

PRESS RELEASE

CFO Sues Solar Company, Alleges Financial Improprieties, Fraud, Mis-Use of EB-5 Foreign Investment Funds and Discrimination Against Non-Chinese Employees

LOS ANGELES, June 24, 2015 – The former Chief Financial Officer of SolarMax Technology, Inc. – a renewable energy conglomerate located in Riverside, CA – has filed a lawsuit against the company and several of its directors and executive management team, including CEO David Hsu, Executive Vice President Ching Liu, and CFO Simon Yuan. (Los Angeles Superior Court Case No. BC585952). Among other things, plaintiff Michael McCaffrey alleges that he was fired for exposing fraud and financial improprieties in connection with approximately \$60 million in capital SolarMax has raised from foreign nationals through the federal EB-5 Immigration and Visa Program (colloquially known as the “Visa for Sale” program). The EB-5 program provides wealthy foreign nationals (and their immediate families) with a two-year fast track to permanent U.S. residency in return for investing \$1,000,000 or, in some cases, \$500,000 in domestic businesses. The filing was announced today by Gregory D. Helmer, of the Los Angeles law firm of Helmer Friedman LLP

According to the lawsuit, Mr. McCaffrey discovered that SolarMax, by engaging in a series of Enron-like “round trip” transactions with sham middleman entities, reported approximately \$50,000,000 in phantom revenue on its 2011 and 2012 audited financial statements. In an effort to create a false impression of stronger financial performance and, thus, to attract investment capital, the suit alleges that SolarMax disseminated these artificially inflated figures to EB-5 investors (mostly in Taiwan and China) and others. Mr. McCaffrey also alleges that the inflated revenue figures were presented to the U.S. Citizenship and Immigration Services (USCIS) – part of U.S. Homeland Security – which regulates the EB-5 program.

“Most people do not realize that there is a program by which foreign citizens can literally purchase Green Cards if they have enough money and invest it in a qualifying business,” said Mr. Helmer. The program is notorious for potential abuse and exploitation. The USCIS and the SEC have cautioned potential investors “about fraudulent investment scams that exploit the Immigrant Investor Program, also known as EB-5.”

The lawsuit further alleges that Mr. McCaffrey exposed a series of other unlawful activities at SolarMax, including efforts to defraud the Social Security Administration by placing non-employee friends and relatives on the company’s payroll for the sole purpose of permitting them to earn Social Security credits. He further alleges that there existed a pattern of favoritism for the many employees of Chinese descent, and that he – and other employees who were not of Chinese descent – were subjected to unfair treatment and discrimination.

Commenting on the lawsuit, Mr. Helmer said, “Mr. McCaffrey, in his role as the CFO, was simply trying to ensure that SolarMax complied with the same set of rules and operated on the same playing field as all other law-abiding companies. Instead, he was fired after discovering a pattern of improprieties and trying to protect himself – and the company – by insisting that they be discontinued.”

A copy of the complaint is available at www.helmerfriedman.com

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