

U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

_____)	
Teras International Corp.,)	
)	
Plaintiff,)	
)	
v.)	Case No. 13 Civ. 06788 (VEC)
)	
Roger Gimbel, Allan Feldman, Steven)	
Brookner, Mark Kastenbaum,)	JURY TRIAL DEMANDED
Norman Abramson and)	
Worldwide Dreams LLC,)	
)	
Defendants.)	
_____)	

AMENDED COMPLAINT

Teras International Corp. (“Teras”), by counsel, hereby asserts claims against

Defendants, as follows:

NATURE OF CLAIM

1. This is an action by Teras, the assignee of the liquidator of Yick Bo Trading Limited (in liquidation) (“Yick Bo”). Yick Bo is a subsidiary of Worldwide Dreams LLC (“Worldwide Dreams” or “WWD”), a New York-based corporation in the business of importing apparel and accessories from the Far East.
2. Worldwide Dreams and Yick Bo were both operated by the Individual Defendants who were sophisticated businessmen. As detailed below, the Individual Defendants’ scheme caused Yick Bo to incur millions of dollars in debts, driving the company into liquidation.
3. Since the Individual Defendants executed their schemes over a period of years, and used the U.S. wires to facilitate them, this action is properly brought pursuant to the Racketeer Influenced and Corrupt Organizations Act (RICO).

PARTIES, JURISDICTION AND VENUE

4. In May 2013 Teras was assigned Yick Bo's claims by its Hong Kong liquidators.
5. Teras is incorporated in the British Virgin Islands and has its principal place of business in Singapore.
6. Roger Gimbel (hereafter "Gimbel") is a citizen of New York.
7. Allan Feldman (hereafter "Feldman") is a citizen of New York.
8. Steven Brookner (hereafter "Brookner") is a citizen of New Jersey.
9. Mark Kastenbaum (hereafter "Kastenbaum") is a citizen of New Jersey.
10. Norman Abramson (hereafter "Abramson") is a citizen of New Jersey. (The foregoing are hereafter referred to as "the Individual Defendants" to distinguish them from Defendant Worldwide Dreams, which is a Defendant only in Count III.)
11. Worldwide Dreams LLC is a Delaware corporation with its primary place of business in New York.
12. This Court has jurisdiction of this case as a federal question pursuant to 28 U.S.C. § 1331 and 18 U.S.C. § 1964(c), RICO's civil damages provision. Additionally, the Court has supplemental jurisdiction of the remaining Counts as they arise from the same nucleus of facts. The Court also has jurisdiction under 28 U.S.C. §1332(a)(2), due to diversity of citizenship and the amount in controversy exceeds \$75,000, exclusive of interest and costs.
13. This Court has personal jurisdiction over all Defendants as they conducted their business and the racketeering activity from their offices in this district. Additionally, Gimbel and Feldman reside in this district and are amenable to service here. Venue is proper in this

Court pursuant to 28 U.S.C. § 1391(b)(2) and RICO's venue provision, 18 U.S.C. § 1965(a) and (b).

**THE INDIVIDUAL DEFENDANTS ESTABLISHED YICK BO
AS WORLDWIDE DREAMS' PURCHASING AGENT**

14. In 1997, the Individual Defendants established Worldwide Dreams as a supplier/wholesaler of women's accessories to large U.S. retailers, including Target Stores and Kmart.
15. Worldwide Dreams was a New York-based corporation which operated from offices in New York, New York.
16. The Individual Defendants also created Yick Bo as a wholly-owned subsidiary and purchasing agent of Worldwide Dreams.
17. Although Yick Bo had an office in Hong Kong where its employees made purchases from Chinese apparel suppliers, the Individual Defendants made all of Yick Bo's corporate decisions from their New York offices.
18. Typically, Yick Bo placed purchase orders with suppliers stating goods were being "sold to WWD, NYC" or "WWD LLC Yick Bo Trading Ltd." Yick Bo's purchase orders were processed in an apparel manufacturing software system in Worldwide Dreams-Yick Bo's combined New York office
19. The suppliers would typically then invoice Worldwide Dreams. However, consistent with the agency arrangements between the two companies memorialized in a written agreement, a copy of which is attached as an Exhibit, Yick Bo actually would pay the invoices and then Reddy Chu, Yick Bo's Chief Financial Officer, would issue weekly invoices from his Hong Kong office to Abramson, Worldwide Dreams' Chief Operating

Officer, for reimbursement. Abramson would then authorize Kastenbaum, Worldwide Dreams' Chief Financial Officer, also in New York, to pay the invoice by wire transfer from a U.S. bank.

20. But beginning sometime in 2009, WWD stopped making reimbursements to Yick Bo. As directors of Yick Bo, Gimbel and Feldman should have either demanded repayment or terminated the agency agreement.

**THE INDIVIDUAL DEFENDANTS FRAUDULENTLY STATED
THAT WORLDWIDE DREAMS WOULD PAY ITS OBLIGATIONS TO YICK BO**

21. Consequently, from that point on, Yick Bo was insolvent, that is, it could not meet its obligations as they became due. But as detailed, *infra*, the Individual Defendants took elaborate steps to conceal this fact from Yick Bo's auditors and creditors, resulting in the demise of the Company.

i. The 2008 Financial Statement Fraud

22. In preparing Yick Bo's 2008 financial statements in New York, in early 2009, Directors Gimbel and Feldman faced a dilemma. Either they could disclose the fact that Worldwide Dreams was failing to reimburse Yick Bo for its purchases, thereby making the obligation "bad debt" in accounting terms, or they could falsely represent to Yick Bo that the reimbursements would be made in the normal course of business. The latter representation would enable Yick Bo to use the "going concern" method of accounting, which it had done since its inception and meant, for accounting purposes, that its exposure to bad debts was not significant.

22. The latter method would also allow Yick Bo to continue purchasing on credit from its Chinese suppliers, which in turn would allow Worldwide Dreams to continue selling the merchandise to customers in the U.S.
23. Gimbel and Feldman chose to commit fraud. Consequently, on April 28, 2009, in New York, Gimbel and Feldman signed false financial statements for Yick Bo representing that, based on their assessment of the current creditworthiness of Worldwide Dreams, Yick Bo only traded with recognized creditworthy third parties (i.e., Worldwide Dreams) and that, as a result of their ongoing monitoring of Worldwide Dreams, Yick Bo had no bad debt from Worldwide Dreams. Accordingly, Gimbel and Feldman represented that the outstanding obligations to Yick Bo would be paid in full and would be paid in sufficient amounts in the then current year so that Yick Bo could remain solvent. But as officers and directors of both companies, Gimbel and Feldman knew Worldwide Dreams would not do so.
24. The false financial statements were agreed to by the other Individual Defendants after they had read the documents.
25. At Gimbel and Feldman's request, the false financial statements were emailed from Yick Bo's New York offices, to Reddy Chu in Yick Bo's Hong Office and to Yick Bo's Hong Kong auditors, Mazars CPA Ltd. Mr. Chu was a director of Yick Bo and its Chief Financial Officer.
26. Thus, all of the Individual Defendants entered into a conspiracy to commit fraud on Yick Bo by misleading director Chu by concealing Yick Bo's true financial condition from

him so that he would not interfere with their plans for the company by demanding repayment of the debt from Worldwide Dreams.

27. Had Reddy Chu known the truth, he would have been obliged to stop making purchases on behalf of WWD and to stop making promises of payment to suppliers because Yick Bo could not assume more debt without timely repayment from WWD. This would have effectively shut down Yick Bo.

28. Additionally, had the auditors known that the obligation from WWD would not be repaid to Yick Bo in the regular course of business, it would not have certified the financial statements prepared by the Individual Defendants. The certification stated:

The validity of the going concern basis [of accounting] depends upon the holding company's [WWD] ability to make continuous settlements to the Company [Yick Bo] to enable it to operate as a going concern...The directors of the Company considered that the holding company has the ability to make continuous settlements to the Company to enable the Company to operate as a going concern.

29. But, the directors did not really "consider" that WWD had the ability to repay the obligation to Yick Bo.

30. Had the auditors known this, they would not have certified the financial statement. And had that occurred, Reddy Chu would also have been obliged to so inform Yick Bo's suppliers. This would similarly have shut down Yick Bo.

31. But with the financial statements certified and Reddy Chu deceived, Yick Bo proceeded to make more than \$6 million of purchases from Chinese suppliers in 2009 for WWD, deepening its insolvency.

ii. The 2009 Financial Statement Fraud

32. Gimbel and Feldman made new false statements in completing Yick Bo's 2009 financial statements in New York, which they signed on June 30, 2010. They distributed these statements to the other Individual Defendants that day. The Individual Defendants knew once again that Worldwide Dreams would not reimburse Yick Bo in the normal course of business. As described above, because of the fraud, Reddy Chu would be kept in the dark and keep on making purchases from suppliers that could not be paid.

33. By falsely claiming Worldwide Dreams would make timely reimbursements to Yick Bo in its 2009 financial statements, the Individual Defendants committed a new fraud against Yick Bo by deepening its insolvency.

34. All of the Individual Defendants then agreed to transmit the false financial statements for 2009, on or about June 30, 2010, to Reddy Chu in the Hong Kong office and to the auditors in Hong Kong by email.

35. The fraud allowed Yick Bo to make \$9.7 million worth of purchases from Chinese suppliers in 2010 that Worldwide Dreams would not and did not pay for. Yick Bo incurred the debt, while Worldwide Dreams received the merchandise to sell in the U.S.

iii. The 2010 Financial Statement Fraud

36. In 2011, the Individual Defendants repeated the false statements, even as Yick Bo was on the brink of bankruptcy and desperately needed the obligations from Worldwide Dreams to be paid. Gimbel and Feldman signed Yick Bo's 2010 financial statements on May 30, 2011, in New York which falsely listed the amount due to Yick Bo from Worldwide Dreams as an asset and stated that it would be paid in the normal

course of business to enable Yick Bo to use the “going concern” method of accounting. The other Individual Defendants read and agreed with these false financial statements, and on or about that day, they were emailed to Reddy Chu at Yick Bo’s Hong Kong office and to its Hong Kong auditors.

37. The Individual Defendants were at that point certain that Yick Bo was headed for liquidation. On May 17, 2011, Worldwide Dreams’ C.F.O. Kastenbaum conceded to Reddy Chu that he did not want to “inform the auditors” of his plan to “reorganize” Yick Bo. Reddy Chu finally began to learn that he was being misled and resigned from Yick Bo shortly thereafter.
38. Yick Bo was once again damaged by the fraud by deepening its insolvency/indebtedness of \$2.45 million worth of purchases from Chinese suppliers in 2011.
39. Yick Bo incurred the debt while Worldwide Dreams once again received the merchandise to sell in the U.S.
40. The three-year scheme caused Yick Bo to be left with approximately \$8.7 million in claimed unpaid debt from its suppliers, while Worldwide Dreams was enriched by selling the merchandise in the U.S. By October 2011, the Individual Defendants had stripped Yick Bo of all its assets, while leaving it with claims of unpaid debt of \$8.7 million and unpaid amounts due to it from Worldwide Dreams of \$14.67 million.
41. Weeks after Yick Bo’s 2010 financial statements were signed by Gimbel and Feldman, in July 2011, they sold Worldwide Dreams’ assets.

42. And in October 2011, with no material cash or other assets, but with \$8.7 million worth of claimed unpaid debt against it and \$14.67 million of debt due to it from Worldwide Dreams, the Individual Defendants put Yick Bo into liquidation.

**THE INDIVIDUAL DEFENDANTS FRAUDULENTLY INDUCED SUPPLIERS
TO SELL TO YICK BO ON CREDIT**

43. In 2011, as Yick Bo was insolvent, its suppliers demanded payment.

44. Brookner, per agreement of the other Individual Defendants, called some of Yick Bo's suppliers from New York, including Tano Chan of Chun Lam Co., and promised to resume payments. Brookner knew at the time that Yick Bo could not, and Worldwide Dreams would not, ever pay the suppliers. He was fraudulently inducing them to continue producing and shipping orders to both companies based upon goodwill developed over several years.

45. Relying on these false assurances, suppliers, including Chun Lam Co., continued to ship supplies.

46. Chun Lam Co. and other suppliers never did get paid and have been defrauded. Their claims total \$8,683,374.48. (Teras is not seeking to recover on behalf of these suppliers but is pleading these schemes to establish a pattern of related frauds.)

47. Each of these phone calls constitutes a violation of the federal wire fraud statute, 18 U.S.C. § 1343, as they were made to foreign suppliers in order to defraud them.

**THE INDIVIDUAL DEFENDANTS CONTINUED TO COMMIT FRAUDS
AGAINST THE CREDITORS DURING THE LIQUIDATION**

48. Chun Lam Co., as well as Wang Tai Handbag Mfg. Co. and Youjin Leather Limited, two other suppliers, filed separate collection actions in 2011 in the New York State Courts in

New York County for payment of substantial unpaid invoices. Chun Lam Co. sued both Yick Bo and Worldwide Dreams. Chun Lam Co. alleged, correctly, that Yick Bo was Worldwide Dreams' agent. Under principles of agency law, that made the undisclosed principal, Worldwide Dreams, responsible for the debts of its agent.

49. The Individual Defendants agreed to move to dismiss the suit on the theory that Yick Bo was not Worldwide Dreams' agent. All of them knew this was false. In order to perpetrate this fraud on the Court and Chun Lam Co., the Individual Defendants agreed in October 2011, pursuant to emails between New York and Florida, that Kastenbaum would complete and submit a sworn affidavit to the Court in support of Worldwide Dreams' Motion to Dismiss. This affidavit was essential to the Motion to Dismiss in that it tried to explain away the inferences of agency expressed on the purchase order and invoices attached to Chun Lam Co.'s complaint. In reality, as has been detailed, *supra*, there was a written agency agreement in effect at the time, precisely as Chun Lam Co. had alleged but did not have a copy of. This was the latest in a series of four such agreements entered into between the companies from 1998 to 2008.

50. Accordingly, in October 2011, Kastenbaum, on behalf of all Individual Defendants, caused Worldwide Dreams' lawyers to file the false affidavit in support of the Motion to Dismiss.

51. Additionally, in 2011, suppliers Wang Tai Handbag Mfg. Co. and Youjin Leather Limited separately sued Worldwide Dreams for payment of debts of \$305,000 and \$813,988.62 respectively, in the Supreme Court of New York in New York County.

Worldwide Dreams brought Motions to Dismiss the suits on the ground that there was no legal basis for “ascribing liability” to it for purchases made by Yick Bo. Again, this was a fraud perpetrated on the Court per agreement of all the Individual Defendants pursuant to emails between them in New York and Florida. They agreed to this strategy of denying any legal liability for Yick Bo’s purchases, which included most significantly, the denial that Yick Bo was Worldwide Dreams’ purchasing agent, which they all knew was the case. Accordingly, to perpetrate this fraud, Kastenbaum completed four sworn affidavits in support of Worldwide Dreams’ Motions to Dismiss these actions. Two affidavits were filed in November 2011 and two in January 2012. Before filing these affidavits Kastenbaum communicated with the other Individual Defendants in New York and Florida by email to agree on a course of action with respect to each creditor’s lawsuit.

52. Accordingly the Individual Defendants used the wires to carry out additional schemes on Wang Tai Handbag Mfg., Youjin Leather Limited and Chun Lam Co. in 2011 and 2012.

COUNT I: VIOLATION OF THE RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT (RICO) AGAINST THE INDIVIDUAL DEFENDANTS FOR CONSPIRACY TO COMMIT A PATTERN OF FRAUDS IN VIOLATION OF RICO

53. The preceding paragraphs are incorporated herein as though fully set forth below.

54. The Individual Defendants have agreed to commit a series of frauds against Yick Bo, as detailed *supra*. This conspiracy began in 2009 and continued into 2012. They agreed to commit the frauds to the detriment of Yick Bo as directors of the company and/or otherwise had responsibility to run it. This conspiracy violated 18 U.S.C. § 1962(c) in that it consisted of a pattern of racketeering activity (wire fraud, made a form of

racketeering activity by 18 U.S.C. § 1961(1)(B)), committed through an enterprise affecting interstate or foreign commerce, Yick Bo, a corporation which they operated from New York.

55. This conspiracy to violate 18 U.S.C. § 1962(c) violates 18 U.S.C. § 1962(d).

56. Therefore, Teras asserts claims against each Individual Defendant for damages it suffered by reason of the Individual Defendants' violation of 18 U.S.C. § 1962(d). The Individual Defendants' scheme caused Yick Bo to make purchases from 2009 through 2011 that it would not have made, deepening its insolvency, had the Individual Defendants not falsely indicated that Worldwide Dreams would pay Yick Bo for these purchases.

57. Alternatively, Teras also asserts a RICO claim against the Individual Defendants for perpetrating the scheme to defraud Yick Bo through an association-in-fact enterprise of themselves plus Karen Chan, Tonya White and Tonya King.

58. This association existed from 2007–2012 for the purpose of operating both Worldwide Dreams and Yick Bo from the New York office and also for committing the illegal activity detailed *supra*. The Individual Defendants delegated tasks to themselves and the other members of the association-in-fact enterprise and succeeded in running both businesses and in committing the frauds for three years through their close cooperation. Thus, this is an “association-in-fact” enterprise pursuant to 18 U.S.C. § 1961(4) as it affected interstate commerce and enabled the Individual Defendants to commit their racketeering activities.

DEMAND FOR JUDGMENT ON COUNT I

59. Plaintiff Teras demands judgment against the Individual Defendants for their violations of 18 U.S.C. § 1962(d), pursuant to 18 U.S.C. § 1964(c), for at least \$14,678,362.45, the amount of unpaid debt incurred by Yick Bo (including the amount of money Yick Bo paid out to suppliers) and the amount of unpaid commission earned by Yick Bo, as a result of the Individual's Defendants false statements that Yick Bo would be paid by WWD.

**COUNT II: BREACH OF FIDUCIARY DUTY AGAINST
GIMBEL AND FELDMAN FOR LOOTING AN INSOLVENT YICK BO**

60. Plaintiff Teras incorporates ¶¶1–20 herein as though fully set forth below.

61. At all relevant times, Gimbel and Feldman were directors and officers of both Yick Bo and WWD.

62. At all relevant times, Yick Bo was insolvent.

63. By 2007, Yick Bo was experiencing significant financial difficulties as a result of Worldwide Dreams' failure to pay its obligations to Yick Bo. Specifically, as of December 31, 2007, its current liabilities were \$6.73 million, but it had current assets (excluding the unpayable Worldwide Dreams receivable) of just \$206,000. As of December 31, 2008, its current liabilities were \$9.43 million, but it had current assets (excluding the unpayable Worldwide Dreams receivable) of just \$154,000. As of December 31, 2009, its current liabilities were \$8.08 million, but it had current assets (excluding unpayable Worldwide Dreams receivable) of just \$309,000. As of December 31, 2010, its current liabilities were \$10.56 million, but it had current assets (excluding the unpayable Worldwide Dreams receivable) of just \$2,500.

64. During this same time period, Yick Bo had no material assets other than its receivable from Worldwide Dreams, which was not an asset for accounting purposes because it could not be repaid in the ordinary course of business.
65. But from 2007 through 2010, Gimbel and Feldman approved a scheme for Yick Bo to purchase supplies on behalf of Worldwide Dreams that were delivered to Worldwide Dreams and then sold by Worldwide Dreams to its U.S. customers. While those customers paid Worldwide Dreams, Worldwide Dreams did not pay Yick Bo and Yick Bo was left with the debt.
66. At all times, Gimbel and Feldman, as directors and officers of Yick Bo, owed fiduciary duties to Yick Bo, imposed by §717 of the New York Business Corporation Law (BCL), and otherwise, to perform their duties in good faith because Yick Bo's principal place of business was in New York. BCL §1317. Accordingly, New York law applies.
67. At all relevant times, Gimbel and Feldman knew that Yick Bo was insolvent. It could not pay its suppliers and depended on WWD to do so, which Worldwide Dreams did not do. By failing to obtain payment of Worldwide Dreams's obligations to Yick Bo, they breached their fiduciary duties to Yick Bo.
68. Had Gimbel and Feldman fulfilled their obligations to Yick Bo, by ensuring the repayment by Worldwide Dreams of its obligations, Yick Bo would not have become insolvent. Instead, Gimbel and Feldman decided to loot Yick Bo's assets for WWD's benefit. Their breach of fiduciary duty to Yick Bo caused Yick Bo to lose its assets without any compensation or repayment from WWD.

69. These breaches of Gimbel and Feldman's fiduciary duties violated BCL § 720. (To reiterate, this claim is predicated upon the looting/dissipation of Yick Bo's assets, not a false statement to it.)

ALLEGATION CONCERNING PUNITIVE DAMAGES

70. Gimbel and Feldman acted in all respects maliciously, intentionally, and wantonly, and consequently are liable for punitive damages.

DEMAND FOR JUDGMENT ON COUNT II

71. Plaintiff Teras demands judgment against Gimbel and Feldman for damages they caused to Yick Bo by giving its assets and agency services to WWD without receiving payment. Teras also seeks punitive damages, and, pursuant to BCL § 720(b), seeks an accounting for any gains Gimbel and Feldman personally obtained as a result of their respective breaches of their fiduciary duties.

**COUNT III
FOR REIMBURSEMENT
(Against Worldwide Dreams)**

72. Plaintiff Teras reincorporates the allegations in Count II herein as though fully set forth below.

73. Yick Bo has become indebted to suppliers and has paid suppliers without being reimbursed. As all of these purchases were made at the request of Worldwide Dreams in executing Yick Bo's role as its purchasing agent, Worldwide Dreams is legally responsible to reimburse and indemnify Yick Bo for these obligations under the Agency Agreement and New York common law.

74. Additionally, Yick Bo is entitled to commissions on these purchases pursuant to ¶ 3 of the Agency Agreement (Exhibit to Complaint).

DEMAND FOR JUDGMENT ON COUNT III

75. Plaintiff Teras demands judgment against Defendant Worldwide Dreams for \$14,678,362.45, and any other relief deemed just and proper.

Dated: June 5, 2014

By: /s/Howard W. Foster

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Exhibit

AGREEMENT

This agreement is entered into this 1st day of November 2008 between **WORLDWIDE DREAMS LLC** of 350 Fifth Avenue, Suite 2101, New York, NY 10118, U.S.A. hereinafter referred to as the Principal, and **YICK BO TRADING LIMITED** of Unit 865, 8/F., HITEC, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong, hereinafter referred to as the Agent.

WHEREAS, **WORLDWIDE DREAMS LLC** (the Principal) is engaged in the importation of general merchandise for sale in the United States, and

WHEREAS, **YICK BO TRADING LIMITED** (the Agent) acts as representative in Asia area for interested parties in the United States, and

WHEREAS, the parties herewith are desirous of entering into an agreement setting forth the terms of the agency relationship between the parties, which incorporates all previous understandings,

NOW, THEREFORE, in consideration of the mutual promises and covenants between the parties herein, it is agreed as follows:

- (1) The Agent will act as buying Agent for the Principal in connection with the latter's purchases in Asia.
- (2) The Agent agrees to perform the following services on behalf of the Principal:
 - a. The Agent shall assist in the negotiation of the most favourable prices for the Principal in the connection; the Agent shall visit manufacturers designated by the Principal, obtain samples of merchandise, and submit samples to the Principal quoting prices at which the merchandise can be purchases.
 - b. The Agent shall familiarize itself with the Principal's needs and survey the potential markets to obtain the best available merchandise.
 - c. The Agent shall place orders (if necessary) with manufacturers on behalf of the Principal. The Agent shall act only upon the explicit instructions of the Principal, and in no case shall the Agent act without explicit instructions from the Principal.
 - d. The Agent shall quote factory prices, which shall not include the buying agent's commission. The Agent shall arrange for payment terms and payment (if necessary) to the manufacturer pursuant to the explicit instructions of the Principal, and in a manner consistent with the best interests of the latter.

- e. The Agent shall visit manufacturers where orders are placed in order to inspect the quality of the merchandise shipped to the principal. In the event that such merchandise does not conform in quality or specifications to the order placed, The Agent shall immediately notify the Principal. In the event of shipment of defective merchandise through the negligence to the Agent no commission shall be paid.
 - f. The Agent shall assist the Principal in the return of any merchandise deemed to be defective. In addition, the Agent shall assist in the recovery of any monies due to the Principal from the manufacturer as a result of defective merchandise, shortages, etc.
 - g. The Agent shall never act as a seller in any transaction involving the Principal.
 - h. The Agent shall be responsible for all expenses such as room and board and transportation between Hong Kong and China, etc incurred by the Principal's staffs while in Hong Kong and China for development and sourcing trips to Hong Kong and China.
- (3) The Principal and their related company agree to pay to the Agent a commission of 7% on factory price for all FOB Sales and stock/warehouse orders for the merchandise and services handled by the Agent on behalf of the Principal.
- (4) The buying commission and other charges shall be listed separately on the commercial and special customs invoices prepared by the Agent with a payment terms of 90 days.
- (5) This agreement expresses fully the understanding of the parties and incorporates all previous understandings. No future changes in this agreement shall be valid except when and if reduced to writing by both Principal and Agent.
- (6) This agreement will remain in effect until cancellation by either party upon giving written notification at least sixty (60) days prior to the date of such cancellation. Moreover, upon the occurrence of any one or more of the following events, the Principal shall have the right to make written notice 30 days in advance to cancel and terminate the agreement upon written notice to the Agent:
- a. The failure of the Agent to perform or comply with any one or more of the terms or conditions set forth in this agreement;
 - b. The discontinuance for any reason whatsoever of the performance of the Agent's specified duties for a period of sixty (60) days;

- c. The insolvency of the Agent or filing of a bankruptcy petition against him.
- (7) Any notice required to be given under this agreement by the principal to the Agent shall be deemed given sufficiently if a notice in writing is mailed by registered mail to the Agent at the address set forth above.
- (8) This agreement shall be construed and liabilities of the parties hereunder shall be determined in accordance with the laws of Hong Kong.

WORLDWIDE DREAMS LLC
Principal

YICK BO TRADING LIMITED
Agent



NORMAN ABRAMSON



REDDY CHU