



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

MALCOLM CORK, LISMORE PARTNERS
LLC, DR. JOHN HAUGHTON, MICHAEL
CARR, PAUL GRANDE, ATHANASIOS
TOMARAS, JONATHAN WATERS, GLENN
CARTER, AIRDRIE PARTNERS I LP, and
VISION CAPITAL ADVANTAGE FUND LP,

Plaintiffs,

v.

CHINA INTEGRATED ENERGY, INC.,

Defendant.

C.A. No. _____

**VERIFIED COMPLAINT FOR
INSPECTION OF BOOKS AND RECORDS**

Plaintiffs Malcolm Cork, Lismore Partners LLC, Dr. John Haughton, Michael Carr, Paul Grande, Athanasios Tomaras, Jonathan Waters, Glenn Carter, Airdrie Partners I LP, and Vision Capital Advantage Fund LP (collectively, "Plaintiffs") bring this Verified Complaint ("Complaint") against Defendant China Integrated Energy, Inc. ("China Integrated Energy" or the "Company") seeking relief under 8 DEL. C. § 220 ("Section 220"), and allege as follows:

NATURE OF THE ACTION

1. This is a complaint brought pursuant to Section 220 to enforce Plaintiffs' statutory right to inspect and make copies and extracts of certain books and records of Defendant China Integrated Energy.

2. On September 17, 2015, Plaintiffs served China Integrated Energy via its registered agent in Delaware with demands pursuant to Section 220 for inspection of certain books and records of the Company (the "Demands"). Plaintiffs' Demands are attached hereto as **Exhibit A**.

3. On September 22, 2015, Eugene Licker, Esquire responded to the Demands via letter. Mr. Licker's letter is attached hereto as **Exhibit B**.

4. In his letter, Mr. Licker explained that China Integrated Energy "would prepare current, unaudited financial statements, and that we would be happy to discuss the rationale behind the request for historical information." Mr. Licker did not agree to make the documents requested in the Demands available for inspection, nor did he provide a date on which he would provide current, unaudited financial statements.

5. Rather, Mr. Licker requested that Plaintiffs continue to "await finalization of the settlements in the securities class action and the derivative action, both of which have been agreed to in principle and should be finalized by the end of the calendar year."

6. Counsel for Plaintiffs informed Mr. Licker by letter dated September 23, 2015, that Plaintiffs have been waiting for updated financial information from China Integrated Energy since 2012, and they will not agree to wait an indeterminate amount of time for China Integrated Energy to finalize two substantial legal actions to receive documents to which they are statutorily entitled. The letter from Plaintiffs' counsel to Eugene Licker, dated September 23, 2015, is attached hereto as **Exhibit C**.

7. Then, in a letter dated September 28, 2015, Mr. Licker stated:

We have asked the Company to gather (to the extent they exist) and make available for production the material identified in the Demand. The first week of October is a national holiday in China. Accordingly, Company personnel have informed us that they will be able to provide us the information within two weeks from today. We will inform you when it is in our possession. At that point, we will process the material (check it to ensure responsiveness, number it, and format it) and make it available to you, subject to your clients' entry into a nondisclosure agreement.

Mr. Licker's letter of September 28, 2015 is attached hereto as **Exhibit D**.

8. Notably, Mr. Licker did not provide a date on which he would make the documents available; he did not indicate which, if any, of the requested documents and information he would be producing; and he did not provide the nondisclosure agreement that Plaintiffs will have to agree to and execute in order to obtain the documents China Integrated Energy may eventually make available.

9. On September 29, 2015, in response to Mr. Licker's letter of September 28, Plaintiffs' counsel again informed Mr. Licker that unless he informs Plaintiffs of (1) the documents China Integrated Energy will be making available and (2) the specific date on which those documents will be made available, Plaintiffs intend to pursue an action to compel inspection. The letter from Plaintiffs' counsel to Eugene Licker, dated September 29, 2015, is attached hereto as **Exhibit E**.

10. To date, China Integrated Energy has not agreed to produce any specific documents or information requested in the Demands. Therefore, Plaintiffs are seeking an order from this Court to compel China Integrated Energy to produce documents responsive to the Demands.

JURISDICTION

11. This Court has exclusive jurisdiction to hear and determine this action pursuant to 8 DEL. C. § 220.

PARTIES

12. Plaintiffs Malcolm Cork, Lismore Partners LLC, Dr. John Haughton, Michael Carr, Paul Grande, Athanasios Tomaras, Jonathan Waters, Glenn Carter, Airdrie Partners I LP, and Vision Capital Advantage Fund LP are record holders of China Integrated Energy stock.

13. Defendant China Integrated Energy is a Delaware corporation operating in China. China Integrated Energy engages in three business segments: the wholesale distribution of finished oil and heavy oil products; the production and sale of biodiesel; and the operation of retail gas stations. China Integrated Energy's registered agent for service of process within the State of Delaware is National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904.

FACTUAL ALLEGATIONS

14. Plaintiffs currently own China Integrated Energy common stock.

15. China Integrated Energy common stock was registered with the Securities and Exchange Commission ("SEC") pursuant to Section 12(g) of the Exchange Act on February 19, 1999.

16. China Integrated Energy's most recent filing with the SEC, which was filed on September 3, 2014, was an amended Form 10-K for the period ended December 31, 2010. That report states as of June 30, 2010, the last sale price of its common stock was \$8.30 and the aggregate market value of its shares was \$98,701,492.

17. Earlier in 2014, China Integrated Energy filed a Form 10-K for the year ended December 31, 2011, which stated that as of June 30, 2011, the sale

price of its shares had dropped to \$0.80 and the aggregate market value of its shares had dropped to \$18,052,747.

18. China Integrated Energy has not provided any annual or periodic financial results for 2012, 2013, 2014, or 2015 to the SEC or to China Integrated Energy's stockholders.

19. On June 24, 2014, the SEC initiated proceedings against China Integrated Energy for failure to file timely periodic reports. During a prehearing conference in those proceedings, China Integrated Energy informed the SEC that it hoped to "become current" with its reporting by October 31, 2014.

20. China Integrated Energy did not become current by October 31, 2014, and on December 23, 2014, the SEC revoked the registration of each class of registered securities of China Integrated Energy.

21. As China Integrated Energy has failed to provide any financial results or information regarding the Company for any period after December 31, 2011, Plaintiffs are unable to ascertain the fair value of their investments.

22. As stockholders of China Integrated Energy, Plaintiffs are entitled to inspect and make copies and extracts of the books and records of China Integrated Energy pursuant to Section 220.

23. In accordance with the terms of Section 220, Plaintiffs exercised their statutory rights under Section 220.

24. On September 17, 2015, Plaintiffs formally served Demands to inspect China Integrated Energy's books and records on the Company at its registered agent for service of process within the State of Delaware. Plaintiffs demanded to inspect and make copies and extracts of certain books and records of China Integrated Energy for the purpose of determining the value of their investments in the Company. A copy of Plaintiffs' affidavit of service is attached hereto as **Exhibit F**.

25. Plaintiffs' Demands state a proper purpose for seeking the inspection of books and records under Section 220. The Delaware Court of Chancery has affirmed on several occasions that valuation is a proper purpose for inspection under Section 220. To this end, Plaintiffs' Demands requested inspection of books and records relating to the following specific categories:

- a. China Integrated Energy's annual revenue from January 2012 through the present, and quarterly revenue for the twelve months preceding the Demand;
- b. China Integrated Energy's annual income before taxes from January 2012 through the present, and quarterly income before taxes for the twelve months preceding the Demand;

- c. China Integrated Energy's annual net income from January 2012 through the present, and quarterly net income for the twelve months preceding the Demand;
- d. Annual earnings per share of China Integrated Energy common stock from January 2012 through the present, and quarterly earnings per share of China Integrated Energy common stock for the twelve months preceding the Demand;
- e. China Integrated Energy's annual cash and cash equivalents from January 2012 through the present, and quarterly cash and cash equivalents for the twelve months preceding the Demand;
- f. China Integrated Energy's annual total assets from January 2012 through the present, and quarterly total assets for the twelve months preceding the Demand;
- g. China Integrated Energy's annual current assets from January 2012 through the present, and quarterly current assets for the twelve months preceding the Demand;
- h. China Integrated Energy's annual total liabilities from January 2012 through the present, and quarterly total liabilities for the twelve months preceding the Demand;

- i. The book value of China Integrated Energy as of December 31 for the years 2012 through 2014, and quarterly for twelve months preceding the Demand; and
- j. The actual value of China Integrated Energy as of December 31 for the years 2012 through 2014, and quarterly for twelve months preceding the Demand.

18. China Integrated Energy's first response to Plaintiffs' Demands was an offer to provide only current, unaudited financial results after it resolves both a class action pending against the Company in California and a derivative action pending in this Court. China Integrated Energy did not agree to produce any of the documents requested by Plaintiffs in their Demands.

19. Subsequently, China Integrated Energy agreed to produce documents responsive to the Demands "to the extent they exist" at some unspecified point in the future.

20. To date, China Integrated Energy has not produced the books and records requested in the Demands and is in violation of Section 220.

21. As required by law, China Integrated Energy should be required to produce the books and records requested in Plaintiffs' Demands.

22. Plaintiffs have fully complied with the provisions of Section 220 regarding the form and manner of demanding information and copies of China Integrated Energy's books and records.

23. By reason of the foregoing, pursuant to Section 220, Plaintiffs are entitled to inspect and make copies and extracts of the books and records of China Integrated Energy identified in the Demands.

COUNT I
Inspection of China Integrated Energy's Books and Records
Pursuant to 8 DEL. C. § 220

24. Plaintiffs repeat and re-allege each of the foregoing paragraphs as if fully set forth herein.

25. Plaintiffs are stockholders of China Integrated Energy common stock.

26. As stockholders, Plaintiffs are entitled to inspect the books and records of the Company pursuant to Section 220.

27. Plaintiffs fully complied with the provisions of Section 220 regarding the form and manner for making a demand, and delivered the Demands to China Integrated Energy's registered agent in the State of Delaware.

28. Plaintiffs' stated purpose for their Demands is proper under Delaware law and is directly related to their interests as stockholders of the Company.

29. Plaintiffs' specific requests for books and records are narrowly tailored to serve the stated purpose, and are necessary and essential to fulfill that purpose.

30. China Integrated Energy has not provided Plaintiffs with any of the information requested in the Demands and has no legitimate basis under Section 220 to refuse to provide Plaintiffs with these materials.

31. For the foregoing reasons, Plaintiffs are entitled to inspect and receive copies of the documents and information requested in the Demands.

WHEREFORE, Plaintiffs respectfully request that this Court enter an Order pursuant to Section 220:

(a) Entering judgment in favor of Plaintiffs and against Defendant China Integrated Energy, Inc.;

(b) Directing China Integrated Energy, Inc. to provide Plaintiffs and their duly authorized representatives with copies of the books and records sought in the Demands for inspection;

(c) Awarding Plaintiffs their costs and expenses incurred in bringing and prosecuting this action, including their attorneys' fees; and

(d) Awarding other and further relief as the Court deems appropriate.

WOMBLE CARLYLE SANDRIDGE & RICE, LLP

/s/ Jill Agro

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Dated: September 29, 2015