant, CHG, assigned and pledged to the Plaintiff US\$600,000 held in an account maintained with the Tenth Defendant, CBL (hereinafter the "CHG Pledge Agreement").

95. The US\$600,000 held under the CHG Pledge Agreement was transferred to the Thirtieth Defendant, USB AG, the Thirty-First Defendant, UBS Cayman, or the Thirty-Second Defendant, UBS Trustees, on maturity, to hold on further time deposit, notwithstanding promises to the Plaintiff by CHG that the money would be transferred to the Plaintiff.

96. On 22nd December 1999, the Plaintiff received a letter on the letterhead of the Thirtieth Defendant, UBS AG, signed by two Executive Directors. The 22nd December letter stated that UBS Cayman would wire, at the Plaintiff's request, US\$600,000 to the Plaintiff's New York branch on 30th September 2000 in favour of the Third Defendant, CHG.

97. On 28th August 2000, the Plaintiff made a request to the Thirtieth Defendant, UBS AG, to wire the funds described in the purported confirmation of 22nd December 1999, referred to above, and provided appropriate wire information to UBS AG.

98. In a letter dated 29th September 2000 and in an undated letter received shortly after the Plaintiff's 28th August 2000 letter to the Thirtieth Defendant, UBS AG, the Third Defendant, CHG, wrote to the Plaintiff that the latter had no right to request transfer of the funds (US\$600,000) and that the Plaintiff's actions were

invalid. Shortly thereafter, the Plaintiff received from the Thirtieth Defendant, UBS AG, a copy of the Plaintiff's 28th August 2000 letter, stamped "No Longer Valid. Was NEVER Confirmed".

99. The Third Defendant, CHG, also executed a Cash Collateral and Pledge Agreement, dated 18th March 1999, pledging a total of US\$600,000 in an account purportedly maintained with the Tenth Defendant, CBL, in the Cayman Islands.

100. A Master Promissory Note, dated 16th March 1999 provided for repayment by the Third Defendant, CHG, of US\$4,800,000 on 12th March 2000 and is signed by CHG's President, the Fifteenth Defendant, Gu, and its Secretary, the Eighteenth Defendant, Xiao.

101. In furtherance of the fraud by the First Twenty-Three Defendants, the Third Defendant, CHG, failed to pay the Promissory Note when due, breaching its contract with the Plaintiff.

(iii) **Amount Owing**

102. As of 1st January 2001, the current outstanding principal and interest owing to the Plaintiff under the CHG Credit Facility totals US\$3,687,436.00.

F. BHK CREDIT FACILITY

(i) **Introduction**

103. On 2nd August 1999, the Plaintiff sent a letter to the Sixteenth Defendant, DZ. Liu, the President of BHK, approving a credit facility to BHK (hereinafter "BHK Credit Facility") for the amount of US\$300,000.

104. The BHK Credit Facility had a maturity date of 2nd August 2000.

105. The Security for the BHK Credit Facility consisted of a general lien over all of the personal property of the Fifth Defendant, BHK, evidenced by a General Security Agreement and perfected by a UCC-1 filing, a pledge of deposit in the amount of

US\$30,000 and a personal guarantee of the Sixteenth Defendant, DZ. Liu, in the amount of US\$300,000. In furtherance of the fraud of all of the First Twenty-Three Defendants, BHK has failed and refused to make payments due to the Plaintiff. BHK and DZ. Liu are in breach of their contracts with the Plaintiff.

(ii) Amount Owning

106. As of 1st January 2001 the current outstanding principal and interest owing to the Plaintiff under the BHK Credit Facility is US\$221,463.70.

G. THE FRAUDULENT COLLABORATION OF YOUNG

(i) General

107. Each time that an NBM Entity requested a credit facility from the Plaintiff, the Twenty-Third Defendant, Young, as account officer, was responsible for preparing a Credit Recommendation Report (hereinafter "CRR") which detailed, among other things, terms and conditions of the proposed credit facility, the documentation for the credit facility, the background of the credit facility, the background on the borrower (including a financial analysis), the banking relationship with the borrower and a review of the collateral.

108. The Twenty-Third Defendant, Young, prepared CRRs which, not only misrepresented the credit qualification of applicable NBM Entity for large loan amounts, but also misrepresented the nature of the collateral for those loans. Young purposely failed to conduct diligent investigations and actively misrepresented them to the Plaintiff. The Plaintiff relied on Young's representations and recommendations and on the information contained in Young's CRRs in loaning money to the NBM Entities. Young purposely failed to investigate certain security providers and collateral pledged to the Plaintiff and fraudulently misrepresented their nature to the Plaintiff.

(ii) NBM Credit Facility

109. Notwithstanding that the Twenty-Third Defendant, Young, had fraudulently signed, on behalf of the Plaintiff, the postponements of mortgage against Properties # 2 and # 3, Young later recommended to the Plaintiff that the NBM Credit Facility be renewed and increased. In making these recommendations, Young described the collateral as first mortgages supporting the NBM Credit Facility, including these two properties, but fraudulently did not state that the Plaintiff's mortgages had been subordinated. In doing so, Young intended to deceive the Plaintiff as to the value of the collateral supporting the NBM Credit Facility, and induced the Plaintiff to continue to lend money to First Defendant, NBM, when Young knew that the Plaintiff's security interest in the collateral comprising the two properties had been seriously prejudiced.

110. The Twenty-Third Defendant, Young, received financial benefits in connection with his collusive activities to defraud his employer, the Plaintiff.

H. ROLE OF BOC (THE SEVENTH DEFENDANT)

(i) Introduction

111. The Seventh Defendant, BOC, (a Cayman company) joined in and facilitated the frauds perpetrated on the Plaintiff by the other First Twenty-Three Defendants. BOC used the Plaintiff's telephone and facsimile numbers on BOC letterhead.

112. The Seventh Defendant, BOC, hypothecated a total in Hong Kong Dollar deposits an equivalent to approximately US\$48,000,000 to secure Discount Loans from the Plaintiff to the First Defendant, NBM. A part of these hypothecated funds, in furtherance of the fraud, were in fact funds from loans made by the Plaintiff.

113. Signatories on the Hypothecation Agreements made on behalf of the Seventh Defendant, BOC, include the Twentieth Defendant, H. Liu. H. Liu's signature on

the Hypothecation Agreements was notarized by the Twenty-Third Defendant, Young.

(ii) BOC Not An Arm's Length Customer of NBM

114. Under cover of a letter dated 22nd October 1999, the First Defendant, NBM, presented certain documents and requested the Plaintiff collect the invoice value of US\$972,055.20 on behalf of NBM and the Seventh Defendant, BOC, with Kwangtung Provisional Bank in Hong Kong.

115. The collection documents reflected that the subject of the transaction was 1468 bundles of lead ingot, purportedly stored at C. Steinweg Warehousing (F.E.) PTE Ltd. in Singapore.

116. The C. Steinweg Warehousing facility has since stated that no warehouse release order for the subject transaction existed. In addition, neither the First Defendant, NBM, nor the Thirteenth Defendant, Chou, were known to the C. Steinweg Warehousing Facility. Therefore, the lead ingot probably never existed.

117. On 3rd October 2000, the Plaintiff received a letter from the First Defendant, NBM, requesting that the Plaintiff advise its correspondent bank, the Kwangtung Provisional Bank, immediately to release the collection documents without the Seventh Defendant BOC's payment, because "it has been duly effected by Buyer and Seller."

118. The transaction described above is one of many in which the First Defendant, NBM, and other NBM Entities colluded deliberately and systemically to defraud the Plaintiff, causing damage to the Plaintiff in an as yet undetermined amount.

I. AMOUNT OWING TO 1ST JANUARY 2001

119. The amounts owing to the Plaintiff, as of 1st January 2001, for principal and interest pursuant to the NBM Credit Facility, the Mei Credit Facility, the CHG Credit Facility, and the BHK Credit Facility are as follows:

- (i) NBM Credit Facility - US\$16,132,345.00
 - (ii) Mei Credit Facility - US\$12,799,435.00;
 - (iii) CHG Credit Facility - US\$ 3,687,436.00;
 - (iv) BHG Credit Facility – US\$ 221,463.70.
- US\$32,840,679.70

J. ROLE OF THE TWENTY-FOURTH TO THIRTY-SECOND DEFENDANTS (FINANCIAL INSTITUTIONS)

120. Defendants Twenty-Four through Thirty-Two are financial institutions registered in the Cayman Islands.

121. The Twenty-Fourth through Thirty-Second Defendants were used by the First Twenty-Three Defendants as conduits for the loans which were the subject of the NBM Credit Facility, the Mei Credit Facility, the CHG Credit Facility and the BHK Credit Facility. Said loans were used as part of the aforementioned fraudulent kiting/pyramiding strategies of the First Twenty-Three Defendants.

122. The Twenty-Fourth through Thirty-Second Defendants, having got mixed up in the fraudulent and tortuous activities of the First Twenty-Three Defendants, so as to facilitate their wrongdoing, owe a duty to the Plaintiff to assist the Plaintiff by giving it full information about any transactions involving the first Twenty-Three Defendants, whether directly or indirectly and whether done in their name or done through individuals, partnerships, companies or trusts acting as nominees, agents, representatives or alter egos for any one or more of them.

K. PLAINTIFF'S CLAIM

123. The Plaintiff claims against the First Twenty-Three Defendants:

- (1) Damages against the First, Second, Third, Fifth and Ninth Defendants for breach of contract in the amount of US\$32,840,679.70 to 1st January 2001 and continuing;
- (2) Damages against the Thirteenth and Fourteenth Defendants for breach of guarantee in the amount of US\$27,000,000.00 to 1st January 2001 and continuing;
- (3) Damages against the Sixteenth Defendant for breach of guarantee in the amount of US\$221,463.70 to 1st January 2001 and continuing;
- (4) Damages for breach of fiduciary duty, conspiracy to injure, fraud and unjust enrichment in an amount to fully compensate the Plaintiff for all losses caused by the conduct of the First Twenty-Three Defendants;
- (5) Punitive Damages in the amount of US\$70,000,000;
- (6) A Mareva injunction prohibiting the First Twenty-Three Defendants, or any one of them, from disposing, whether by removal or otherwise, any and all assets in the Cayman Islands beneficially owned by them, or any of them, whether such assets are held in his/hers/its name or not, whether solely or jointly owned and whether real or personal property; in particular, the following assets:
 - (a) any assets in the Cayman Islands, whether in an account or not, in the name of the First Twenty-Three Defendants, or any of them;
 - (b) any assets in the Cayman Islands, whether in an account or not, beneficially owned by or controlled by, directly or indirectly, by any of the First Twenty-Three Defendants but held in the name of another person or entity for any of the First Twenty-Three Defendants,

including assets held in any account for which any one of the First Twenty-Three Defendants has signing authority, either alone or together with another or others;

(c) Cayman Property 1 (Registration Section West Bay Beach South, Block 12D, Parcel 25H15);

(d) Cayman Property 2 (Registration Section West Bay Beach South, Block 12D, Parcel 40H128); and

(e) Cayman Property 3 (Registration Section West Bay Beach South, Block 12D, Parcel 40H30);

(7) As against the Seventh, Tenth and Twelfth Defendants, a discovery order that each such Defendant must disclose to the Plaintiff, in an affidavit served within fifteen working days after service of the order upon it, any assets held by it, directly or indirectly, for any of the other First Twenty-Three Defendants.

(8) Leave of this Honourable Court, if necessary, to serve the Writ of Summons out of the jurisdiction pursuant to the provisions of Order 11, r.

(1) (b) (c) (e) (f) (ff) and (j);

(9) Tracing orders;

(10) Pre-judgment interest pursuant to contract at the rate of 2% per month from 2nd January 2001, accrued daily and compounded monthly, at US\$6,234.91 per day;

(11) Post-judgment interest pursuant to the contract at the rate of 2% per month accrued daily and compounded monthly;

(12) Attorneys' fees and costs on a full indemnity basis; and

(13) Such further and other relief as to this Honourable Court may seem just.

124. The Plaintiff claims against each of the Twenty-Fourth to Thirty-Second Defendants:

(1) A discovery order that each of the Twenty-Fourth to Thirty-Second Defendants served with a copy of the Interlocutory Injunction Prohibiting Disposal of Assets in the Cayman Islands:

(a) Disclose to the Plaintiff in writing at once and, in any event, no later than the fifteen working days after service of the order upon it, the sums and balances at present standing in the name of any of the First Twenty-Three Defendants or in the name of another person or entity but beneficially owned by or controlled by, directly or indirectly, by any of the First Twenty-Three Defendants. The information must be confirmed in an affidavit which must be served on the Plaintiff's attorneys-at-law within the said period of fifteen working days after service of the order.

(b) Disclose to the Plaintiff and permit the Plaintiff to take copies, within fifteen working days of the date of service of the order:

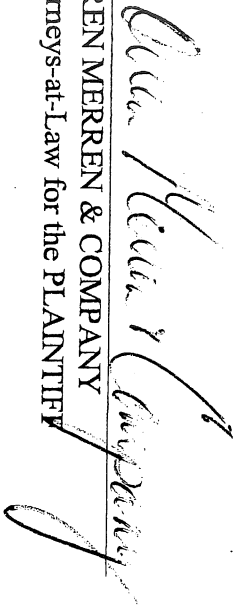
(i) All correspondence passing between the Defendant and any of the First Twenty-Three Defendants or other person or entity, relating to any account assets referred to in clause 1(a) above, from 1st January 2000 onwards;

(ii) All cheques, or copies of cheques, drawn on any account containing assets referred to in clause 1(a) above, from 1st January 2000 onwards; and

(iii) All credit and/or debit vouchers, transfer applications and orders and internal memoranda relating to any account

containing assets referred to in clause 1(a) above, from 1st
January 2000 onwards.

- (2) A declaration that each of the Twenty-Fourth to Thirty-Second Defendants holds the sums and balances, referred to in clause 1(a) immediately above, as a constructive trustee for the Plaintiff.
- (3) Tracing orders.
- (4) Such further and other relief as to this Honourable Court may seem just.


ORREN MERREN & COMPANY
Attorneys-at-Law for the PLAINTIFF

This Writ was issued by Messrs. Orren Merren & Company, the attorneys-at-law for the Plaintiff, whose address for service is Kirk House, Third Floor, Albert Panton Street, P.O. Box 481G, Grand Cayman, Cayman Islands, British West Indies.

Attachment "A"

TO: NBM CORPORATION 526 Route 46 West Teterboro, New Jersey U.S.A. 07608	First Defendant
TO: YANG MEI CORPORATION 526 Route 46 West Teterboro, New Jersey U.S.A. 07608	Second Defendant
TO: C.H.G. ENTERPRISES INC. 526 Route 46 West Teterboro, New Jersey U.S.A. 07608	Third Defendant
TO: NATIONAL BUDGET MERCHANDISE, INC 526 Route 46 West Teterboro, New Jersey U.S.A. 07608	Fourth Defendant
TO: BHK L.L.C. 40 Clifton Terrace Englewood Cliffs, New Jersey U.S.A. 07632	Fifth Defendant
TO: GEG INTERNATIONAL INC 540 Sylvan Avenue Englewood Cliffs, New Jersey U.S.A. 07632	Sixth Defendant
TO: BOC COMPANY Registered office Maples & Calder P. O. Box 309 GT Grand Cayman, Cayman Islands	Seventh Defendant
TO: SINO-PLACE ALLIANCE INC. 3220 Quartz Lane, B16, Fullerton, California U.S.A. 92831	Eighth Defendant
TO: NON FERROUS BM CORPORATION 526 Route 46 West Teterboro, New Jersey U.S.A. 07608	Ninth Defendant

TO: CBL Ltd.
Registered Office
Maples & Calder
P.O. Box 309 GT
Grand Cayman, Cayman Islands

Tenth Defendant

TO: CHARACTER ENTERPRISES, INC
11 Autumn Terrace,
Alpine, New Jersey
U.S.A. 07620

Eleventh Defendant

TO: CENTURY LIMITED
Registered Office
Maples & Calder
P.O. Box 309 GT
Grand Cayman, Cayman Islands

Twelfth Defendant

TO: JOHN CHOU a/k/a/ QIANG ZHOU
11 Autumn Terrace,
Alpine, New Jersey
U.S.A. 07620

Thirteenth Defendant

TO: SHERRY LIU a/k/a/ SHERRY PING LIU
11 Autumn Terrace
Alpine, New Jersey
U.S.A. 07620

Fourteenth Defendant

TO: MINKANG GU
2430 Eighth Street, No. 6
Fort Lee, New Jersey
U.S.A. 07024

Fifteenth Defendant

TO: DAO ZHONG LIU
40 Clifton Terrace
Englewood Cliffs, New Jersey
U.S.A. 07632

Sixteenth Defendant

TO: SHUMIN WANG
540 Sylvan Avenue
Englewood Cliffs, New Jersey
U.S.A. 07632

Seventeenth Defendant

TO: LINDA XIAO
527 Third Avenue, # 362
New York, New York
U.S.A. 10016

Eighteenth Defendant

TO: HELEN ZHOU
40 Clifton Terrace
Englewood Cliffs, New Jersey
U.S.A. 07632

Nineteenth Defendant

TO: HUI LIU
332 E 6th Street, # 5
New York, New York,
U.S.A. 10022

Twentieth Defendant

TO: JEFF HOHL
295 Tenafly Road, # 1
Tenafly, New Jersey,
U.S.A. 07670

Twenty-First Defendant

TO: NING ZHOU
500 Priscilla Lane,
P.O. Box 1231
Englewood Cliffs, New Jersey
U.S.A. 07632

Twenty-Second Defendant

TO: PATRICK YOUNG
32 Red Oak Place
Massapequa, New York,
New York, U.S.A. 11758

Twenty-Third Defendant

TO: BANK OF AMERICA TRUST & BANKING
CORP (CAYMAN) LTD.
Registered Office
P.O. Box 1092,
Fort Street, George Town,
Grand Cayman, Cayman Islands

Twenty-Fourth Defendant

TO: BANK OF BERMUDA (CAYMAN) LTD.
Registered Office
36C Bermuda House
George Town, Grand Cayman
Cayman Islands

Twenty-Fifth Defendant

TO: BANK OF BUTTERFIELD INTERNATIONAL
(CAYMAN) LTD.
Registered Office
Butterfield House
P.O. Box 705
George Town, Grand Cayman, Cayman Islands

Twenty-Sixth Defendant

TO: BARCLAYS BANK PLC
Registered Office
P.O. Box 68 GT
George Town, Grand Cayman,
Cayman Islands

Twenty-Seventh Defendant

TO: ROYAL BANK OF CANADA
Registered Office
P.O. Box 245 GT
George Town, Grand Cayman, Cayman Islands

Twenty-Eighth Defendant

TO: ROYAL BANK OF CANADA TRUST
(CAYMAN) LTD.
Registered Office
P.O. Box 1586 GT
George Town, Grand Cayman
Cayman Islands

Twenty-Ninth Defendant

TO: USB AG
Registered Office
Caledonia Bank & Trust Ltd.
P.O. Box 1043 GT
George Town, Grand Cayman
Cayman Islands

Thirtieth Defendant

TO: UBS (CAYMAN ISLANDS) LTD.
Registered Office
USB Trustees (Cayman) Ltd.
P.O. Box 2325 GT
George Town, Grand Cayman
Cayman Islands

Thirty-First Defendant

TO: USB TRUSTEES (CAYMAN) LTD.
Registered Office
P.O. Box 2325 GT
George Town, Grand Cayman
Cayman Islands

Thirty-Second Defendant

ATTACHMENT # B
CHART OF INTERRELATIONSHIPS (INDIVIDUALS)

INDIVIDUAL DEFENDANT'S NAME	DEFENDANT NUMBER	RELATIONSHIP TO OTHER INDIVIDUAL DEFENDANTS	RELATIONSHIP TO NBM ENTITIES
John Chou (Chou)	Thirteenth	<ol style="list-style-type: none"> 1. Husband of S. Liu (14th Defendant) 2. Brother-in-law of H. Lui (20th Defendant) 3. Son-in-law of DZ. Liu (16th Defendant) and Wang (17th Defendant) 	<ol style="list-style-type: none"> 1. President of NBM (1st Defendant) 2. President of BM (9th Defendant) 3. Director of CBL (10th Defendant) 4. Guaranteed the NBM Credit Facility 5. Provided Mortgages as security for NBM Credit Facility 6. Director of BOC (7th Defendant) 7. Signatory of Charact (11th Defendant)
Sherry Liu (S. Liu)	Fourteenth	<ol style="list-style-type: none"> 1. Wife of Chou (13th Defendant) 2. Sister of H. Lui (20th Defendant) 3. Daughter of DZ Liu (16th Defendant) 4. Daughter of Wang (17th Defendant) 	<ol style="list-style-type: none"> 1. President of Mei (2nd Defendant) 2. President of GEG (6th Defendant) 3. Directory & Secretary of CBL (10th Defendant) 4. Authorized Signatory of BM (9th Defendant) 5. Offered to Accept Service of the New York Complaint (01CIV.0815 (BST)) for NBM (1st Defendant), Mei (2nd Defendant), CHG (3rd Defendant), Budget (4th Defendant), GEG (6th Defendant), BM (9th Defendant) and Wang (15th Defendant) saying authorized to do so. 6. Guaranteed the NBM Credit Facility 7. Guaranteed the Mei Credit Facility 8. Provided Mortgage for NBM Credit Facility 9. Director of BOC (7th Defendant) 10. Signatory of Charact (11th Defendant) 11. Registered agent for BM (9th Defendant) 12. 19% of the shares of NBM (1st Defendant) 13. Held 30% of the shares of Mei (2nd Defendant) 14. Registered Agent for Budget (4th Defendant)

INDIVIDUAL DEFENDANT'S NAME	DEFENDANT NUMBER	RELATIONSHIP TO OTHER INDIVIDUAL DEFENDANTS	RELATIONSHIP TO NBM ENTITIES
Minkang Gu (Gu)	Fifteenth		<ol style="list-style-type: none"> 1. President of CHG (3rd Defendant) 2. Started NBM (1st Defendant)
Dao Zhong Liu (DZ. Liu)	Sixteenth	<ol style="list-style-type: none"> 1. Father of S. Liu (14th Defendant) 2. Husband of Wang (17th Defendant) 3. Father of H. Lui (20th Defendant) 4. Father-in-law of Chou (13th Defendant) 	<ol style="list-style-type: none"> 1. President of BHK (5th Defendant) 2. Director of CBL (10th Defendant) 3. His residence is the principal place of business for BHK (5th Defendant) 4. Registered agent of GEG (6th Defendant)
Shumin Wang (Wang)	Seventeenth	<ol style="list-style-type: none"> 1. Wife of DZ. Liu (16th Defendant) 2. Mother of S. Liu (14th Defendant) 3. Mother of H. Liu (20th Defendant) 4. Mother-in-law of Chou (13th Defendant) 	<ol style="list-style-type: none"> 1. Director of CBL (10th Defendant) 2. President of GEG (6th Defendant)
Linda Xiao (Xiao)	Eighteenth	1. Family maid to Chou (13 th Defendant) and S. Liu (14 th Defendant)	<ol style="list-style-type: none"> 1. Secretary of CHG (3rd Defendant) (Registered agent of Sino-Place – 8th Defendant) 2. Authorized Signatory of BOC (7th Defendant) 3. Director of CBL (10th Defendant)
Helen Zhou (H. Zhou)	Nineteenth	1. Same address as DZ. Liu (16 th Defendant)	<ol style="list-style-type: none"> 1. General Manager of GEG (6th Defendant) 2. Signatory of BOC (7th Defendant)
Hui Liu (H. Liu)	Twentieth	<ol style="list-style-type: none"> 1. Brother of S. Liu (14th Defendant) 2. Son of DZ. Liu (16th Defendant) 3. Son of Wang (17th Defendant) 4. Brother-in-law of Chou (13th Defendant) 	<ol style="list-style-type: none"> 1. President of Budget (4th Defendant) 2. President of CBL (10th Defendant) 3. Authorized signatory and Director of BOC (7th Defendant) 4. Owned 100% of the shares of Budget (4th Defendant) 5. Registered agent of BHK (5th Defendant)
Jeff Hohl (Hohl)	Twenty-First		<ol style="list-style-type: none"> 1. Signatory of CBL (10th Defendant) 2. Signed Hypothecation Agreement for CBL (10th Defendant) in connection with the Mei Credit Facility
Ning Zhou (N. Zhou)	Twenty-Second		<ol style="list-style-type: none"> 1. Signatory of Charact (11th Defendant) 2. Director of BOC (7th Defendant)

ATTACHMENT # C
CHART OF CORPORATE INTERRELATIONSHIPS

NAME OF COPORATION	DEFENDANT NUMBER	RELATIONSHIP TO OTHER CORPORATE DEFENDANTS OF THE NBM ENTITIES
NBM Corp. (NBM)	First	<ol style="list-style-type: none"> 1. Successor of BM (9th Defendant) 2. Same principal address as Mei (2nd Defendant), CHG (3rd Defendant), Budget (4th Defendant) and BM (9th Defendant) 3. Discount Loans were secured by CDs of BOC (7th Defendant) 4. 99% of NBM's shares were held by BM (9th Defendant)
Yang Mei Corp (MEI)	Second	<ol style="list-style-type: none"> 1. Same principal address as NBM (1st Defendant), CHG (3rd Defendant), Budget (4th Defendant) and BM (9th Defendant) 2. Caused an account of CBL (10th Defendant) to be hypothecated for the Mei Credit Facility
C.H.G. Enterprises Inc. (CHG)	Third	<ol style="list-style-type: none"> 1. Same principal address as 1st Defendant), CHG (3rd Defendant), Budget (4th Defendant) and BM (9th Defendant). 2. Pledged, as security for the CHG Credit Facility an account at CBL (10th Defendant).
National Budget Merchandise, Inc. (BUDGET)	Fourth	<ol style="list-style-type: none"> 1. Same principal address as NBM (1st Defendant), CHG (3rd Defendant), Budget (4th Defendant) and BM (9th Defendant).
BHK L.L.C. (BHK)	Fifth	<ol style="list-style-type: none"> 1. Same principal address as DZ. Liu (15th Defendant) and Zhou (19th Defendant) 2. Through DZ. Liu (16th Defendant) and H. Liu (20th Defendant), linked to GEG (6th Defendant), BOC (7th Defendant), CBL (10th Defendant) and Budget (4th Defendant).
GEG International Inc. (GEG)	Sixth	<ol style="list-style-type: none"> 1. Same principal address as Wang (17th Defendant) 2. Through Wang, connected to CBL (10th Defendant) 3. Through DZ. Liu (16th Defendant), the President of BHK (5th Defendant) connected to BHK (5th Defendant) connected to CBL (10th Defendant)
BOC Company (BOC)	Seventh	<ol style="list-style-type: none"> 1. Same registered office as CBL (10th Defendant) 2. Secured Discount Loan provided to NBM (1st Defendant) 3. Through H. Liu (20th Defendant) connected to CBL (10th Defendant), BHK (5th Defendant), Budget (4th Defendant)

NAME OF COPORATION	DEFENDANT NUMBER	RELATIONSHIP TO OTHER DEFENDANTS OF THE NBM ENTITIES
Sino-Place Alliance Inc (SINO)	Eighth	<ol style="list-style-type: none"> 1. CHG (3rd Defendant) was registered agent for Sino 2. Through Xiao (18th Defendant), connected to CHG (3rd Defendant) 3. CHG has same principal address as Mei (2nd Defendant), NBM (1st Defendant), Budget (4th Defendant) and CHG (3rd Defendant)
Non-Ferrous BM Corporation (BM)	Ninth	<ol style="list-style-type: none"> 1. Same principal address as NBM (1st Defendant), Mei (2nd Defendant), CHG (3rd Defendant) and Budget (4th Defendant) 2. Predecessor of NBM (1st Defendant) 3. Held 99% of the shares of NBM (1st Defendant) 4. Through Chou (13th Defendant) connected to many NBM Entities (see Attachment "B")
CBL Ltd. (CBL)	Tenth	<ol style="list-style-type: none"> 1. Same registered office as BOC (7th defendant) 2. Provided security for Mei Credit Facility to Mei (2nd Defendant) 3. Provided security for the CHG Credit Facility to CHG (3rd Defendant) 4. Through Chou (13th Defendant) connected to many NBM Entities (see Attachment "B")
Charact Enterprises, Inc. (CHARACT)	Eleventh	<ol style="list-style-type: none"> 1. Same principal address as Chou (13th Defendant) and S. Liu (14th Defendant) 2. Through Chou (13th Defendant) connected to many NBM Entities (see Attachment "B")
Century Limited (Century)	Twelfth	<ol style="list-style-type: none"> 1. Through CBL, linked with Chou (13th Defendant), DZ. Liu (16th Defendant), Xiao (18th Defendant) and H. Liu (20th Defendant)

DIRECTIONS FOR ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS

1. The accompanying form of Acknowledgment of Service should be completed by an Attorney acting on behalf of the Defendant or by the Defendant if acting in person.
After completion it must be delivered or sent by post to the Law Courts, P.O. Box 495G, George Town, Grand Cayman.

2. A Defendant who states in his Acknowledgment of Service that he intends to contest the proceedings must also serve a defence on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).

If a Statement of Claim is endorsed on the Writ (i.e. the words "Statement of Claim," appear on the top of page 2), the Defence must be served, by a Defendant served outside the Cayman Islands, within 28 days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant. For a Defendant served in the Cayman Islands, the period for serving the Defence is 14 days.

If the Statement of Claim is not endorsed on the Writ, the Defence need not be served until 14 days after a Statement of Claim has been served on the Defendant.

If the Defendant fails to serve his defence within the appropriate time, the Plaintiff may enter judgment against him without further notice.

3. A Stay of Execution against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If a Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to Question 3 in the Acknowledgment of Service, that he intends to apply for a stay, execution will be stayed for 14 days after his Acknowledgment, but he must, within that time, issue a Summons for a stay of execution, supported by an affidavit of his means. The affidavit should state any offer which the Defendant desires to make for payment of the money by installments or otherwise.

See over for notes for guidance

Please complete overleaf

Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgement of Service and return it to the Courts Office.
2. For the purpose of calculating the period of 28 days for acknowledging service, a writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "sued as (the name stated on the Writ of Summons)".
4. Where the Defendant is a FIRM and an attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after his name.
5. Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN HIS OWN, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....)" after his name.
6. Where the Defendant is a LIMITED COMPANY the form must be completed by an Attorney or by someone authorised to act on behalf of the Company, but the Company can take no further step in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a MINOR or a MENTAL PATIENT, the form must be completed by an Attorney acting for a guardian ad litem.
8. A Defendant acting in person may obtain help in completing the form at the Courts Office.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO.

OF 2001

BETWEEN:	BANK OF CHINA	PLAINTIFF
AND:	NBM I.L.C.	FIRST DEFENDANT
AND:	YANG MEI CORP.	SECOND DEFENDANT
AND:	C.H.G. ENTERPRISES, INC.	THIRD DEFENDANT
AND:	NATIONAL BUDGET MERCHANDISE INC.	FOURTH DEFENDANT
AND:	BHK I.L.C	FIFTH DEFENDANT
AND:	GEG INTERNATIONAL, INC.	SIXTH DEFENDANT
AND:	BOC COMPANY	SEVENTH DEFENDANT
AND:	SINO-PLACE ALLIANCE INC.	EIGHTH DEFENDANT
AND:	NON-FERROUS BM CORPORATION	NINTH DEFENDANT
AND:	CBL LTD. a/k/a/ CBL INVESTMENT COMPANY GRAND CAYMAN	TENTH DEFENDANT
AND:	CHARACT ENTERPRISES, INC.	ELEVENTH DEFENDANT
AND:	CENTURY LIMITED	TWELFTH DEFENDANT
AND:	JOHN CHOU a/k/a/ QIANG ZHOU	THIRTEENTH DEFENDANT
AND:	SHERRY LIU a/k/a/ SHERRY PING LIU	FOURTEENTH DEFENDANT
AND:	MINKANG GU	FIFTEENTH DEFENDANT
AND:	DAO ZHONG LIU a/k/a/ TONG LIU	SIXTEENTH DEFENDANT
AND:	SHUMIN WANG	SEVENTEENTH DEFENDANT
AND:	LINDA XIAO a/k/a/ XIAOWANLIAN	EIGHTEENTH DEFENDANT
AND:	HELEN ZHOU	NINETEENTH DEFENDANT
AND:	HUI LIU	TWENTIETH DEFENDANT
AND:	JEFF HOHL	TWENTY-FIRST DEFENDANT
AND:	NING ZHOU	TWENTY-SECOND DEFENDANT
AND:	PATRICK YOUNG	TWENTY-THIRD DEFENDANT
AND:	BANK OF AMERICA TRUST & BANKING CORP (CAYMAN) LTD.	TWENTY-FOURTH DEFENDANT
AND:	BANK OF BERMUDA (CAYMAN) LTD.	TWENTY-FIFTH DEFENDANT
AND:	BANK OF BUTTERFIELD INTERNATIONAL (CAYMAN) LTD.	TWENTY-SIXTH DEFENDANT
AND:	BARCLAYS BANK PLC	TWENTY-SEVENTH DEFENDANT
AND:	ROYAL BANK OF CANADA	TWENTY-EIGHTH DEFENDANT
AND:	ROYAL BANK OF CANADA TRUST (CAYMAN) LTD.	TWENTY-NINTH DEFENDANT
AND:	UBS AG	THIRTIETH DEFENDANT
AND:	UBS (CAYMAN ISLANDS) LTD.	THIRTY-FIRST DEFENDANT
AND:	UBS TRUSTEES (CAYMAN) LTD.	THIRTY-SECOND DEFENDANT

ACKNOWLEDGEMENT OF SERVICE OF WRIT OF SUMMONS

Notes on address for service

Attorney: where the Defendant is represented by an attorney, state the attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign attorney.

Defendant in person: where the Defendant is acting in person, he must give his post office box number and the physical address of his residence or, if he does not reside in the Cayman Islands, he must give an address in Grand Cayman where communications for him should be sent. In the case of a limited company, "residence" means its registered or principal office.

Endorsement by plaintiff's Attorney (or by plaintiff if suing in person) of his name, address and reference, if any, in the box below.

Orten Merren & Company
Attorneys-at-Law
P.O. Box 481G
Kirk House 3rd Floor
Albert Panton Street
Grand Cayman, B. W.I.

Endorsement by Defendant's Attorney (or by Defendant if defending in person) of his name, address and reference, if any, in the box below.