

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation of the
6 Securities Act of Washington by:

7 Stars Stripes Inc.,
8 Ubay International Trading Inc.,
9 Ronto Trading Inc.,
10 Xuchang Longshengyuan Hair Products Co.,
11 Respondents.

Order No. S-23-3581-24-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER TO
CEASE AND DESIST, TO IMPOSE FINES, AND TO
CHARGE COSTS

12 **THE STATE OF WASHINGTON TO:**

13 Stars Stripes Inc
14 Ubay International Trading Inc.
15 Ronto Trading Inc.
16 Xuchang Longshengyuan Hair Products Co.

17 On March 8, 2024, the Securities Administrator of the state of Washington issued Statement of Charges
18 and Notice of Intent to Enter Order to Cease and Desist, to Impose a Fine, and to Charge Costs, Order No. S-
19 23-3581-23-SC01 (“Statement of Charges”). The Statement of Charges, together with a Notice of Opportunity
20 for Hearing (“Notice”) and an Application for Adjudicative Hearing (“Application”), were served on
21 Respondents Ubay International Trading Inc., Ronto Trading Inc., Stars Stripes Inc., and Xuchang
22 Longshengyuan Hair Products Co. (collectively “Respondents”), on March 21, 2024. The Notice advised
23 Respondents that the Application must be received within twenty days from the date of service. Respondents
failed to request an administrative hearing within twenty days of service.

The Securities Administrator therefore adopts as final the following Findings of Fact and Conclusions
of Law as set forth in the Statement of Charges and enters a final order against Respondents to cease and
desist from violations of the Securities Act, and to impose the fines and costs sought in the Statement of
Charges.

1 **FINDINGS OF FACT**

2 **Respondents**

3 1. Stars Stripes Inc. (“Stars Stripes”) is a New York corporation incorporated on October 16,
4 2020, with a principal place of business purportedly in Long Beach, NY. Xuejun Ye is likely a Chinese citizen
5 and the Acting Secretary for Stars Stripes Inc. Guoqiang Wang is a Chinese citizen and the Registered Agent
6 for Stars Stripes Inc.

7 2. Ubay International Trading Inc. (“Ubay”) is a New York corporation incorporated on
8 December 16, 2020, with a principal place of business purportedly in Flushing, NY. Juan Chen is a Chinese
9 citizen and the president of Ubay International Trading Inc.

10 3. Ronto Trading Inc. (“Ronto”) is a Colorado corporation incorporated on February 1, 2021,
11 with a principal place of business purportedly in Rifle, CO. Bagrong Lian is a Chinese citizen and the President
12 of Ronto Trading Inc. Ronto has been delinquent in its filings with the Colorado Secretary of State since July
13 1, 2022.

14 4. Xuchang Longshengyuan Hair Products Co. (“Xuchang”) is a Chinese company with a bank
15 account located in Singapore.

16 **Related Parties**

17 5. Amy Kim (“Kim”) is allegedly a Florida resident. She represented herself as a successful
18 investor that connected the investor to Walker Lee. The Division does not believe that this is her real name.

19 6. Walker Lee (“Lee”) is allegedly a California resident and represented himself as an Account
20 Manager for MWH Markets (“MWH”). The Division does not believe that this is his real name.

21 **Overview**

22 1. From approximately June 2021 to September 2021, Respondents defrauded D.O., a
23 Washington resident, out of \$720,000, by making false or misleading claims about their fake trading platform

1 and offerings. Specifically, Respondents, through Kim and Lee, defrauded D.O. by informing him that he
2 could earn a profit by making trades on a fake trading website with trading information provided by a team
3 of agents.¹ D.O. made a number of wire transfers to fund his trading account, which were to accounts actually
4 controlled by Respondents Ubay International Trading Inc., Ronto Trading Inc., Stars Stripes Inc., and
5 Xuchang Longshengyuan Hair Products Co. D.O.'s account balance was zeroed out in October of 2021. D.O.
6 never received any payments from his trading account.

7 **Nature of the Conduct**

8 2. In or around spring of 2021, D.O. attended a trade show in New York where he met Amy Kim.
9 Kim stated that she owned a bridal store in Orlando, Florida. D.O. mentioned to Kim that he was looking to
10 invest in private equity. Kim stayed in touch with D.O. After several weeks of communicating, Kim mentioned
11 that she made money investing and offered to connect D.O. with her account coordinator, Walker Lee.

12 3. In May of 2021, Kim directed D.O. to contact Lee. On May 28, 2021, D.O. messaged Lee on
13 WhatsApp. Lee described the investment to D.O. as a private equity team operation where an analyst team
14 can "control the market" to earn profits. Lee told D.O. that a minimum investment of \$100,000 to \$1,000,000
15 was required for professional teacher guidance. D.O. requested time to think over the investment prior to
16 investing.

17 4. On June 1, 2021, Amy showed D.O. her alleged trading history on the MHW platform and ran
18 simulations for him.² On June 2, 2021, D.O. messaged Lee to register him for an account.
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21 ¹ MWH Capital Pty Ltd holds an Australian Financial Services License and is a wholly owned subsidiary of
22 Powerwrap Limited. Powerwrap Limited became aware of a company – "MWH Markets" – displaying on its website
the AFSL number for MWH Capital Pty Ltd. This matter has been reported to the Australian Securities and
Investments Commission.

23 ² MWH created a false sense of legitimacy to potential investors by using a similar name to and listing the AFSL
license number of MWH Capital Pty Ltd.

1 5. On June 3, 2021, Lee instructed D.O. to create an account on
2 <https://mwhmarkets.com/register1.html> (“mwhmarkets.com”) and had D.O. send him a copy of a photo ID.
3 Lee then had D.O. create an account on the MetaTrader 4 app.³ The MetaTrader 4 application displayed the
4 same account information available on the mwhmarkets.com website. D.O. agreed to invest \$10,000. Lee
5 directed D.O. to wire the money to an account held by Stars Stripes Inc. at JPMorgan Chase. Lee instructed
6 D.O. to send him photos of the transfer confirmation from his bank after each transfer.

7 6. On June 9, 2021, D.O. wired an additional \$90,000 to the account held by Stars Stripes Inc. at
8 JPMorgan Chase. Lee told D.O. that moving forward D.O. should let him know when he will be wiring funds,
9 as MWH uses multiple bank accounts that change frequently.

10 7. After D.O.’s initial investment and transfer of funds, Lee directed D.O. to make specific trades
11 online using MetaTrader 4. Lee would sporadically contact D.O., by WhatsApp, to instruct him to make
12 transactions based on the alleged advice of his analyst team.

13 8. D.O. continued to invest funds as his mwhmarkets.com account showed high rates of return.
14 Additionally, Lee pushed him to invest more funds on the promise of even higher returns.

15 9. On June 17, 2021, D.O. wanted to invest an additional \$200,000. Lee directed D.O. to wire the
16 funds to an account held by Ubay at Cathay Bank. Lee said that Ubay was his agent. After this transfer, Lee
17 advised D.O. to avoid using “investment” or words related to MetaTrader 4 on the wire transfers.

18 10. On June 22, 2021, D.O. wanted to invest an additional \$70,000. Lee again directed D.O. to
19 wire the funds to an account held by Ubay at Cathay Bank.

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22 ³ MetaTrader 4 is a popular smartphone app used to conduct foreign market exchange transactions. MetaTrader 4
23 allows licensees to use a plug in, known as a Virtual Dealer, which can be used to simulate account balances, profits,
or losses. A similar product, the MetaTrader 5 app, was removed from the Apple App Store in September 2022 after it
was used in a cryptocurrency scam to defraud a California investor out of more than \$1 million.

1 11. On June 23, 2021, D.O. wanted to invest an additional \$50,000. Lee again directed D.O. to
2 wire the funds to an account held by Ubay at Cathay Bank.

3 12. On June 29, 2021, Lee falsely told D.O. that the \$70,000 transfer and the \$50,000 transfer were
4 rejected by D.O.'s bank. Lee requested D.O.'s bank credentials and instructed D.O. to communicate with his
5 bank regarding refund of the payment. Lee represented that his bank had refunded the payment. Bank records
6 show that Ubay's Cathay bank account received these transfers and do not show that these payments were
7 refunded.

8 13. On July 16, 2021, D.O. invested \$120,000. Lee directed D.O. to wire the funds to an account
9 held by Ronto Trading Inc. at Cathay Bank.

10 14. On July 21, 2021, D.O. messaged Lee and told him that his bank had not received the return
11 of the \$50,000 he had invested on June 23, 2021. Lee told D.O. that the account was locked and that a refund
12 would take up to two months. D.O. said we would follow up in August or September about the return of the
13 funds.

14 15. On August 26, 2021, D.O. asked Lee about the process to reinvest gains and how to withdraw
15 funds. Lee told D.O. that there was no need to reinvest the funds and then told D.O. not to attempt to withdraw
16 funds until after December, as it will "incur expensive handling fees." Additionally, Lee told D.O. that if he
17 wants an analyst to help him, D.O. needed to increase his total investment to \$2,000,000.

18 16. On September 3, 2021, Lee messaged D.O. with trading instructions. D.O. replied to Lee
19 telling him that his account balance on the platform had been zeroed out. Including alleged profits, prior to
20 the account being cleared D.O.'s account had a balance of \$1,800,000. Lee told D.O. he would help resolve
21 the issue. On September 8, 2021, Lee requested D.O.'s credentials to log into his account.

22 17. On September 14, 2021, D.O. invested a further \$200,000 because Lee had told him that his
23 principal had met "advanced analytical standards" and that he could use the "winning rate" more frequently.

1 Lee directed D.O. to wire the funds to an account held by Xuchang Longshengyuan Hair Products Co., Ltd.
2 at Citibank in their Singapore branch.

3 18. On September 15, 2021, Lee asked D.O. when D.O. would transfer an additional \$250,000.
4 D.O. told Lee that he was waiting for the balance of \$1,800,000 to be returned to his account prior to
5 submitting any additional transfers.

6 19. In and around October of 2021, Lee repeatedly messaged D.O. on WhatsApp to increase his
7 investment. D.O. consistently responded that he wanted to use the \$1,800,000 that had been cleared from his
8 account.

9 20. D.O. messaged Lee on November 9, 2021, asking where his funds were. Lee again told D.O.
10 he needed to wait. Lee encouraged D.O. to send funds via Bitcoin or Tether token moving forward.

11 21. D.O. messaged Lee again on November 22, 2021, requesting an update on his funds, Lee did
12 not respond. On November 23, 2021, D.O. received a notification that his security code with Lee on WhatsApp
13 had changed.⁴ Lee has not contacted D.O. since then.

14 22. Between June 3, 2021 and September 14, 2021, D.O. invested a total of \$720,000 by wiring
15 funds to accounts owned by Stars Stripes Inc., Ubay International Trading Inc., Ronto Trading Inc., and
16 Xuchang Longshengyuan Hair Products Co. Bank records show that D.O.'s funds were commingled with
17 other funds and a majority of funds were quickly transferred to other entities based China and Hong Kong.
18 D.O. intended for his funds to go to his mwhmarkets.com account for investing, he did not intend for his funds
19 to be wired to China.

20 23. D.O. lost all \$720,000 of his investment.

21 **Misrepresentations or Omissions of Material Fact**

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23 ⁴ The WhatsApp security code is used to verify that the calls and the messages are end-to-end encrypted. If a user's security code changes, they must share the new code to continue messaging.

1 24. Respondents misrepresented to investor D.O. how his investment funds would be used.
2 Respondents, through Kim and Lee, represented to D.O. that his funds would be used to make profits via
3 trading. Instead, a majority of the funds were wire transferred to China and Hong Kong.

4 25. Respondents failed to disclose material information regarding the company, including, but not
5 limited to, financial statements, operational history, financial conditions, or ownership.

6 26. Respondents failed to provide any information about the risks of investing with the company.

7 **Engagement in Activities Which Operate or Would Operate as a Fraud Upon a Person**

8 27. Lee directed an investor to wire funds to other entities including Star Stripes Inc., Ubay
9 International Trading Inc., Ronto Trading Inc., and Xuchang Longshengyuan Hair Products Co. These funds
10 were transferred out or wired to accounts in Hong Kong and China, accounts not associated with
11 mwhmarkets.com.

12 28. Respondents, through their own website and MetaTrader 4's plug-in, displayed false account
13 information to investors—showing “deposits” when funds remained in accounts controlled by other entities,
14 were transferred to other accounts, or were wired to accounts in Hong Kong and China.

15 **Registration Status**

16 29. Respondent Star Stripes Inc. is not currently registered to sell securities in the state of
17 Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.

18 30. Respondent Ubay International Trading Inc. is not currently registered to sell securities in the
19 state of Washington and has not previously been so registered, nor has it filed a claim of exemption from
20 registration.

21 31. Respondent Ronto Trading Inc. is not currently registered to sell securities in the state of
22 Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.
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32. Respondent Xuchang Longshengyuan Hair Products Co. is not currently registered to sell securities in the state of Washington and has not previously been so registered, nor has it filed a claim of exemption from registration.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

1. The offer and/or sale of the trading program described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

2. Respondents Ubay International Trading Inc., Ronto Trading Inc., Stars Stripes Inc., and Xuchang Longshengyuan Hair Products Co. violated RCW 21.20.140, the securities registration section of the Securities Act of Washington, by offering and/or selling securities for which no registration is on file with the Securities Administrator.

3. Respondents Star Stripes Inc., Ubay International Trading Inc., Ronto Trading Inc., and Xuchang Longshengyuan Hair Products Co. violated RCW 21.20.010, the anti-fraud section of the Securities Act of Washington, by employing a device, scheme, or artifice to defraud, by making untrue statements of material fact, and by engaging in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

Based upon the foregoing and finding it in the public interest:

FINAL ORDER

IT IS HEREBY ORDERED that Respondents Ubay International Trading Inc., Ronto Trading Inc., Stars Stripes Inc., and Xuchang Longshengyuan Hair Products Co., and their agents and employees, shall each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

1 IT IS FURTHER ORDERED that Respondent Respondents Ubay International Trading Inc., Ronto
2 Trading Inc., Stars Stripes Inc., and Xuchang Longshengyuan Hair Products Co., and their agents and
3 employees, shall each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities
4 Act of Washington.

5 IT IS HEREBY ORDERED that Respondent Stars Stripes Inc. shall be liable for and shall pay a fine
6 of \$20,000.

7 IT IS HEREBY ORDERED that Respondent Ubay International Trading Inc. shall be liable for and
8 pay a fine of \$30,000.

9 IT IS HEREBY ORDERED that Respondent Ronto Trading Inc. shall be liable for and pay a fine of
10 \$10,000.

11 IT IS HEREBY ORDERED that Respondent Xuchang Longshengyuan Hair Products Co. shall be
12 liable for and pay a fine of \$10,000.

13 IT IS FURTHER ORDERED that Respondents Stars Stripes Inc., Ubay International Trading Inc.,
14 Ronto Trading Inc., and Xuchang Longshengyuan Hair Products Co. shall be liable for and pay costs in the
15 amount of \$8,350.

16 **AUTHORITY AND PROCEDURE**

17 This Final Order is entered pursuant to RCW 21.20.390 and is subject to Chapter 34.05 RCW.
18 Respondents have the right to petition the superior court for judicial review of this agency action under Part
19 V of Chapter 34.05 RCW. Pursuant to RCW 21.20.395(4), a certified copy of this Final Order may be filed in
20 superior court. If so filed, the clerk shall treat the Final Order in the same manner as a superior court judgment
21 as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

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1 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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3 SIGNED and ENTERED this 11th day of April, 2024.



10 /s/
11 William M. Beatty
12 Securities Administrator

13 Approved by:

14 Presented by:

15 /s/
16 _____
17 Brian J. Guerard
18 Chief of Enforcement

19 /s/
20 _____
21 Keenan Osborne
22 Financial Legal Examiner

23 Reviewed by:

24 /s/
25 _____
26 Holly Mack-Kretzler
27 Financial Legal Examiner Supervisor