

**IN THE DISTRICT COURT OF THE VIRGIN ISLANDS
ST. CROIX DIVISION**

■■■■■ INDIVIDUALLY AND ON
BEHALF OF ALL OTHERS SIMILARLY
SITUATED,

Plaintiff,

vs.

QIAO XING UNIVERSAL RESOURCES, INC.,
RUI LIN WU, and JIUJIU JIANG

Defendants.

CASE No.: 12-45

COMPLAINT

CLASS ACTION

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff ■■■■■ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against Defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Qiao Xing Universal Resources, Inc. (“XING,” or the “Company”), securities analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants who purchased the common stock of XING between July 15, 2011 to April 16, 2012 inclusive, seeking to recover damages caused by Defendants' violations of federal securities laws.

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act, and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. § 1331.

4. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b).

5. In connection with the acts, conduct, and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased XING securities at artificially inflated prices during the Class Period and has been damaged thereby.

7. Defendant XING purports to primarily engage in the molybdenum-mining industry. XING, formerly known as Pastiche Investments Limited, is incorporated as an international business

company under the International Business Companies Act of the British Virgin Islands on December 6, 1994.

8. As of June 30, 2011, the Company owned 55.6% of Qiao Xing Mobile Communication Co., Ltd. (“QXM”), a company incorporated in the British Virgin Islands on January 31, 2002. QXM owns 96.55% of CEC Telecom Co., Ltd., a limited liability company established in China.

9. The Company own 100% of China Luxuriance Jade Company, Ltd., which is the sole shareholder of China Huizhou Taiherui Information Technology Co., Ltd. (“Taiherui”). Taiherui is the sole shareholder of Chifeng Zhongtai Mining Company Ltd..

10. Before being halted by the NASDAQ Stock Market on April 16, 2012, the Company’s common stock was actively traded on the NASDAQ under ticker “XING.”

11. Defendant Rui Lin Wu (“Wu”) was the Company’s Chief Executive Officer (“CEO”) and Chairman of the board of directors at all relevant times until November 21, 2011.

12. Defendant Jiujiu Jiang (“Jiang”) has served as Chief Financial Officer (“CFO”) of XING since May 2, 2011.

13. Rui Lin Wu and Jiujiu Jiang are collectively referred to hereinafter as the “Individual Defendants.”

14. During the Class Period, each of the Individual Defendants, as senior executive officers, agents, and/or directors of XING and its subsidiaries and affiliates, was privy to non-public information concerning the Company’s business, finances, products, markets, and present and future business prospects, via access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings

and committees thereof, and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

15. Because of the Individual Defendants' positions with the Company, they had access to the adverse undisclosed information about the Company's business, operations, operational trends, financial statements, markets, and present and future business prospects via access to internal corporate documents (including the Company's operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof, and via reports and other information provided to them in connection therewith.

16. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications as alleged herein is the result of collective actions of the narrowly defined group of defendants identified above. Each of the above officers and directors of XING and its subsidiaries and affiliates, by virtue of his or her position with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels, and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as alleged herein. Said Defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued

regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

17. As officers, directors and controlling persons of a publicly-held company whose securities were and are registered with the SEC pursuant to the Exchange Act, and that was traded on the NASDAQ and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate accurate and truthful information promptly with respect to the Company's financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

18. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public, shareholder, and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with XING, each of the Individual Defendants had access to the adverse undisclosed information about XING's financial condition and performance as particularized herein and knew (or recklessly disregarded) that these adverse facts rendered the positive representations made by or about XING and its business issued or adopted by the Company materially false and misleading.

19. Each Defendant is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of XING securities by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme (i) deceived the investing public regarding XING's business, operations, management and the intrinsic value of XING's securities; and (ii) caused Plaintiff and other members of the Class to purchase XING securities at artificially inflated prices.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

20. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all persons who purchased the common stock of XING during the Class Period and who were damaged thereby. Excluded from the Class are Defendants, the officers and directors of the Company at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

21. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, XING's securities were actively traded on the NASDAQ Bulletin Board. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds of members in the proposed Class. Members of the Class may be identified from records maintained by XING or its transfer agent and may be notified of the pendency of this action by mail, using a form of notice customarily used in securities class actions.

22. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

23. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

24. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of XING; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

25. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to redress individually the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

26. In June 2011, former Chairman and CEO Wu transferred a substantial and material amount of funds from a Xing subsidiary's bank account to an account under his control

("Transaction"). The Transaction was undertaken without notice to or approval of the Audit Committee or the Board of Directors.

27. During the Class Period, XING issued materially false and misleading statements and omitted to state any facts concerning the Transaction that rendered defendants' affirmative statements misleading as they related to the Company's financial performance, business prospects, and financial condition. As a result of these materially false and misleading statements, the price of the Company's securities was artificially inflated and Xing's stock was halted by NASDAQ rendering Xing's stock illiquid, damaging investors. Afterwards, Xing's Audit Committee immediately launched internal investigation for the Transaction and ordered return of the funds. Trading will remain halted until Xing has fully reported the findings of the Transaction, and stock price is expected drop significantly when and if trading resumes.

28. The Class Period begins on July 15, 2011, when the Company filed its annual report for the year ended December 31, 2010 on Form 20-F with the SEC. The 20-F was signed by Defendant Wu, pursuant to Sarbanes-Oxley Act of 2002 ("SOX"), was separately certified by Wu and Jiang.

29. The 20-F filed was materially false and misleading because the Company failed to disclose the Transaction.

30. Xing issued a Press Release on November 22, 2011 to announce the resignation of Wu and the appointment of Wu's son, Zhiyang Wu, to succeed him as the Chairman and CEO. The Press Release misrepresented the actual reasons for this change in leadership.

31. Upon information and belief, Xing wanted to conceal the fraudulent Transaction and shield Wu from liabilities. Wu did not resign for “personal reasons”, as claimed in the Press Release.

TRUTH BEGINS TO EMERGE

32. The relevant truth began to enter the market and/or materialize through partial disclosures.

33. On April 16, 2012, NASDAQ announced that trading was halted in Xing for “additional information requested” from the company.

34. On April 20, 2012, Xing filed 6-K with SEC, announcing that its Audit Committee determined to commence an internal investigation into the Transaction in June 2011, which was undertaken without notice to or approval of the Audit Committee or the Board of Directors. The Audit Committee has ordered immediate return of the funds. The Audit Committee also decided to review certain transactions involving the pledge or transfer of Company assets and to confirm cash balances of the Company’s bank accounts.

35. XING also announced in the 6-K that Edward Tsai, director and Chairman of the Audit Committee, has resigned as of April 18, 2012. Mr. Tsai’s resignation is occasioned by his disagreement with the other directors of the Company on the conduct of the internal investigation.

Applicability of Presumption of Reliance:

Fraud-on-the-Market Doctrine

36. At all relevant times, the market for XING’s common stock was an efficient market for the following reasons, among others:

(a) XING's stock met the requirements for listing, and is listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) During the class period, on average, over several hundreds of thousands of shares of XING stock were traded on a weekly basis, demonstrating a very active and broad market for XING stock and permitting a *very strong* presumption of an efficient market;

(c) XING regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;

(d) XING was followed by several securities analysts employed by major brokerage firms who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firms during the Class Period. Each of these reports was publicly available and entered the public marketplace;

(e) Numerous NASD member firms were active market-makers in XING stock at all times during the Class Period; and

(f) Unexpected material news about XING was rapidly reflected and incorporated into the Company's stock price during the Class Period.

37. As a result of the foregoing, the market for XING's common stock promptly digested current information regarding XING from all publicly available sources and reflected such information in XING's stock price. Under these circumstances, all purchasers of XING's common stock during the Class Period suffered similar injury through their purchase of XING's common stock at artificially inflated prices, and a presumption of reliance applies.

FIRST CLAIM

Violation of Section 10(b) Of

The Exchange Act Against and Rule 10b-5

Promulgated Thereunder Against Xing and the Individual Defendants

38. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

39. This claim is brought against XING and all of the Individual Defendants.

40. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (1) deceive the investing public, including plaintiff and other Class members, as alleged herein; and (2) cause plaintiff and other members of the Class to purchase XING's common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

41. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business that operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for XING's common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

42. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a

continuous course of conduct to conceal adverse material information about the business, operations and future prospects of XING as specified herein.

43. These Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of XING's value and performance and continued substantial growth, which included the making of, or participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about XING and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business that operated as a fraud and deceit upon the purchasers of XING's common stock during the Class Period.

44. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (1) the Individual Defendants were high-level executives, directors, and/or agents at the Company during the Class Period and members of the Company's management team or had control thereof; (2) each of these defendants, by virtue of his or her responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's financial condition; (3) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (4) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

45. Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing XING's operating condition and future business prospects from the investing public and supporting the artificially inflated price of its common stock. As demonstrated by Defendants' overstatements and misstatements of the Company's financial condition throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

46. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of XING's common stock was artificially inflated during the Class Period. In ignorance of the fact that market prices of XING's publicly-traded common stock were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the common stock trades, and/or on the absence of material adverse information that was known to or recklessly disregarded by Defendants but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired XING common stock during the Class Period at artificially high prices and were or will be damaged thereby.

47. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding XING's financial results, which

were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their XING common stock, or, if they had acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices that they paid.

48. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

49. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's common stock during the Class Period.

50. This action was filed within two years of discovery of the fraud and within five years of each plaintiff's purchases of securities giving rise to the cause of action.

SECOND CLAIM

Violation of Section 20(a) Of

The Exchange Act Against the Individual Defendants

51. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

52. The Individual Defendants acted as controlling persons of XING within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, agency, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control, and did influence and control, directly or indirectly, the decision-

making of the Company, including the content and dissemination of the various statements that plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to have been misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or to cause the statements to be corrected.

53. In particular, each Defendant had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

54. As set forth above, XING and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint.

55. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period.

56. This action was filed within two years of discovery of the fraud and within five years of each Plaintiff's purchases of securities giving rise to the cause of action.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action, designating Plaintiff as class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Class

Counsel;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: April 27, 2012

Respectfully submitted,
