



U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 23584 / June 27, 2016

Securities and Exchange Commission v. Longwei Petroleum Investment Holding Limited and Michael Toups, Civil Action No. 8:16CV1798T27AEP (M.D. FL)

SEC Charges Chinese Fuel Storage Company and Its CFO with Fraud

The Securities and Exchange Commission today charged China-based Longwei Petroleum Investment Holding Limited and chief financial officer Michael Toups with fraud and related charges.

The SEC's complaint alleges that Longwei made numerous false public statements concerning the capacity of its three fuel storage depots in Shanxi Province, China. Longwei and Toups issued periodic filings, and press releases in January, February, and March 2013, that substantially overstated Longwei's storage capacity at those depots.

The SEC also alleges that Toups and Longwei misrepresented and omitted key facts about the company's response to public claims by a third-party research firm that Longwei was a "massive fraud" with little to no observable business activity at its storage depots. In addition, when the company was short on cash during the second half of 2012, Toups and Longwei misled Longwei warrant holders to induce them to exercise warrants and thereby inject funds into the company. As part of this scheme, Toups publicly reported his own purchases of Longwei stock in an effort to convince investors that he truly believed in the company's prospects. Unbeknownst to investors, however, Toups made the purchases at the direction of Longwei's chairman and used company funds to acquire the stock.

The SEC's complaint charges Longwei and Toups with violations of Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder. The complaint also charges Longwei with violations of Sections 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder. The complaint seeks permanent injunctions, civil penalties, disgorgement plus prejudgment interest, and an officer and director bar against Toups. The Commission has also instituted public administrative proceedings against Longwei pursuant to Section 12(j) of the Exchange Act to determine whether to suspend or revoke the registration of all classes of securities registered with the Commission.

The SEC's investigation was conducted by Tom Keltner and Jody Moore in the Fort Worth Regional Office, and supervised by Assistant Regional Director Eric Werner and Associate Regional Director David Peavler. The SEC's litigation will be led by Timothy Evans.

► [SEC Complaint](#)

<http://www.sec.gov/litigation/litreleases/2016/lr23584.htm>