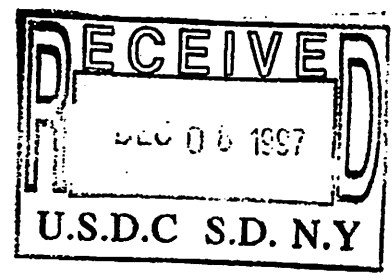


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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,  
  
Plaintiff,

v.

MILLENNIUM SOFTWARE SOLUTIONS, INC.  
and MARK SHKOLIR,

Defendants.

97 Civ. \_\_\_\_ ( )

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against Defendants Millennium Software Solutions, Inc. ("Millennium") and Mark Shkolir ("Shkolir") (collectively "the Defendants"), alleges as follows:

1. Since at least November 4, 1997, Defendants Millennium and Shkolir have been engaging in an ongoing scheme through which they have fraudulently obtained at least \$195,000 from at least 28 investors across the country. To induce investors to purchase Millennium securities, Millennium and Shkolir, themselves and through their agents, have been misrepresenting Millennium's financial condition, falsely stating that Charles Schwab &

Co. ("Schwab"), a broker-dealer registered with the Commission, is affiliated with the offering of Millennium securities, making contradictory representations to investors about the nature of the securities being offered and engaging in high pressure sales tactics.

2. The Commission brings this action to stop Millennium and Shkolir, who, as recently as December 4, 1997, deposited in an account held by Millenium at Schwab improperly obtained investor funds, from continuing to defraud investors.

3. Millennium and Shkolir, directly or indirectly, singly or in concert, have engaged, are continuing to engage, and are about to engage in, transactions, acts, practices and courses of business that constitute, and would constitute, violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

4. Unless Millennium and Shkolir are restrained and enjoined, they will continue to engage in the transactions, acts, practices, and courses of business set forth in this Complaint and in transactions, acts, practices, and courses of business of similar type and object.

#### **JURISDICTION AND VENUE**

5. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], to restrain and enjoin, temporarily, preliminarily, and permanently, Millennium and Shkolir from future violations of the antifraud provisions of the federal securities laws. The Commission also seeks from the Defendants disgorgement of

their ill-gotten gains, plus pre-judgment interest thereon, an asset freeze *pendente lite*, an accounting, an order prohibiting the destruction of documents, and such other equitable relief that may be deemed appropriate. In addition, the Commission seeks civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

6. This Court has jurisdiction over this action, and venue is proper, pursuant to Sections 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(d), 77v(a)] and Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 77u(d), 78aa].

7. The Commission, pursuant to authority conferred upon it by Sections 10(b) and 23(a) of the Exchange Act [15 U.S.C. §§ 78j(b), 78w(a)], has promulgated Rule 10b-5 [17 C.F.R. § 240.10b-5]. Rule 10b-5 was in effect at the time of the transactions alleged in this Complaint and remains in effect.

8. The Defendants, directly or indirectly, singly or in concert, made, and are making, use of the means or instruments of transportation or communication in, and the means or instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein. Certain of the transactions, acts, practices and courses of business alleged herein took place within the Southern District of New York, including, but not limited to, the making of material misrepresentations about Millennium's financial condition.

#### **THE DEFENDANTS**

9. Shkolir, age 34, resides in Brooklyn, New York. Shkolir holds himself out as Millennium's president, sole employee and, prior to the offering of Millennium stock, sole

shareholder.

10. Millennium was incorporated in Delaware on November 4, 1997. Millennium purports to be in the business of addressing technical solutions to computer problems created by the arrival of the year 2000. In a private placement memorandum, dated November 5, 1997 ("Private Placement Memorandum"), Millennium represents its business addresses as 67 Wall Street, Suite 2411, New York, New York 10004, and 511 Avenue of the Americas, New York, New York 10011. Millennium is not listed at either address, both of which appear to be mail drops.

#### **THE DEFENDANTS' FRAUDULENT SCHEME**

11. Since November 1997, Millennium and Shkolir, directly and indirectly through their agents, have been inducing investors to invest in the Millennium private placement by engaging in various high pressure sales tactics and making various misrepresentations of material fact about Millennium, including, but not limited to: (a) misrepresenting Millennium's true financial condition in Millennium's Private Placement Memorandum; (b) misrepresenting, directly and indirectly through various salespersons, that Schwab was affiliated with the offering of Millennium securities; and (c) making contradictory representations to investors about the nature of the Millennium securities being offered. To date, at least 28 investors have invested at least \$195,000 in the Millennium private placement.

#### **The Defendants Misrepresent Millennium's Financial Condition in Written Materials Sent to Investors**

12. Millennium is using the Private Placement Memorandum to offer for sale 2 million shares of Millennium common stock at \$2.45 per share and 1 million warrants for the

purchase of Millennium common stock at \$.10 per warrant for a total offering of \$5 million.

13. In the Private Placement Memorandum, Millennium represents that, as of November 5, 1997, it had \$10,005,000 in assets, \$213,560 in liabilities and shareholders' equity of \$9,791,440.

14. In calculating its assets, Millennium improperly included a \$10,000,000 available line of credit as an asset. Accordingly, Millennium's assets and shareholders' equity are overstated by \$10,000,000 in the Private Placement Memorandum.

15. Without inclusion of the \$10,000,000 line of credit as an asset, Millennium's liabilities, as of November 5, 1997, exceed its assets by \$208,560, resulting in a shareholders' deficit of \$208,560 as of that date.

16. The Defendants, directly and indirectly through various salespersons acting on their behalf, have been distributing the Private Placement Memorandum to potential investors across the United States to induce the purchase of Millennium securities.

17. The misrepresentations referred to in paragraphs 13 to 15 above were material.

18. Millennium and Shkolir knew, or were reckless in not knowing, that the representations described in paragraph 13 were false.

**The Defendants Falsely Represent that Schwab is Affiliated  
With Millennium's Private Placement**

19. Since November 1997, various salespersons acting on behalf of Millennium and Shkolir have been making one or more of the following representations to induce purchases of Millennium securities: (a) that Schwab was underwriting Millennium's private placement; (b) that Schwab was serving as escrow agent for Millennium's private placement; (c) that the salespersons worked for Schwab's "Special Investments Group"; (d) that Schwab

had hired the salespersons to raise money for Millennium; (e) that Schwab served as a clearing house for Millennium; and (f) that Schwab served as Millennium's banker.

20. Each of the representations identified in paragraph 19 above was false in that: (a) Schwab is not serving as underwriter or escrow agent for Millennium's private placement; (b) Schwab's registered representatives are not offering or selling the securities of Millennium; (c) Schwab has no Special Investments Group; and (d) Schwab is not acting as a clearinghouse or banker for Millennium.

21. Each of the misrepresentations, described in paragraph 19 above, was material.

22. The Defendants knew, or were reckless in not knowing, that the representations referred to in paragraph 19 were false.

**The Defendants Engage in High Pressure Sales Tactics and  
Make Contradictory Representations about the Offering**

23. The Defendants, directly and indirectly through salespersons acting on their behalf, are engaging in high pressure sales tactics, including, but not limited to, making price predictions and telling potential investors that a certain number of Millennium securities had been reserved for them and that it is illegal for them not to pay for the securities so reserved.

24. The Defendants, in the Private Placement Memorandum and through salespersons acting on their behalf, also made contradictory representations to investors about: (1) whether or not the Millennium offering was an IPO or a private placement; (2) whether or not the securities offered were freely tradeable or restricted; and (3) the number of Millennium shares outstanding.

25. Each of the misrepresentations, described in paragraph 23 and 24 above, was

material.

26. The Defendants knew, or were reckless in not knowing, that the representations referred to in paragraph 23 and 24 were false.

**CLAIM FOR RELIEF**

**Violations of Section 17(a) of the Securities Act  
[15 U.S.C. § 77t(a)], and Section 10(b) of the Exchange Act  
[15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5]**

27. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1 through 26 above.

28. Defendants Millennium and Shkolir, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in, or the means or instrumentalities of, interstate commerce, or of the mails, in the offer or sale and in connection with the purchase or sale of securities, knowingly or recklessly, have: (a) employed, are employing, and are about to employ devices, schemes and artifices to defraud; (b) obtained, are obtaining, and are about to obtain, money or property by means of, or otherwise made, are making, and are about to make, untrue statements of material fact, or have omitted, are omitting, and are about to omit, to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) have engaged, are engaging, and are about to engage, in acts, transactions, practices and courses of business which have operated, are operating and will operate as a fraud or deceit upon the purchasers of Millennium securities or other persons.

29. As part of and in furtherance of this violative conduct, Defendants Millennium and Shkolir knowingly or recklessly, made the misrepresentations alleged in paragraphs 13, 19,

23 and 24 above and fraudulently obtained at least \$195,000 in investors' funds.

30. The false statements made by Defendants Millennium and Shkolir described in paragraphs 13, 19, 23 and 24 above were material.

31. By reason of the foregoing, Defendants Millennium and Shkolir violated and, unless temporarily, preliminarily and permanently restrained and enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)(1)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff respectfully requests that this Court:

#### **I.**

Grant an Order temporarily and preliminarily, and issue a Final Judgment permanently, restraining and enjoining Millennium and Shkolir, their officers, agents, servants, employees, and attorneys-in-fact, and all persons in active concert or participation with each of them, who receive actual notice of such Order or Final Judgment by personal service, facsimile service, or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

#### **II.**

Issue a Final Judgment requiring Millennium and Shkolir to disgorge their ill-gotten gains from the violations alleged herein, plus prejudgment interest thereon.

#### **III.**



Issue a Final Judgment assessing penalties against the Defendants pursuant to Section 20(d) of the Securities Act, 15 U.S.C. §77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. §78u(d).

#### IV.

Issue a Final Judgment directing Millennium and Shkolir to file with this Court and serve upon the Commission verified written accountings, signed by the Defendants under penalty of perjury, of:

- (1) All assets, liabilities and property currently held, directly or indirectly, by, or for the benefit of, the Defendants, including, but not limited to, bank accounts, brokerage accounts, investments, business interests, loans, lines of credit, and real and personal property wherever situated, describing each asset and liability, and its current location and amount;
- (2) All money, property, assets, and other income received by Millennium and/or Shkolir, or for their direct or indirect benefit, in or at any time from November 4, 1997 to the date of the accounting, describing the source, amount, disposition and current location of each of the items listed;
- (3) The names and last known addresses of all bailees, debtors, and other persons and entities which are currently holding the assets, funds or property of Millennium and/or Shkolir; and
- (4) All assets, funds, securities, real or personal property received by Millennium and/or Shkolir, or any other person controlled by them, from parties who provided money to Millennium and/or Shkolir in connection with the purchase or

sale of securities from November 4, 1997 to the date of the accounting, and the disposition of such assets, funds, securities, real or personal property.

V.

Grant a Temporary Restraining Order and Preliminary Injunction freezing *pendente lite* the Defendants' assets, except for reasonable living expenses for Defendant Shkolir to which the Commission may agree by stipulation or which the Court may order.

VI.

Grant an Order enjoining and restraining Millennium and Shkolir, or any person or entity acting at their direction or on their behalf from destroying, altering, concealing or otherwise interfering with the access of the plaintiff to any and all documents, books and records which are in the possession, custody or control of Millennium and Shkolir, their agents, employees, servants, accountants, financial or brokerage institutions, and attorneys that refer, reflect or relate to the allegations of the Complaint, including, but not limited to, documents, books and records referring, reflecting or relating to Millennium and Shkolir's finances, business operations, and their offer or sale of securities and the use of proceeds therefrom.

VII.

Grant such other and further relief as this Court shall deem just and proper.

Dated: December 8, 1997  
New York, New York

Respectfully submitted,



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