

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

YUCHEN ZHOU, Individually and On Behalf of All Others Similarly Situated,)	
)	CIVIL ACTION NO.
)	
Plaintiff,)	
)	CLASS ACTION COMPLAINT
vs.)	
)	
BODISEN BIOTECH, INC., KAREN QIONG WANG, BO CHEN, and YILIANG LAI,)	<u>JURY TRIAL DEMANDED</u>
)	
Defendants.)	

Plaintiff, Yuchen Zhou (“Plaintiff”), alleges the following based upon the investigation by Plaintiff’s counsel, 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 Bodisen Biotech, Inc. (“Bodisen” or the “Company”) securities analysts’ reports and advisories about the Company, and information readily available on the Internet, and Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND OVERVIEW

1. This is a federal class action on behalf of purchasers of the common stock of Bodisen between August 26, 2005 and November 10, 2006, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Bodisen is primarily engaged in developing, manufacturing and selling organic fertilizers and pesticides in the People’s Republic of China.

3. The complaint alleges that, throughout the Class Period, defendants failed to disclose material adverse facts about the Company's financial well-being, business relationships, and prospects. Specifically, defendants failed to disclose or indicate the following: (1) that Benjamin Wey a/k/a Benjamin Wei ("Wey" or "Wei"), a person with a history of regulatory problems, had a significant undisclosed relationship with the Company; (2) that defendants failed to disclose the true owners of the Company; (3) that Bodisen failed to adequately disclose its relationship with, and payments to, Wey and New York Global Group, Inc., a company that was an analyst of Bodisen and of which Wey was President; (4) that the Company engaged in related-party transactions which had the effect of manipulating its financial results; (5) that the Company lacked adequate internal controls; and (6) that, as a result of the foregoing, the Company's financial statements were materially misleading at all relevant times and the Company's statements about its financial well-being and future business prospects were lacking in any reasonable basis when made.

4. Beginning on September 20, 2006, the *New York Post* and *CBSMarketwatch.com* published a series of articles which revealed that Wey had a history of questionable securities transactions. The articles also exposed Wey's previously undisclosed role as investor advisor for Bodisen while he served as President of New York Global Group, Inc., an analyst of Bodisen.

5. On September 29, 2006, Bodisen announced that the Company had terminated its relationship with New York Global Group, Inc.

6. On Sunday, November 12, 2006, Bodisen stunned investors when the Company announced that it had received a letter of noncompliance from AMEX. The Company reported that AMEX believed that Bodisen made insufficient or inadequate disclosures in its public filings regarding the Company's relationship with, and payments to, a "consultancy firm and its affiliates." AMEX was also concerned that Bodisen had "internal control issues related to its accounting and

financial reporting obligations in the context of its relationship with the company.”

7. On this news, shares of the Company’s stock plunged \$2.23, or 20.8 percent, to close, on November 13, 2006, at \$8.51 per share, on unusually heavy volume.

8. On November 14, 2006, the *New York Post* published an article regarding Bodisen which further questioned the ownership of the Company and its relationship with Wey and New York Global Group, Inc.

9. On this news, shares of the Company’s stock sank an additional \$2.61, or 30.7 percent, to close, on November 14, 2006, at \$5.90 per share, on unusually heavy volume.

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 Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

12. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this Judicial 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 mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

14. Plaintiff, Yuchen Zhou, as set forth in the accompanying certification, incorporated by reference herein, purchased Bodisen common stock at artificially inflated prices during the Class Period and has been damaged thereby.

15. Defendant Bodisen is a Delaware corporation with its principal place of business located in Yang Ling, China.

16. Defendant Karen Qiong Wang (“Wang”) was, at all relevant times, the Company’s Chairman and Chief Executive Officer.

17. Defendant Bo Chen (“Chen”) was, at all relevant times, the Company’s Director and President.

18. Defendant Yiliang Lai (“Lai”) was, at all relevant times, the Company’s Chief Financial Officer.

19. Defendants Wang, Chen, and Lai are collectively referred to hereinafter as the “Individual Defendants.” The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Bodisen’s quarterly reports, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. Each defendant was provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, each of these defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations which were being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein,

as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

SUBSTANTIVE ALLEGATIONS

Background

20. Bodisen is primarily engaged in developing, manufacturing and selling organic fertilizers and pesticides in the People’s Republic of China.

21. Prior to March 1, 2004, Bodisen was known as Stratabid.com, and was primarily engaged in internet-based commercial mortgage origination.

22. On February 24, 2004, Bodisen completed a reverse merger with a Chinese company engaged in the fertilizer business. After this reverse merger, the Company changed its name to Bodisen and began its current business of developing, manufacturing and selling organic fertilizers and pesticides in the People’s Republic of China.

Materially False and Misleading Statements Issued During the Class Period

23. The Class Period begins on August 26, 2005. At that time, Bodisen’s stock began trading on AMEX under the ticker symbol “BBC.”

24. On October 6, 2005, Bodisen announced that the Company had made a strategic investment of \$2.853 million for a 12.9 percent equity stake in the China-based Xi Lan Natural Gas Co., Ltd., and that the Company would report record earnings for the third quarter of 2005. Commenting on Bodisen’s acquisition and financial performance, defendant Wang stated:

Natural gas is used for the production of urea, one of the key ingredients in the manufacturing of our compound fertilizer products. Through our strategic investment into the profitable Xi Lan Natural Gas Company, we will gain substantial cost savings for urea since Xi Lan has plans under way to serve one of the largest urea manufacturers in the Shaanxi province. As we continue to expand our production capacity and foresee our greater demand for urea in anticipation of strong customer demand for Bodisen products in 2006

and beyond, we believe that this investment makes short term and long term strategic sense and our Board of Directors sees significant economic benefits to Bodisen.

In the third quarter of 2005, we experienced strong sales across almost all product lines. We will report record third quarter earnings. Due to the fall harvest season for our end user, the Chinese farmers, the second half of each year is the time when many of our account receivables are collected. Historically, Bodisen has inconsequential bad debts since the inception of the company. We have a strong cash flow and a strong balance sheet. Bodisen is on track for strong 2005 financial results as well.

25. On November 3, 2005, Bodisen announced financial results for the third quarter of 2005, ended September 30, 2005. The Company reported revenue of \$10,516,790, gross profit of \$3,955,609, and net income of \$2,871,041. The Company also stated that diluted earnings per share for the quarter were \$0.19 per share.

26. Commenting on these results, defendant Wang stated:

Our third quarter results have exceeded expectations. Our new production facility and new sales programs have allowed us to timely meet expected strong demand for our fertilizer products. Our products target China's 900 million farmers who increasingly prefer environmentally friendly organic fertilizers over chemical fertilizers. Chinese consumers are very conscious of food quality. Many Chinese only use foods and vegetables that are grown with organic fertilizers. In order to increase their household income, farmers across China demand fertilizers that not only generate higher crop yields such as Bodisen's products, but also are organic and environmentally friendly. Our 4th quarter sales in liquid fertilizers and pesticides have been very strong. Bodisen will have a record year of earnings for 2005. We will participate in two annual national agricultural product shows in the first two weeks of November. Last year at those shows, we generated over \$20 million of orders. We expect to have even better results this year.

Bodisen is an environmentally friendly company. The Chinese government has planned a "green" Olympics in 2008 featuring China's focus on environmental issues. Environmental concerns are among China's top priorities. Over the years, chemical fertilizers have been a major source of pollution in China harming the land and

water supply. Soil damage from chemical fertilizer use has caused crop yields to dramatically decrease in many regions across China. Market share for environmentally friendly bio fertilizers has been increasing year over year while market share for chemical fertilizers are decreasing. Bodisen's environmentally friendly fertilizers are in a favorable market environment to support our continued rapid growth. Bodisen's management is committed to increasing investor awareness. We presented Bodisen to US fund managers this fall and are pleased that well known institutional investors have participated in our growth. Bodisen will continue our investor relations efforts.

27. Also on November 3, 2005, Bodisen filed its quarterly report with the SEC on Form 10-QSB. The Company's Form 10-QSB was signed by defendants Wang and Lai and reaffirmed the Company's previously announced financial results. With respect to the presentation of its financial results, the Company stated:

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

28. The Company's Form 10-QSB also contained the following Sarbanes-Oxley required certifications signed by defendants Wang and Lai:

1. I have reviewed this Quarterly Report on Form 10-QSB of Bodisen Biotech, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

SECTION 906 CERTIFICATION

In connection with the Quarterly Report of Bodisen Biotech, Inc. (the "Company") on Form 10-QSB for the period ended September 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

29. On March 20, 2006, Bodisen announced that, on March 15, 2006, the Company completed a private placement offering which resulted in proceeds totaling over \$5.3 million. Specifically, the Company stated:

Bodisen Biotech, Inc., the first China based environmentally friendly bio fertilizer company listed on a US stock exchange, and dually listed in London, announced today that on March 15, 2006, the Company completed financing of \$5,322,506 by issuing 380,179 restricted shares of common stock of the Company at \$14.00 per share to institutional investors in a private placement pursuant to Regulation S. Issuance of these new shares are subject to approval by the American Stock Exchange and admission to the London AIM market. The proceeds from this financing will be used to fulfill repayment obligations of a \$5 million short term note that the Company entered in December 2005 which was used to fund raw materials purchases. The issuance of these additional shares represents less than \$0.01 per share in earnings dilution.

Bodisen will have a total of 18,176,917 shares outstanding upon completion of the above-noted transactions. Bodisen has no further outstanding debts (other than customary trade debts) on its balance sheet. Based on the current market environment, the Company believes that it has sufficient capital to fund its current growth plan.

Karen Qiong Wang, Chief Executive Officer of Bodisen commented, “Bodisen is focused on strengthening its balance sheet in anticipation of accelerated earnings growth in 2006 and beyond. With approximately \$26 million in cash and our current growth plan in place, we do not anticipate the need to raise any additional capital. Bodisen is the largest organic fertilizer company in China with an extensive nationwide distribution network. Our plans include having two new production facilities fully operational before next year’s planting season, which could potentially enable us to double our revenues in 2007 compared to 2006, while targeting on average net profit margin of approximately 30% of sales.”

Commenting on China’s chemical fertilizer industry, Ms. Wang continued: “With farmers continuing to shift from the use of chemical fertilizers to environmentally friendly bio-active fertilizers, such as Bodisen’s - which increase farmers’ crop yields by as much as 35% while restoring soil nutrients at the same cost as chemical fertilizers - we continue to see favorable market conditions that we believe will further accelerate our earnings growth potential in 2006 and beyond.”

London investment bank Charles Stanley and the China subsidiary of Wall Street firm New York Global Group acted as advisors to Bodisen related to the above mentioned financing. Global law firms Jones Day and Sichenzia Ross Friedman Ference acted as legal counsels to this transaction.

30. On March 28, 2006, Bodisen announced financial results for the year ended December 31, 2005. The Company reported that revenues grew 91 percent to approximately \$31.0 million from \$16.2 million in 2004, gross profit increased to \$11.5 million from \$6.6 million for the previous year, and net income, prior to a one time financing related accounting charges of approximately \$1.4 million, grew 75 percent to approximately \$8.8 million, or \$0.56 per fully diluted share, compared with net income of \$5.0 million, or \$0.33 per fully diluted share for 2004.

31. Commenting on these results, defendant Wang stated:

We’re very pleased with Bodisen’s continued substantial growth in 2005. Our results for the year reflect the growing demand for environmentally friendly, high quality, high yield organic fertilizer solutions and the increased strength of the Bodisen brand among China’s farmers.

Demand for organic fertilizers and pesticides continue to grow at a high rate. Bodisen's more than 60 products provide farmers throughout China with a viable, economically attractive solution that are competitively priced compared to traditional chemical fertilizer products. At the same time, our products require less time to apply, create up to 35% higher crop yields, improve soil conditions and increase potential revenues for farmers who can sell their products as 'certified organic green foods,' which typically achieve retail prices of 50-200% higher than products that are not considered 'certified organic green foods.'

In 2006, we plan to continue to aggressively expand our market reach, which now extends into 20 provinces throughout China. We will continue to expand our marketing channels and production capabilities to meet customer demand. The launch of our new raw materials product line, Mancozeb, by mid-2006 will further enhance our sales and profitability. In addition, we expect to have two new production facilities fully operational by the 2007 March planting season, giving us enough production capacity to further extend our market reach.

With a favorable market environment, strong balance sheet, diversified product lines, sales contracts with more than 150 wholesale distributors, and strong brand recognition and local presence among our loyal target customers, we expect to continue to achieve substantial revenue growth and further enhance shareholder value in 2006, while maintaining net income margin in the 30% range.

32. Also on March 28, 2006, Bodisen filed its annual report with the SEC on Form 10-KSB. The Company's Form 10-KSB was signed by the Individual Defendants and reaffirmed the Company's previously announced financial results. Additionally, the Company's Form 10-KSB contained the following Sarbanes-Oxley required certifications signed by defendants Wang and Lai:

1. I have reviewed this annual report on Form 10-KSB of Bodisen Biotech, Inc;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

SECTION 906 CERTIFICATION

In connection with the annual report of Bodisen Biotech, Inc. (the “Company”) on Form 10-KSB for the period ending December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Wang Qiong, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

33. On April 3, 2006, Bodisen announced financial guidance for 2006. Specifically, the Company stated:

Bodisen Biotech, Inc., the first China based environmentally friendly bio fertilizer company listed on a US stock exchange, and dually listed in London, announced today that the company experienced strong sales in the first quarter of 2006. Bodisen sees record earnings for the quarter ended March 31, 2006.

In the first quarter that ended on March 31, 2005, Bodisen reported total revenues of \$4,701,675 and net income of \$796,733, or \$0.05 fully diluted earnings per share.

On the First Quarter Earnings

Karen Qiong Wang, CEO of Bodisen commented: “In 2005, Bodisen reported a year of record sales and earnings. The 4th quarter of each year is historically the slowest period for the agricultural industry due to the frozen winter season and less farming activities. Our earnings in 2005 would have been approximately \$570,000 (\$0.04 per share) higher, had we not spent critically important marketing expenses in the 4th quarter of 2005 for 2006 related marketing efforts in anticipation of strong growth in 2006. With a sound marketing program in place, we started the 2006 planting season with a strong balance sheet, abundant capital without additional funding needs, deeper market penetration and a strong nationally recognized “Bodisen” brand, which we believe will result in continued rapid growth for the company in 2006. Our factories are operated around the clock to keep up with growing customer demand. We look forward to reporting record earnings for our first quarter and building

on this growth in the upcoming second and third quarters, which typically are our strongest quarters of the year.”

2006 Guidance and Update

Ms. Wang said, “Since entering the public market in March 2004, Bodisen has consistently achieved high double digit year-over-year sales and earnings growth. With more than 60 products, enhanced brand recognition, an extensive distribution network, strong market demand for organic bio-fertilizers and sufficient capital resources, we expect to continue to achieve strong year-over-year revenue and earnings growth in 2006.”

“In November 2005, we received \$43 million in signed orders for 2006 at two large industry trade shows, which we believe represent approximately 70% of our expected annual sales in 2006 and already exceeds our 2005 reported revenues of approximately \$31.0 million. In 2006, we expect to at least double our 2005 sales volume while targeting net margin of approximately 30%. As Chinese farmers increasingly transition from chemical fertilizers to more cost-effective, higher yield and environmentally friendly organic bio-fertilizers, Bodisen is well-positioned to benefit from this favorable market environment. With an extensive market reach covering almost 60% of China, Bodisen is able to supply farmers with complete agricultural product solutions that meet their changing needs throughout the year,” said Ms. Wang.

In addition to its expected revenue growth and net margin performance, the company stated that its 2006 plans include the completion of two manufacturing facilities in the northeast and northwest regions of China, which are two of the largest farming areas in China. Bodisen already has established distribution channels in these areas through sales of its high margin liquid fertilizers. The facilities are expected to be up and running in 2006, in time for the 2007 planting season product sales. Bodisen believes that the added capacity could potentially double the company’s sales in 2007 compared to 2006. China is the largest fertilizer market in the world with a total market size of approximately \$17 billion annually for agricultural products. Bodisen has considerable room for growth for many years to come.

“After completing extensive due diligence on our business and financials led by global law firms Jones Day, ReedSmith and accounting firm Deloitte & Touche, we completed our dual listing in London during the first quarter. The successful dual listing not only provided Bodisen with growth capital and greater name exposure but also opened up new potential product distribution channels for the

company as Bodisen receives more and more product requests from European and other international markets. Today, Bodisen is a strong company with a focused management team and no plans to dilute existing shares. The company has a strong and successful operations model capable of sustaining our rapid growth in 2006, 2007 and beyond.” said Ms. Wang.

34. On May 9, 2006, Bodisen announced financial results for the first quarter of 2006, ended March 31, 2006. The Company reported that revenues grew 124 percent to approximately \$10.54 million, from \$4.70 million for the same period the previous year, and that net income was approximately \$2.68 million, with diluted earnings per share of \$0.15.

35. Commenting on these results, defendant Wang stated:

We’re very pleased with our continued momentum and growth moving into 2006. During the quarter, we continued to see strong demand for our products, even as we raised prices twice during the quarter. Although historically our first quarter is the slowest quarter in a year, we achieved a robust gross margin of approximately 40%. Excluding the non-cash item warrants issuance related charge of approximately \$750,000, our net margin exceeded 30% and non-GAAP earnings per share would have been \$0.20. With the first quarter behind us, our second quarter is on track to achieve strong year-over-year revenues and earnings growth.

Demand for organic fertilizers, liquid fertilizers and pesticides continues to grow at a high rate. With more than 60 products, Bodisen provides Chinese farmers with high quality, economically attractive and environmentally friendly total solutions that are competitively priced compared to traditional chemical fertilizer products. Taking less time to apply, our products have been scientifically proven to create between 10% to 35% higher crop yields and improve soil conditions in various regions. At the same time, farmers can sell their products as ‘certified organic green foods,’ potentially increasing their revenues since these foods typically are sold at significant price premiums at the retail level.”

With a favorable market environment, diversified product lines, nationwide distribution channels including more than 150 wholesale distributors and over 600 nationwide distribution centers, and strong brand recognition and local presence among our loyal target customers, we continue to expect to achieve substantial revenue

growth as we move into our high volume second and third quarters and expect to deliver on our guidance of significant annual revenue and earnings growth for 2006, while targeting net margins in the 30% range.

36. Commenting on the Company's future growth, defendant Chen stated:

Bodisen is in the process of evaluating several potential opportunities located in China's vast northwest and northeast farm regions. Bodisen's plan to build or acquire existing facilities serving these regions is well on track. We expect these new markets as well as our growing network of new distribution centers to significantly contribute to our growth in 2007 and beyond. Bodisen has a highly capable management team that is dedicated to meeting our 2007 growth targets and executing our current growth plan without diluting our shares.

37. Also on May 9, 2006, Bodisen filed its quarterly report with the SEC on Form 10-QSB. The Company's Form 10-QSB was signed by defendants Wang and Lai and reaffirmed the Company's previously announced financial results. The Company's Form 10-QSB also contained Sarbanes-Oxley required certifications signed by defendants Wang and Lai substantially similar to the certifications substantially similar to the certifications contained in ¶ 28, *supra*.

Additionally, and with respect to the presentation of its financial results, the Company stated:

The unaudited consolidated financial statements have been prepared by Bodisen Biotech, Inc. (the "Company"), pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods.

38. On August 14, 2006, Bodisen announced financial results for the second quarter of 2006, ended June 30, 2006. The Company reported that revenues grew 95 percent to \$16.4 million from \$8.4 million in the same period of 2005, net income grew 118 percent to \$5.9 million from \$2.7 million in the same period of 2005, and fully diluted earnings per share increased to \$0.32 from \$0.17 in the same period the previous year.

39. Commenting on these results, defendant Chen stated:

We experienced another record quarter of revenues and earnings growth during the second quarter of 2006. Our results for the second quarter and for the first half of 2006 reflect strong demand for our environmentally friendly, high yield organic fertilizer solutions and the growing awareness of the Bodisen brand among China's farmers. Our earnings per share of \$0.32 again exceeded analyst estimates of \$0.25 for the quarter. Our third quarter has historically been the strongest quarter and we look forward to a great year of record growth in 2006.

40. Also on August 14, 2006, Bodisen filed its quarterly report with the SEC on Form 10-QSB. The Company's Form 10-QSB was signed by defendants Wang and Lai and reaffirmed the Company's previously announced financial results. Additionally, the Company's Form 10-QSB contained Sarbanes-Oxley required certifications signed by defendants Wang and Lai substantially similar to the certifications contained in ¶ 28, *supra*. With respect to the presentation of its financial results, the Company stated:

The unaudited consolidated financial statements have been prepared by Bodisen Biotech, Inc. (the "Company"), pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods.

41. The statements contained in ¶¶ 23-40 were materially false and misleading when made because defendants failed to disclose or indicate the following: (1) that Wey, a person with a history of regulatory problems, had a significant undisclosed relationship with the Company; (2) that defendants failed to disclose the true owners of the Company; (3) that Bodisen failed to adequately disclose its relationship with, and payments to, Wey and New York Global Group, Inc., a company that was an analyst of Bodisen and of which Wey was President; (4) that the Company engaged in related-party transactions which had the effect of manipulating its financial results; (5) that the Company lacked adequate internal controls; and (6) that, as a result of the foregoing, the

Company's financial statements were materially misleading at all relevant times and the Company's statements about its financial well-being and future business prospects were lacking in any reasonable basis when made.

The Truth Begins to Emerge

42. On September 20, 2006, the *New York Post* published an article regarding Bodisen entitled "Failed Fund was in Penny Stock," which raised questions regarding Bodisen's relationship with Wey. Specifically, the article stated:

Amaranth Advisors – the collapsing \$9.5 billion Greenwich, Conn., hedge fund – also was a high roller in the crime-infested penny stock market, dumping millions into risky microcap companies and so-called blind pool offerings.

In December of last year, Amaranth lent \$5 million to a Chinese fertilizer company, Bodisen Biotech, being promoted to investors by a broker named Benjamin Wei, who left the securities industry after being fined and suspended for allegedly conducting side business with his firm's clients secretly.

Last April, Amaranth converted the loan into 133,333 shares of stock at \$7.50 per share and Bodisen filed the necessary paperwork to register and sell the block on Amaranth's behalf.

Yet as of last month, no sale had occurred and the shares apparently continue to sit in Amaranth's portfolio.

Until late May, Amaranth was also a controlling 5.6 percent shareholder in an affiliated Bodisen company called China Natural Gas Inc., which trades at about \$3 per share on the Over The Counter market.

The Chinese company began life as a Canadian penny stock called Bullet Environmental Systems, headed by a man named Ross Wilmot, a longtime investment world associate of a notorious one-time European boiler room operator named Altaf Nazerali.

Recent SEC filings show that Amaranth is also a big-time player in the speculative world of blind pool investing. In blind pools, investors buy shares in a startup company that uses the proceeds to invest in something attractive of an opportunity presents itself.

At least one of these blind pools – Argyle Security Acquisition Corp. – has recently been delisted by Nasdaq and now trades on the OTC market. SEC filings indicate that Amaranth owned 9.4 percent of its stock until at least last June.

43. On September 21, 2006, New York Global Group, Inc. issued a press release entitled “New York Global Group Responds to Scurrilous Allegations.” Therein, New York Global Group, Inc. stated, in relevant part, the following:

New York Global Group (“NYGG”) announced today that it has retained highly regarded New York litigator, Judd Burstein, in response to certain articles that have published erroneous information about the company and its executives, including one that appeared yesterday.

NYGG’s President, Benjamin Wey, stated: “NYGG has been victimized by false articles, and we are not going to sit idly by while an irresponsible reporter defames us and some of the companies we have advised.”

NYGG CEO Amit Tandon, Esq. further commented: “We intend to avail ourselves of all available remedies to stem the damage caused by these irresponsible and demonstrably false reports.”

Mr. Burstein stated that he expects to take action on behalf of his new client by the end of September. In addition, Mr. Burstein confirmed that he has retained investigators to examine a possible connection between the timing of these articles and short sales of hundreds of thousands of shares of Bodisen Biotech Inc., a company mentioned prominently in the articles. Mr. Burstein noted that if the investigation reveals a connection between the articles and the short sales, “we will evaluate and pursue a proactive and aggressive course of action.”

44. On September 29, 2006, *CBSMarketwatch.com* published an article authored by Herb Greenberg entitled “What’s in a name?” which exposed additional information regarding the relationship between Wey and Bodisen, including Wey’s history of regulatory scrutiny. The article stated, in relevant part, the following:

Will the real Benjamin Wey -- or is it Benjamin Wei -- please stand up?

That's the kind of question investors in Chinese companies he advises should be asking after Wey's firm, New York Global Group, issued a press release last week headlined, "New York Global Group Responds to Scurrilous Allegations." The release quoted Wey as saying, "NYGG has been victimized by false articles, and we are not going to sit idly by while an irresponsible reporter defames us and some of the companies we have advised."

The press release further quoted the company's attorney, Judd Burstein, as saying he has retained investigators to examine a possible connection between "the timing of these articles and short sales of hundreds of thousands of shares" of Bodisen Biotech. The press release, which came a day after a story in the New York Post by columnist Chris Byron, didn't name the reporter or publication. And it was issued a day after I lobbed a round of questions Wey's way.

Wey, once known as Wei, declined to be interviewed, instead replying by email to questions submitted through his outside public relations counsel and Burstein, his attorney.

Wey, 35, specializes in advising emerging Chinese companies, including Bodisen, that have gone public in the U.S. through reverse mergers. Wey says New York Global's China subsidiary has advised three companies that have gone public through reverse mergers.

Reverse merger mania

Reverse mergers, which have a history of controversy, generally involve backing a private company into the shell of a mothballed public company -- often a failed penny stock. With hundreds of Chinese entrepreneurs eager to tap into the prestige and wallets of America, Chinese stock promoters have had no problem drumming up business.

Bodisen isn't biotech

Then there's Bodisen, which has nothing to do with the "biotech" implied by its name. Wey said in his email responses to questions that Chinese companies use an equivalent of "biotech" for anything associated with living things, including agriculture, plants and bacteria. In the case of Bodisen, the "living" relates to the "organic"

fertilizer. However, Wey has said its products aren't "organic," as defined by U.S. and European standards. "In fact," Wey said during a recent presentation on behalf of Bodisen, "in much more strict terms, it's in fact defined as natural fertilizers. It's produced based on very sophisticated manufacturing company proprietary technology and is not a manure product base at all." While it claims to have "proprietary" technology, according to its SEC filings, Bodisen says it has no patents.

Bodisen also mentions in its SEC filings that its "organic compound fertilizer products" have been "qualified" by the International Standards Organization. An ISO spokeswoman, however, says Bodisen's use of ISO suggests it's for product certification. "It isn't," she says. "It is the quality management system of the company" that is certified and that "has nothing to do with the definition of 'organic fertilizer.' The company should be told they cannot advertise their product this way." Bodisen's outside investor relations representative was unable to provide an explanation; she hadn't received an explanation from the company by the time of publication.

Wey was hired by Bodisen less than a year after one of the most enthusiastic promoters of reverse mergers, Timothy Halter, of Dallas-based Halter Financial, claims to have turned down the Bodisen reverse merger. Halter is such a fan of reverse mergers and Chinese stocks that he created an index called the Halter USX China Index. While he liked Bodisen, "and it seemed like a good business," Halter told me, "our auditor ultimately deemed it un-auditable at the time." Bodisen is not in the index.

Wey declined to discuss Halter's comments. He notes that Bodisen's financials have been scrubbed three times by the SEC in connection with share sales. And while its auditor is Los-Angeles-based Kabani & Co., which audits several New York Global clients, it was also reviewed earlier this year by Deloitte & Touche when its shares were dual-listed on the London Stock Exchange.

Really a better deal?

Bodisen has since bought 8.6% of China Natural Gas, another New York Global client. Through the investment, Bodisen has said it "will gain substantial cost savings for urea" -- a natural gas byproduct used in fertilizer production -- because China Natural Gas "has plans underway to serve one of the largest urea manufacturers" in one of China's provinces. How does China Natural Gas' role as a supplier to a urea producer help Bodisen -- and investor in China Natural Gas -- get "substantial cost savings" from a China Natural Gas customer? According to Bodisen, while the relationship doesn't provide "direct

cost savings, it indirectly reduces our material cost” through a discount provided by the urea producer. Bodisen did not elaborate on how its investment in China Natural Gas translates into a cost-savings from a China Natural Gas customer; it offers no such related-party disclosure, beyond the investment, in its SEC filings.

Wey, however, said that the investment by Bodisen “secured a significant price advantage on its purchase of urea.” He, too, didn’t elaborate, which gets us back to Wey: What’s his real story and why did he change his name? Burstein, his attorney of a week, says Wey legally changed his name in late 2003 after moving to New York so it would be more “Americanized.” He adds that Wey’s wife, Czech-born Michaela Wei, who is listed in NASD documents as majority owner of New York Global, intends to change her last name when she becomes a citizen of the U.S.

It’s Wey, however, who is the star of the show at New York Global. His company has issued press releases about how he has been named senior economic advisor to multiple Chinese cities, executive director of the Foreign Investment Committee of the Investment Association of China and deputy director of the China Mergers & Acquisitions Association. The front page of firm’s website features a video of Wey “interviewed by Forbes as a China expert.”

On the trail of Wey

Yet a search of any pre-New York Global background on “Benjamin Wey” on Google, the NASD’s website or New York Global’s website comes up empty-handed about Wey’s work life before New York Global, which was founded two years ago. Even a press release by New York Global about the naming of Wey as president offers little in the way of his employment background.

But a search of “Benjamin” and his wife’s last name “Wei” provides some insight into his past. Even before getting his MBA in 1999 from the University of Central Oklahoma, Benjamin Tianbing Wei became an investment advisor and started an investment advisory firm in Oklahoma. He quickly became somewhat of a business celebrity in Oklahoma, where his China investment banking ideas helped him rub shoulders with Oklahoma’s business elite; he even claims that he became “an informal advisor” on China affairs to Oklahoma’s governor.

Then, in 2002, he ran into trouble with securities regulators, including a brief suspension and fine by the NASD for allegedly maintaining discretionary accounts “with a member firm” without giving his firm notice. Wey never admitted or denied the charges. In his email

responses, he told me he was stung by “a technical charge” because he refused to sell a 40 cent stock for a small broker dealer. He never sought to get reinstated. Burstein, his attorney, adds that Wey has had no legal obligation to reacquire any securities licenses or disclose disciplinary actions relating to services he no longer provides.

This much is certain, however: Wey will never likely be reinstated as a broker or investment advisor in Oklahoma. Last year, after several years of legal wrangling, he was censured by the Oklahoma Department of Securities. While not admitting or denying the charges, he agreed he wouldn’t ever again seek to do any brokerage or investment advisory business in the state.

According to state records, he recommended stocks to several people without properly disclosing their risks. It was also alleged that he made at least one trade that wasn’t authorized and that on several occasions didn’t follow his clients’ instructions. Furthermore, according to the state’s complaint, he didn’t tell customers he had a consulting agreement with companies whose stocks he was selling. Burstein says none of the allegations against Wey in Oklahoma were ever proven and that it was “far more cost-effective” for him to accept censure and agree never to do business “in a state to which he never planned to return, especially since he never intended to secure similar licensing anywhere or anytime in the future.” New York Global’s brokerage arm, however, is licensed in Oklahoma.

Fired as CEO

But there’s more: Wey had been founder, majority shareholder and CEO of Benchmark Global Capital in Oklahoma, which like New York Global, specialized in Chinese stocks. When I first asked, through his spokesman, whether he had ever been associated with “Benchmark Capital” -- not Benchmark Global Capital -- and whether he changed his name from Wei to Wey, his email response was, “No.”

He moved the company to New York in June 2002 through the purchase of his Oklahoma operations by a New York-based entity of the same name. Within six months he was fired as CEO and as a director by his board. He sued the board to get his jobs back. According to a detailed affidavit by Jerry Gruenbaum, then general counsel of Benchmark, Wei was fired “for cause” because he was believed to be involved insider trading and misappropriating Benchmark funds. Burstein says Wey received a preliminary injunction that restored him to the board “and then settled the case on confidential terms that resulted in him receiving substantial monies

and assets from Benchmark.” Gruenbaum says there was never a settlement and that Wey was never returned to the board.

Meanwhile, back at New York Global: Research reports by the brokerage division of Wey’s firm, which until recently covered Bodisen, did not disclose any current or prior business relationship between New York Global and Bodisen. At a recent Roth Capital conference, where Wey gave the presentation for Bodisen, he only identified himself as vice director of the China Mergers and Acquisitions Association and a visiting professor of two Chinese universities. He never mentioned he was president of New York Global. He says he was specifically instructed not to mention New York Global’s name during the session “out of concern that Bodisen might be seen to be promoting” New York Global’s business.

Not to mention the appearance of a possible conflict. Makes you wonder what else investors might not know.

45. Also on September 29, 2006, while the market was open, Bodisen announced that the Company had ended its relationship with New York Global Group, Inc. Specifically, Bodisen stated:

Bodisen Biotech, Inc., the first China-based environmentally friendly bio-fertilizer company listed on a U.S. stock exchange, and dually listed in London, today announced that on Thursday, September 28, 2006, the company terminated its relationship with New York Global Group, a former U.S. corporate advisor to the company.

46. On this news, shares of Bodisen fell \$1.04, or 10.4 percent, to close, on September 29, 2006, at \$8.94 per share, on unusually heavy trading volume.

47. On October 9, 2006, the *New York Post* published an article entitled “Cashing in Wei Out” which revealed questionable insider selling in the days before Bodisen severed its relationship with New York Global Group, Inc. Specifically, the article stated, in relevant part, the following:

Over the last year, this column has kept readers up to speed on the mystery-shrouded activities of a self-regarding young fellow named Benjamin Wei and the group of oddball companies he’s been squiring around Wall Street as a penny stock promoter.

Now there is more to report regarding this one-time stockbroker, who sometimes spells his surname Wey, and his collection of penny stock lovelies. Behind the palace walls in 35-year-old pasha Wei's harem, trouble is brewing.

Two weeks ago, an avalanche of insider selling hit the shares of a Wei arm-piece called Bodisen Biotech, Inc. The selling erupted days before Bodisen announced on Sept. 29 that it was dumping Wei's investment firm, New York Global Group Inc., as its investment adviser.

More importantly, a review of documents on file with the SEC shows that much of the selling originated with individuals in the city of Yangling, China, where Bodisen is headquartered, and that most of the selling flowed straight through Wei's New York Global Group.

We'll go more deeply into the details, for it underscores the risks investors take when they pump their money into beckoning opportunities in distant lands. But first, a note regarding recent developments at the American Stock Exchange, where Bodisen Biotech is traded, and where the long-overdue scent of Lysol is at last beginning to spread through the halls.

That is due to the Amex's new CEO, Neal Wolkoff, who has launched a campaign to rid the exchange of its century-long reputation as a financial landfill where Wall Street dumps its trash.

The company's filings with the SEC show that Bodisen was formed at the start of 2004 through the merger of a Chinese fertilizer company and a Vancouver penny stock shell.

The SEC filings make no mention of Wei's role in the merger, but documents on file at the London Stock Exchange, where the company is also listed, name him as a key player.

One reason for Bodisen's silence may be Wei's troubled past in the securities industry. He was fired by the company that hired him straight out of college, Wilbanks Securities, after just seven months on the job. Wilbanks claimed he had been running a financial consulting business secretly on the side.

The National Association of Securities Dealers suspended his broker's license and slapped him with a fine, but Wei seemed undeterred and quickly relaunched himself as CEO of his own firm, Benchmark Global Capital. His target market: the booming Chinese investment scene.

Yet it wasn't long before customer complaints began to pile up against him and Oklahoma state regulators were on his tail, leading eventually to his censure and a ban from selling securities in Oklahoma.

So Wei moved his business to New York and started again. Yet he soon found himself fighting in court with his former partners in Oklahoma, who accused him of siphoning off money from Benchmark's Chinese operations.

So Wei opened up a whole new operation, New York Global Group, and put the bulk of its stock in the name of his wife. Then he changed the spelling of his last name to Wey and continued chasing up promotable opportunities in China without missing a beat.

It isn't clear if the Bodisen folks knew of Wei's past when the company named him as their investor relations man following its merger with the Vancouver penny stock. Yet it's doubtful they would have heard much from Wei, who seemed anxious to stay as far out of the spotlight as possible in his new job.

He began issuing stock-puffing press releases for Bodisen from his perch at New York Global, using the corporate pseudonym of Bodisen Biotech Investor Care, listing New York Global's phone number on the releases, as if it belonged to the fanciful I.R. firm.

Wei's role as Bodisen's I.R. man ended in December of last year, though his behind-the-scenes activities as its deal promoter continued: Several Bodisen SEC filings name New York Global in a \$300,000 contract to sell unregistered Bodisen stock to investors in London early this year.

It's also unclear when Bodisen finally decided to sever its ties with Wei completely, though it's clear enough what happened in the nine trading days before Bodisen issued a press release making its decision public: an eye-popping 29 separate "Form 144" stock registration statements tumbled into the SEC in basket.

Each form was filled out by hand, in what appeared to be the same handwriting. Each listed a different seller, though all gave the same mailing address in Yangling, China, where Bodisen is headquartered.

If the sellers were too poor to afford homes of their own three weeks ago, they certainly aren't now. The filings show that three lucky filers pocketed an average of \$2 million each from their fortuitous decisions to jump ship.

The filings also show that the selloff rained gold on Wei as well. All but the first three forms listed New York Global as the selling broker, implying the Wei-run operation reaped commissions on sales of nearly \$15 million worth of stock in the company that was about to fire him.

ALTOGETHER, a total of nearly 1.5 million Bodisen shares were registered for sale in the filings. There may be an innocent explanation for the fishy coincidence in which Wei's firm benefited so handsomely, yet a search of SEC records fails to provide it.

Good luck finding out from the company itself. When I put some questions to Bodisen's only known U.S. spokesperson, who is based in Los Angeles, she said it was late, and China was so far away - so maybe I could just e-mail her my questions and she'd pass them along, though I shouldn't hold out much hope because it was late and China was so far away, and . . . well, you get the idea. New Yorkers have a word for an investment like this, and it fits perfectly: fuhgeddaboutit.

48. On this news, shares of Bodisen sank \$0.47, or 5.0 percent, to close, on October 9, 2006, at \$8.95 per share, on heavy volume.

49. On Sunday, November 12, 2006, Bodisen stunned investors when the Company announced that it had received a letter of noncompliance from AMEX. Specifically, the Company stated:

Bodisen Biotech, Inc., today announced that, on November 6, 2006, the Company received a letter from the American Stock Exchange ("Amex") stating that the Staff had determined that the Company was not in compliance with certain of the Amex continued listing standards, specifically Sections 132(a), 132(e), and 403 of the Amex Company Guide, and need to be improved in the future.

Among other things, Amex believes that the Company made insufficient or inaccurate disclosure in its public filings with regard to its relationship with, and payments to, a consultancy firm and its affiliates both prior to and subsequent to its listing on the Amex. Additionally, in the context of the Company's relationship with the consultancy firm, Amex expressed concern that the Company has internal control issues related to its accounting and financial reporting obligations. Prior to receipt of the letter from Amex, the Company publicly announced that it had terminated its relationship with the consultancy firm.

To meet Amex requirements, the Company intends to submit a plan to Amex indicating what actions it has taken and will take to bring the Company into compliance with the Amex Continued Listing Standards. If the plan is accepted, the Company will continue its cooperation with Amex during the plan period, during which time it will be subject to periodic review to determine whether it is making progress consistent with the plan.

“We value our Amex listing and we intend to ensure that we maintain that listing,” said Karen Qiong Wang, Chairwoman and CEO of Bodisen Biotech. “We are working diligently to communicate and work cooperatively with the American Stock Exchange to resolve their concerns as quickly as possible.”

The Company also announced that, accordingly we will need to communicate with Amex and will file its Form 10-QSB for the third quarter ended September 30, 2006 on time, it is postponing its previously scheduled November 15, 2006 conference call. After the Company has resolved its Amex compliance issue, the Company will have the conference call.

50. Following the Company’s Sunday statement, the *Associated Press*, on November 13, 2006, issued a report that expanded upon the noncompliance notice Bodisen received from AMEX. Specifically, the *Associated Press* reported, in relevant part, the following:

Bodisen Biotech Inc., a China-based fertilizer maker, said late Sunday it received a letter from the American Stock Exchange warning that it is out of compliance with certain listing standards.

The exchange said it believes Bodisen made insufficient or inaccurate disclosure in public filings on its relationship with, and payments to, New York Global Group and its affiliates both prior to and subsequent to its listing on the exchange.

[AMEX] also expressed concern that Bodisen has internal control issues related to its accounting and financial reporting obligations in the context of its relationship with the company.

Bodisen said it ended its relationship with the consultancy firm prior to receiving the letter from the exchange.

Bodisen intends to submit a plan to the exchange detailing what actions it has taken to come into compliance. If the plan is accepted, Bodisen will be subject to periodic review by the exchange to determine if progress is being made consistent with the plan.

51. On this news, shares of the Company's stock plunged \$2.23, or 20.8 percent, to close, on November 13, 2006, at \$8.51 per share, on unusually heavy volume.

52. On November 14, 2006, the *New York Post* published an article regarding Bodisen entitled "Chinese Checkers." The article stated, in relevant part, the following:

Shares in a mysterious Chinese-controlled biotech outfit plummeted 21 percent yesterday on news that the American Stock Exchange has taken the first formal step towards de-listing the company from the market.

In a Nov. 6 "deficiency" letter to Bodisen Biotech, which was released Sunday evening, Amex officials charged that the company's internal management controls are inadequate, and that it has failed to disclose the full extent of its involvement with an obscure investment firm called New York Global Group.

The company has 30 days to show that it has corrected the deficiencies, after which the exchange can take 45 days to review the response, then oust the firm and officially halt trading in its shares.

Bodisen's stock fell \$2.23 to close at \$8.51.

Questions regarding both Bodisen and New York Global first surfaced last May when The Post exclusively reported that the brokerage firm, then running promotional commercials for itself on CNBC, was secretly controlled by a dubious ex-stockbroker named Benjamin Wei.

Wei had moved to New York to escape a history of regulatory violations at previous employers in the Midwest.

The Post questioned whether Bodisen and two other Chinese companies with shares trading in the U.S. were linked in an investment network that Wei secretly controlled.

In late September, Bodisen announced that it had dismissed Wei as its "investment adviser." But the announcement came amid heavy selling by insiders in Bodisen's shares.

Much of the selling flowed through New York Global, which attracted the attention of Amex compliance officials, and the exchange opened an investigation, leading to its de-listing action.

Sources at Bodisen told The Post yesterday that the company is cooperating with “all parties,” suggesting that other investigations besides the Amex’s may be under way.

One major unresolved question is the actual ownership of Bodisen itself. Publicly traded companies in the U.S. are required by law to provide audited annual financial statements that include the names of all investors holding 10 percent or more of the company’s stock.

In March, Bodisen filed an audited financial statement with the SEC acknowledging that its ownership list was incomplete “do [sic] to an inadvertent oversight,” but that it was working to “rectify the problem.”

Eight months later, it still has not filed a corrected statement, even though evidence surfaced in the eruption of insider stock sales in Bodisen’s shares in September that an individual named Wei Min Zhang was a recent owner of more than 10 percent of the company’s shares.

Investigators have not yet established whether such a person even exists, or the legality of more than \$40 million worth of recent Bodisen stock sales, most of which flowed through either New York Global or the troubled brokerage, Chicago Investment Group.

In March, Chicago Investment Group was named in a Brooklyn federal indictment as one of 15 New York-area brokerage firms with branch offices that had been infiltrated and taken over by members of the Colombo, Luchese and Bonanno crime families.

53. On this news, shares of the Company’s stock sank an additional \$2.61, or 30.7 percent, to close, on November 14, 2006, at \$5.90 per share, on unusually heavy volume.

PLAINTIFF’S CLASS ACTION ALLEGATIONS

54. 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 the common stock of Bodisen between August 26, 2005 and November 10, 2006, inclusive (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.

55. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Bodisen's common stock was actively traded on AMEX. 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 hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Bodisen 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.

56. 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.

57. 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.

58. 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 Bodisen; and
- c. to what extent the members of the Class have sustained damages and the

proper measure of damages.

59. 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.

UNDISCLOSED ADVERSE FACTS

60. The market for Bodisen's common stock was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Bodisen's common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Bodisen common stock relying upon the integrity of the market price of Bodisen's common stock and market information relating to Bodisen, and have been damaged thereby.

61. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Bodisen's common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

62. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading

statements about Bodisen's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Bodisen and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein.

LOSS CAUSATION

63. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

64. During the Class Period, Plaintiff and the Class purchased common stock of Bodisen at artificially inflated prices and were damaged thereby. The price of Bodisen common stock declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

65. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Bodisen, their control over, and/or receipt and/or

modification of Bodisen's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Bodisen, participated in the fraudulent scheme alleged herein.

66. During the Class Period, and with the Company's stock trading at artificially inflated prices, Bodisen insiders filed 29 separate Form 144 stock registration statements with the SEC, in which insiders registered nearly 1.5 million shares of their Bodisen stock for sale, with proceeds totaling \$40 million. As these sales occurred directly before the Company severed its ties with New York Global Group, Inc. and Wei, New York Global Group, Inc. and Wei stood to receive commissions on these sales of almost \$15 million.

67. Additionally, during the Class Period, and with the Company's stock trading at artificially inflated prices, the Company raised over \$5.3 million from a private placement offering.

**Applicability of Presumption of Reliance:
Fraud On The Market Doctrine**

68. At all relevant times, the market for Bodisen common stock was an efficient market for the following reasons, among others:

- a. Bodisen stock met the requirements for listing, and was listed and actively traded on AMEX, a highly efficient and automated market;
- b. As a regulated issuer, Bodisen filed periodic public reports with the SEC and AMEX;
- c. Bodisen 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;

and

- d. Bodisen was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

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

NO SAFE HARBOR

70. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Bodisen who knew that those statements were false when made.

FIRST CLAIM
Violation of Section 10(b) of
The Exchange Act and Rule 10b-5
Promulgated Thereunder Against All Defendants

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

72. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Bodisen 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.

73. 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 which 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 Bodisen's common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

74. 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 Bodisen as specified herein.

75. 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 Bodisen's value and performance and continued substantial growth, which included the making of, or the 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 Bodisen and its business operations and future prospects in 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 which operated as a fraud and deceit upon the purchasers of Bodisen common stock during the Class Period.

76. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of his 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 internal budgets, plans, projections and/or reports; (iii) 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 (iv) 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.

77. The 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 Bodisen'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 business, operations and earnings 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.

78. 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 Bodisen common stock was artificially inflated during the Class Period. In ignorance of the fact that market prices of Bodisen's 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 in 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 Bodisen common stock during the Class Period at artificially high prices and were damaged thereby.

79. 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 the problems that Bodisen was experiencing, which were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Bodisen 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 which they paid.

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

81. 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.

SECOND CLAIM
Violation of Section 20(a) of
The Exchange Act Against the Individual Defendants

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

83. The Individual Defendants acted as controlling persons of Bodisen within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, 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 which 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 be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

84. In particular, each of these defendants 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.

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

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

- a. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- 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:

Respectfully submitted,

By: _____

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