

JUDGE BATTS

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

_____) Individually and on
) Behalf of All Other Persons Similarly Situated,

) Plaintiff,

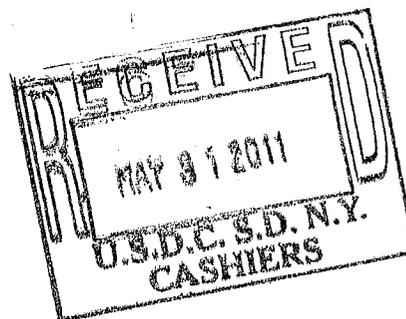
) v.

) WONDER AUTO TECHNOLOGY, INC.,
) QINGJIE ZHAO, MEIRONG YUAN,
) QINGDONG ZENG, and MA YUNCONG,

) Defendants)

Civil Action No.:

JURY TRIAL DEMANDED



CLASS ACTION COMPLAINT

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 Wonder Auto Technology, Inc. ("Wonder Auto" or the "Company"), analyst 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 Wonder Auto securities between May 14, 2008 and May 6, 2011, inclusive (the “Class Period”), seeking to recover damages caused by defendants’ violations of the federal securities laws and to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Wonder Auto, through a subsidiary, designs, develops, manufactures and sells automobile alternators and starters and other automotive electrical parts in the People’s Republic of China, Brazil and South Korea.

3. On March 1, 2011, the Company disclosed that it’s previously issued financial statements for fiscal years 2008 and 2009, as well as its interim reports for those periods “should no longer be relied upon due to a cutoff error regarding timing of revenue in such periods.”

4. On March 25, 2011, the Company disclosed that it had “received a notification letter from the NASDAQ Stock Market indicating that the Company was not in compliance” with NASDAQ’s continued listing requirements as it failed to timely file its annual report on a Form 10-K for the fiscal year ended December 31, 2010.

5. On May 6, 2011, after the close of trading, NASDAQ halted the trading of Wonder Auto stock until the Company satisfied NASDAQ’s request for “additional information.”

6. On May 12, 2011, the Company disclosed in a press release, that its Audit Committee had “undertaken an internal investigation concerning certain investment and acquisition transactions.”

7. On May 20, 2011, the Company disclosed that the Audit Committee's investigation will continue until at least June 2011 and was commenced "in response to a report alleging that the Company had engaged in several transactions without properly disclosing their related-party nature."

8. Throughout the Class Period, Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) the Company improperly recognized revenue in incorrect financial reporting periods as its subsidiaries improperly recorded its sales and costs of sales; (2) the Company improperly engaged in several transactions without properly disclosing their related-party nature; (3) the Company lacked adequate internal and financial controls; and (4) as a result of the foregoing, the Company's statements were materially false and misleading at all relevant times.

9. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, as well as the trading halt in the Company's stock, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

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

12. Venue is proper in this District pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa and 28 U.S.C. §1391(b) as a substantial part of the conduct complained of herein occurred in this District. Moreover, Wonder Auto's principal executive offices are located within this District.

13. 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 mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

14. Plaintiff ██████████ as set forth in the attached certification, purchased Wonder Auto securities at artificially inflated prices during the Class Period and has been damaged thereby.

15. Defendant Wonder Auto, a Nevada corporation, has its principle executive offices located at No. 16 Yulu Street, Taihe District, Jinzhou, Liaoning, 121013, China.

16. Defendant Qingjie Zhao ("Zhao") at all relevant times herein was the Company's Chairman, President and Chief Executive Officer. Defendant Zhao joined the Company's subsidiary, Jinzhou Halla, as its Chairman in October 1997. Defendant Zhao is also currently an executive director and 10.4% owner of China Wonder Limited, a company listed on the Alternative Investment Market of the London Stock Exchange, which is principally engaged in the manufacture and sale of specialty packaging machinery to the PRC pharmaceutical market, and an executive director and 11.0% owner of Jinzhou Jinheng Automotive Safety System Co., Ltd., which is principally engaged in the manufacture and sale of automotive airbag safety systems in China.

17. Defendant Meirong Yuan (“Yuan”) at all relevant times herein was the Company’s Chief Financial Officer, Treasurer and director. Defendant Yuan has been the Vice President of Jinzhou Wonder Industrial Co., Ltd and also serves as a director of Jinzhou Halla.

18. Defendant Yuncong Ma (“Ma”) at all relevant times herein was the Company’s Chief Operating Officer. Defendant Ma has been the General Manager of subsidiary Jinzhou Halla since 1997 and is responsible for Jinzhou Halla’s overall operations.

19. Defendant Qingdong Zeng (“Zeng”) at all relevant times herein was the Company’s Chief Strategy Officer. Defendant Zeng has been the president of the Company’s subsidiary, Jinzhou Wanyou, since September 2006.

20. The defendants referenced above in ¶¶ 16 - 19 are sometimes referred to herein as the “Individual Defendants.”

SUBSTANTIVE ALLEGATIONS

Background

21. Wonder Auto is a manufacturer of automotive electric parts, suspension products and engine components in the People’s Republic of China. The products include alternators, starters, engine valves and tappets, and rods and shafts for use in shock absorber systems. The products are used in a range of passenger and commercial automobiles. WATG sells the products within the People’s Republic of China to original equipment manufacturers (OEMs), engine manufacturers and automotive parts suppliers. The customers include SAIC GM Wuling Automobile Co., Ltd., Beijing Hyundai Motor Company, Shenyang Aerospace Mitsubishi Motors Engine Co., Ltd., Harbin Dongan Automotive Engine Co., Ltd., Shanghai Volkswagen Co., Ltd., BYD Company Limited, Tianjin Toyota Co., Ltd., Ltd., Geely Automobile Co., Ltd.

and Tianjin FAW Xiali Automobile Co., Ltd. The Company operates in four business segments: alternators, starters, rods and shafts, and engine valves and tappets.

**Materially False and Misleading
Statements Issued During the Class Period**

22. On May 14, 2008, the Company issued a press release announcing its financial results for the first quarter ended March 31, 2008. The Company reported sales revenue of \$31.1 million and a net income of \$4 million, or \$0.15 per diluted share, as compared to sales revenue of \$21.6 million and net income of \$2.7 million, or \$0.11 per diluted share for the same period a year ago.

23. On May 14, 2008, the Company filed a quarterly report for the period ended March 31, 2008 on Form 10-Q with the SEC, which was signed by Defendant Yuan and represented the Company's quarterly financial results and financial position. In addition, pursuant to the Sarbanes-Oxley Act of 2002 ("SOX"), the Form 10-Q contained signed certifications by Defendants Zhao and Yuan, stating that the financial information contained in the Form 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

24. On August 6, 2008, the Company issued a press release announcing its financial results for the second quarter ended June 30, 2008. The Company reported sales revenue of \$36.7 million and net income of \$5.3 million, or \$0.20 per diluted share, as compared to sales revenue of \$23.6 million and a net income of \$3.8 million, or \$0.16 per diluted share for the same period a year ago.

25. On August 7, 2008, the Company filed a quarterly report for the period ended June 30, 2008 on Form 10-Q with the SEC, which was signed by Defendant Yuan and represented the Company's quarterly financial results and financial position. In addition,

pursuant to SOX, the Form 10-Q contained signed certifications by Defendants Zhao and Yuan, stating that the financial information contained in the Form 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

26. On November 3, 2008, the Company issued a press release announcing its financial results for the third quarter ended September 30, 2008. The Company reported sales revenue of \$39.3 million and net income of \$6.4 million, or \$0.24 per diluted share, as compared to sales revenue of \$27.3 million and a net income of \$3.7 million, or \$0.15 per diluted share for the same period a year ago.

27. On November 4, 2008, the Company filed a quarterly report for the period ended September 30, 2008 on Form 10-Q with the SEC, which was signed by Defendant Yuan and represented the Company's quarterly financial results and financial position. In addition, pursuant to SOX, the Form 10-Q contained signed certifications by Defendants Zhao and Yuan, stating that the financial information contained in the Form 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

28. On March 2, 2009, Wonder Auto issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2008. For the year, the Company reported sales revenue of \$141.2 million and net income of \$18.9 million, or \$0.70 per diluted share, as compared to sales revenue of \$102 million and net income of \$14.5 million, or \$0.60 per diluted share and for the same period a year ago.

29. On March 30, 2009, the Company filed an annual report for the period ended December 31, 2008 on Form 10-K with the SEC, which was signed by Defendants Zhao and Yuan and represented the Company's annual financial results and financial position. In addition, pursuant to SOX, the Form 10-K contained signed certifications by Defendants Zhao and Yuan,

stating that the financial information contained in the Form 10-K was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

30. On May 4, 2009, the Company issued a press release announcing its financial results for the first quarter ended March 31, 2009. The Company reported sales revenue of \$40 million and net income of \$5.2 million, or \$0.19 per diluted share, as compared to sales revenue of \$31 million and net income of \$4 million, or \$0.15 per diluted share for the same period a year ago.

31. On May 6, 2009, the Company filed a quarterly report for the period ended March 31, 2009 on Form 10-Q with the SEC, which was signed by Defendant Yuan and represented the Company's quarterly financial results and financial position. In addition, pursuant to SOX, the Form 10-Q contained signed certifications by Defendants Zhao and Yuan, stating that the financial information contained in the Form 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

32. On August 3, 2009, the Company issued a press release announcing its financial results for the second quarter ended June 30, 2009. The Company reported sales revenue of \$49.7 million and net income of \$5.4 million, or \$0.20 per diluted share, as compared to sales revenue of \$36.7 million and a net income of \$5.3 million, or \$0.20 per diluted share for the same period a year ago.

33. On August 4, 2009, the Company filed a quarterly report for the period ended June 30, 2009 on Form 10-Q with the SEC, which was signed by Defendant Yuan and represented the Company's quarterly financial results and financial position. In addition, pursuant to SOX, the Form 10-Q contained signed certifications by Defendants Zhao and Yuan,

stating that the financial information contained in the Form 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

34. On November 2, 2009, the Company issued a press release announcing its financial results for the third quarter ended September 30, 2009. The Company reported sales revenue of \$59 million and net income of \$6.5 million, or \$0.24 per diluted share, as compared to sales revenue of \$39 million and a net income of \$6.4 million, or \$0.24 per diluted share for the same period a year ago.

35. On November 2, 2009, the Company filed a quarterly report for the period ended September 30, 2009 on Form 10-Q with the SEC, which was signed by Defendant Yuan and represented the Company's quarterly financial results and financial position. In addition, pursuant to SOX, the Form 10-Q contained signed certifications by Defendants Zhao and Yuan, stating that the financial information contained in the Form 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

36. On February 11, 2010, the Company issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2009. For the year, the Company reported sales revenue of \$211 million and net income of \$22.9 million, or \$0.82 per earnings share, as compared to sales revenue of \$141.2 million and net income of \$18.9 million, or \$0.70 per diluted share for the same period a year ago.

37. On March 4, 2010, the Company filed an annual report for the period ended December 31, 2009 on Form 10-K with the SEC, which was signed by Defendants Zhao and Yuan and represented the Company's annual financial results and financial position. In addition, pursuant to SOX, the Form 10-K contained signed certifications by Defendants Zhao and Yuan, stating that the financial information contained in the Form 10-K was accurate, and that they

disclosed any material changes to the Company's internal controls over financial reporting.

38. On May 6, 2010, the Company issued a press release announcing its financial results for the first quarter ended March 31, 2010. The Company reported sales revenue of \$63.6 million and net income of \$5.8 million, or \$0.17 per diluted share, compared to sales revenue of \$40 million and net income of \$5.1 million, or \$0.19 per diluted share, for the same period a year ago.

39. On May 10, 2010, the Company filed a quarterly report for the period ended March 31, 2010 on Form 10-Q with the SEC, which was signed by Defendant Yuan and represented the Company's quarterly financial results and financial position. In addition, pursuant to SOX, the Form 10-Q contained signed certifications by Defendants Zhao and Yuan, stating that the financial information contained in the Form 10-Q was accurate, and that they disclosed any material changes to the Company's internal controls over financial reporting.

40. On August 9, 2010, the Company issued a press release announcing its financial results for the second quarter ended June 30, 2010. The Company reported sales revenue of \$68.5 million and net income of \$6.6 million, or \$0.20 per diluted share, compared to sales revenue of \$50 million and net income of \$5.4 million, or \$0.20 per diluted share, for the same period a year ago.

41. On August 9, 2010, the Company filed a quarterly report for the period ended June 30, 2010 on Form 10-Q with the SEC, which was signed by Defendant Yuan and represented the Company's quarterly financial results and financial position. In addition, pursuant to SOX, the Form 10-Q contained signed certifications by Defendants Zhao and Yuan, stating that the financial information contained in the Form 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

42. On November 9, 2010, the Company issued a press release announcing its financial results for the third quarter ended September 30, 2010. The Company reported sales revenue of \$78.8 million and net income of \$11.9 million, or \$0.35 per diluted share, compared to sales revenue of \$59 million and net income of \$6.5 million, or \$0.24 per diluted share, for the same period a year ago.

43. On November 9, 2010, the Company filed a quarterly report for the period ended September 30, 2010 on Form 10-Q with the SEC, which was signed by Defendant Yuan and represented the Company's quarterly financial results and financial position. In addition, pursuant to SOX, the Form 10-Q contained signed certifications by Defendants Zhao and Yuan, stating that the financial information contained in the Form 10-Q was accurate, and that they disclosed any material changes to the Company's internal control over financial reporting.

44. On November 23, 2010, the Company estimated that its 2011 revenue would be between \$445 - \$455 million "based upon management's analysis of market trends and the audited financial statements of Wonder Auto's newly acquired subsidiary, Jinheng (BVI) Ltd. ("Jinheng BVI") among other factors."

45. On December 6, 2010, the Company announced the appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company ("PWC Zhong Tian") as the Company's independent accountants for audit work for the year ended December 31, 2010 and first three quarters of 2011.

46. The statements referenced in ¶¶ 22 - 43 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts, which were known to defendants or recklessly disregarded by them that: (1) the Company improperly recognized revenue in incorrect financial reporting periods as its significant subsidiaries

improperly recorded period sales and costs of sales; (2) the Company improperly engaged in several transactions without properly disclosing their related-party nature; (3) the Company lacked adequate internal and financial controls; and (4) as a result of the foregoing, the Company's statements were materially false and misleading at all relevant times.

TRUTH BEGINS TO EMERGE

47. On March 1, 2011, after the markets closed, the Company issued a press release disclosing that its previously issued financial statements for fiscal years 2008 and 2009, as well as its interim period reports "should no longer be relied upon due to a cutoff error regarding timing of revenue in such periods" and will need to restate its financial statements for the above reporting periods. Specifically, the press release disclosed in relevant part:

Historically, the Company has disclosed in its Annual Report that "revenue from sales of its products is recognized when the significant risks and rewards of ownership have been transferred to the buyer at the time when the products are put into use by its customers, the sales price is fixed or determinable and collection is reasonably assured." During 2008 and 2009, two of the company's significant subsidiaries recorded period sales and cost of sales based on when usage reports were provided by the customers. The periods covered by the usage reports, however, did not always exactly correspond to the financial reporting periods. As a result of these cut-off errors, sales, cost of sales and net income for individual financial reporting periods (annually and quarterly) have been misstated. The Company and its subsidiaries are implementing accounting procedures designed to permit the Company to report its financial results consistent with U.S. Generally Accepted Accounting Principles ("GAAP"). As a result of these changes, the Company's revenue for 2008 and 2009 is expected to increase from what previously was reported as a result of the shifting of revenue from 2009 to 2008 and from 2010 to 2009. The Company's net income for 2009 and 2008 also are expected to increase as a result of these changes. In addition, the Company continues to expect to meet the previously announced guidance for revenue and profit in its press release dated November 9, 2010.

48. On March 17, 2011, the Company notified the SEC that it was unable to complete its Form 10-K within the prescribed time period.

49. On March 25, 2011, the Company disclosed that it had “received a notification letter from the NASDAQ Stock Market indicating that the Company was not in compliance” with NASDAQ’s continued listing requirements as it failed to timely file its annual report on a Form 10-K for the fiscal year ended December 31, 2010.

50. On May 6, 2011, at 16:13 p.m., Eastern Time, the NASDAQ halted the trading of Wonder Auto stock at \$5.42 due to the Company’s failure satisfy its requests for “additional information.”

51. On May 12, 2011, the Company disclosed in a press release, that its Audit Committee “has undertaken an internal investigation concerning certain investment and acquisition transactions.” Consequently, the Company “does not expect that its filings will be completed until the completion of the investigation.”

52. On May 20, 2011, the Company disclosed that the Audit Committee’s investigation will continue at least through June 2011 and was commenced “in response to a report alleging that the Company had engaged in several transactions without properly disclosing their related-party nature.” As to the pending restatement, the Company disclosed the following:

Although the Company’s work on the restatement is not complete, at this time it is expected that the restatement will be due primarily to certain sales cut-off errors and the timing of expenses associated with stock option compensation. The restatement also includes adjustments to costs of sales associated with the sales cut-off error and other adjustments. None of the amounts have been finalized at this point as the restatement has not been completed. However, based on the information currently available, it is expected that the net effect of the restatement will be to increase reported net income in 2008 and 2009.

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53. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or

otherwise acquired Wonder Auto securities during the Class Period (the “Class”); and were damaged thereby. Excluded from the Class are defendants herein, 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.

54. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Wonder Auto securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Wonder Auto or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

55. 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.

56. 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. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

57. 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:

- whether the federal securities laws were violated by defendants’ acts as alleged herein;

- whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Wonder Auto;
- whether the Individual Defendants caused Wonder Auto to issue false and misleading financial statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Wonder Auto securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

58. 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 individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

59. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Wonder Auto securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ, and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and

- Plaintiff and members of the Class purchased and/or sold Wonder Auto securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

60. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

COUNT I

(Against All Defendants for Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder)

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

62. This Count is asserted against defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

63. During the Class Period, defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such a scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Wonder Auto securities; and (iii) cause Plaintiff and other members of the Class to purchase Wonder Auto securities and options 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.

64. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Wonder Auto securities and options. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Wonder Auto's finances and business prospects.

65. By virtue of their positions at Wonder Auto, defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to defendants. Said acts and omissions of defendants were committed willfully or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

66. Defendants were personally motivated to make false statements and omit material information necessary to make the statements not misleading in order to personally benefit from the sale of Wonder Auto securities from their personal portfolios.

67. Information showing that defendants acted knowingly or with reckless disregard for the truth is peculiarly within defendants' knowledge and control. As the senior managers

and/or directors of Wonder Auto, the Individual Defendants had knowledge of the details of Wonder Auto internal affairs.

68. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Wonder Auto. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Wonder Auto's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Wonder Auto securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Wonder Auto's business and financial condition which were concealed by defendants, Plaintiff and the other members of the Class purchased Wonder Auto securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by defendants, and were damaged thereby.

69. During the Class Period, Wonder Auto securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased shares of Wonder Auto securities prices artificially inflated by defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased said shares and options, or would not have purchased them at the inflated prices that were paid. At the time of the purchases by Plaintiff and the Class, the true value of Wonder Auto securities were

substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Wonder Auto securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

70. By reason of the conduct alleged herein, defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

71. 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 securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public related to implementation revenue.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against The Individual Defendants)

72. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

73. During the Class Period, the Individual Defendants participated in the operation and management of Wonder Auto, and conducted and participated, directly and indirectly, in the conduct of Wonder Auto's business affairs. Because of their senior positions, they knew the adverse non-public information about Wonder Auto's misstatement of income and expenses and false financial statements.

74. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Wonder

Auto's financial condition and results of operations, and to correct promptly any public statements issued by Wonder Auto which had become materially false or misleading.

75. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Wonder Auto disseminated in the marketplace during the Class Period concerning Wonder Auto's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Wonder Auto to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Wonder Auto within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Wonder Auto securities and options.

76. Each of the Individual Defendants, therefore, acted as a controlling person of Wonder Auto. By reason of their senior management positions and/or being directors of Wonder Auto, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Wonder Auto to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Wonder Auto and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

77. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Wonder Auto.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: May 31, 2011