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# Court-Appointed Receiver in US Reports Early Progress for All Shareholders in Publicly-Listed Chinese Reverse Merger Company Sino Clean Energy Inc

## Share Article



**Robert W. Seiden, Esq., Court-appointed receiver (the “Receiver”) over Sino Clean Energy, Inc. (“SCEI”), has taken control over SCEI’s wholly-owned subsidiary in Hong Kong which controls the operating entities in mainland China.**

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SCEI: OTC MARKETS

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Robert W. Seiden, Esq., Court-appointed receiver (the “Receiver”) over Sino Clean Energy, Inc. (“SCEI”), has taken control over SCEI’s wholly-owned subsidiary in Hong Kong which controls the operating entities in mainland China.

The Receiver, a former prosecutor and President of global asset recovery firm Confidential Security & Investigations in New York, was appointed and granted broad powers by the Second Judicial District Court of the State of Nevada, Washoe County, on May 13, 2014 (case number CV14-00484) to act on behalf of all shareholders of SCEI after the company “went dark” and stopped filing its required regular financial reports with the SEC in May 2012. Seiden and a global team of lawyers, investigators and forensic accountants have been investigating SCEI and pushing to get transparent financial information.

SCEI, one of the largest producers of Coal Water Slurry Fuel in China, entered the U.S. equity

market via a reverse merger and its stock reached a high of \$9.40 per share in April 2010. SCEI was the subject of a series of negative reports that the Company misled investors about its operations and financials by disclosed short-sellers, among them Jon Carnes (operating under the pseudonym "Alfred Little") who is the defendant in a current legal action by the British Columbia Securities regulator (citation: 2013 BCSECCOM 559). In response, SCEI stopped filing its required periodic financial reports with the SEC in the summer of 2012.

In many of these types of cases involving foreign companies it is very difficult if not impossible to enforce the judgment obtained from the court. However, in this case, because of the creative thinking of a group of SCEI shareholders, including Alain Peracca, James Sutter, and Lismore Partners LLC Managing Partner Adam Waldo, the Nevada court appointed the Receiver giving him broad powers to realize the claims against SCEI. In addition to the investigation and potential recovery actions, the Receiver has sought to work collaboratively with management and the Board of Directors of SCEI to resume regular required financial and operational reporting and produce value for all SCEI shareholders.

In the first three months of appointment, the Receiver has made important strides in taking over control of SCEI and identifying assets of SCEI, including, among other things:

The Receiver, through his agent CSI, has discovered from extensive research and investigation in China that remains ongoing that SCEI is in fact a viable entity with many employees, and significant sales, cash, and assets. This has been corroborated based on Company filings with the Chinese government, interviews, audit reports, official records checks and other reliable sources.

The Receiver retained a global team which includes Foley & Lardner LLP as lead counsel; McDonald Carano Wilson LLP as local counsel in Nevada; and Zolfo Cooper in the British Virgin Islands and KLC Kennic Lui & Co. in Hong Kong, as forensic accountants. The Receiver has also hired Carl Marks & Co. to assist with interim management and financial issues.

The Receiver was granted the right to exercise his authority over SCEI's indirect wholly-owned subsidiaries (including exercising the subsidiaries' voting rights) and the power to replace members of the board of directors of the subsidiaries. In that regard, on June 26, 2014, the Receiver passed a resolution on behalf of SCEI, the sole member of Wiscon Holdings Limited ("Wiscon"), a Hong Kong wholly-owned subsidiary of SCEI, removing the existing directors of Wiscon and appointing Madison Director Services, located in the British Virgin Islands, and KLC Corporate Advisory and Recovery Ltd., located in Hong Kong, as directors.

On July 21, 2014, the Receiver held a meeting of the directors of Wiscon. At the meeting of directors, Ren Baowen, the former director of Wiscon, was removed as the director, effective immediately. Additionally, the secretary for Wiscon, Able Secretarial Services Limited, was removed and KLC Corporate Advisory and Recovery Limited was appointed as the secretary for Wiscon, effective immediately. On August 25, 2014, the newly-appointed directors will hold a shareholders meeting to vote on a further resolution, which, if approved, officially will remove Ren Baowen as director of Wiscon and put the Receiver's appointed directors in place with legal control over Wiscon.

The Receiver has issued several subpoenas to third parties which have yielded critical financial, operational and asset information of SCEI and its subsidiaries, including cooperation from Weinberg & Co., SCEI's U.S. auditors. The Receiver also has had independent financial analysts review the veracity and reliability of a forensic audit performed by Thornhill Capital

LLC on SCEI in late 2011 and early 2012.

The Receiver has been in communication with under-staff of SCEI Chairman Ren to obtain cooperation and has commenced early dialogue.

The Receiver expects to file his first official report with the Nevada court on or before September 15, 2014. The Receiver will continue to provide public reports to the court and any other parties to the extent required.

Source: Robert W. Seiden, Esq., Court Appointed Receiver for SCEI

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