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## ***TPI and JPAK Follow the Reverse Merger Trend – Late Financial Statements and a Deficient Auditor.***

Two Chinese reverse mergers, Tianyin Pharmaceutical Group, Inc. (AMEX: TPI) and JPAK Group, Inc. (OTC: JPAK), will not be able to file 10-Ks on time, according to SEC filings made by both companies on September 28th. By "Chinese reverse mergers" we mean companies with operations in China that came to be listed in the US through reverse merger transactions. There has been a noticeable trend of Chinese reverse mergers, including [China+Sky+O](http://www.asensio.com/Reports/CompleteRecordCompany.aspx?CompanyId=165&CompanyName=China+Sky+O) Sky One Medical, Inc. (NASDAQ: CSKI) and Fuqi International, Inc. (NASDAQ: FUQI), not being able to make SEC filings on time.

TPI and JPAK are both audited by Patrizio & Zhao, LLC, which has one office in Parsippany, New Jersey. An [inspection report on Patrizio & Zhao](http://www.asensio.com/china/PCAOB_patrizio.pdf) issued by the Public Company Accounting Oversight Board (PCAOB) notes that the firm has 9 people on staff and found "deficiencies of such significance that it appeared to the inspection team that the Firm did not obtain sufficient competent evidential matter to support its opinion on the issuer's financial statements."

The use of small US-based auditing firms is so common among Chinese reverse mergers that it prompted the [PCAOB to take action](http://www.asensio.com/china/PCAOB.mht), as noted in a [pr](http://www.asensio.com/Reports/ReportView.aspx?ReportId=1050&CompanyId=170&CompanyName=Report) asensio.com report.

TPI also has control persons currently or formerly associated with other Chinese companies and US brokerage firms promoting them – another common Chinese reverse merger trait that raises substantial questions.

TPI and JPAK share a director, Stewart Shiang Lor, who also co-founded a business called PowerBridge Technology Co., Ltd., according to his biography in TPI's proxy statement. The CEO and chairman of Winner Medical Group Inc. (NASDAQ: WWIN) is on the board of advisors of PowerBridge, according to the [PowerBridge website](http://www.asensio.com/china/powerbridge.mht). [pr](http://www.asensio.com/Reports/ReportView.aspx?ReportId=1046&CompanyId=169&CompanyName=Report) previously reported on WWIN having a director, Lawrence Xiaoxia Pan, who was formerly NASDAQ's chief representative in China.

TPI's CFO is James Jiayuan Tong, who was formerly an analyst with Roth Capital Partners covering US-listed Chinese stocks, such as American Oriental Bioengineering, Inc. (NYSE: AOB). In fact, days before asensio.com issued reports on substantial problems in AOB's disclosures, Roth Capital issued a research report authored by Tong with a buy recommendation on AOB and a \$10 per share price target. Following the release of the [Ori](http://www.asensio.com/Reports/CompleteRecordCompany.aspx?CompanyId=167&CompanyName=American+Ori) reports on August 5, 2009, AOB shares fell 17%, from \$6.24 to \$5.20. AOB shares are now at \$2.35. [Barron's](http://www.asensio.com/china/barronsCGA.pdf) gave a negative view of Roth Capital's involvement with Chinese reverse mergers in an article dated August 26th.