

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

RODNEY S. SHEHYN, a.k.a. Robert Schmidt,
a.k.a. Zach Adams, a.k.a. Jack Bishop,
a.k.a. Geoffrey Williams, a.k.a. Alex Gray,
a.k.a. Jason Henley,

RODNEY D. MARR, a.k.a. Robert Moran,
a.k.a. Ronald Carlson,

DONALD L. MARR, a.k.a. Lloyd Weston,
a.k.a. Donald Masters, and

KAREN S. LEIGH, a.k.a. Elizabeth Blaine,
a.k.a. Victoria Young,

Defendants.

04 Civ. _____ ()

COMPLAINT

Plaintiff, Securities and Exchange Commission ("SEC"), alleges that:

I. SUMMARY

1. The Defendants managed all or part of Millennium Financial, Ltd. ("Millennium"), a sophisticated and fraudulent international "boiler room" scheme that operated from approximately March 2000 to June 2002 ("the period of the scheme"). Millennium operated in several countries, including the United States and Spain, and defrauded over 700 investors, including several U.S. citizens, in more than 20 countries (primarily in Europe). All told, Millennium raised more than \$20 million over the period of the scheme.

2. Through Millennium, the Defendants lured investors with false claims that Millennium had a "phenomenal 21-year track record" and was a "prestigious offshore banking firm." After being

lured to Millennium, investors were fraudulently induced to buy securities of U.S. issuers that are traded on the New York Stock Exchange ("NYSE"). Next, as part of a "bait-and-switch" scheme, the Defendants fraudulently induced investors to sell their NYSE-traded securities and reinvest the proceeds, plus additional money, in so-called pre-initial public offering ("pre-IPO") securities of small issuers located in the United States, including Florida and California, whose stock was not publicly traded. At the direction of the Defendants, Millennium's salespersons made fraudulent statements concerning the value of these securities and none of the companies that issued the stock have had an IPO. As a result, Millennium's investors typically lost most, if not all, of their investment.

3. Rodney Shehyn headed Millennium's operations, first from Barcelona, Spain and later from San Diego, California. Shehyn worked with Rodney Marr, Donald Marr, and Karen Leigh, who were salespersons and managers in Millennium's boiler room sales offices. To hide their role in Millennium's fraudulent scheme, the Defendants concealed their identities and operations behind an elaborate screen of aliases, secret sales offices, and labyrinthian money conduits and communication networks. Through their involvement in Millennium, each of the Defendants violated the anti-fraud provisions of the federal securities laws, and Shehyn violated the broker-dealer registration provisions.

4. By engaging in the acts alleged in this Complaint, the Defendants have violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Also, under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)], Defendants Rodney Shehyn, Rodney Marr and Donald Marr are liable as controlling persons for Millennium's violations of Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, as set forth below. In addition, Defendant Rodney Shehyn violated Section 15(a) of

the Exchange Act [15 U.S.C. § 78o(a)] by effecting transactions in, or inducing or attempting to induce the purchase or sale of securities without being registered with the SEC as a broker or dealer or being associated with a registered broker-dealer.

5. The SEC brings this action seeking to obtain, among other relief: (i) the entry of a permanent injunction prohibiting the Defendants from engaging in future violations of the relevant provisions of the federal securities laws; (ii) the imposition of civil monetary penalties against the Defendants; (iii) disgorgement of any ill-gotten gains, including prejudgment interest; and (iv) "penny stock" bars.

II. DEFENDANTS

6. **Rodney S. Shehyn** ("Shehyn"), age 62, is a U.S. citizen who headed Millennium's operations since its inception. During his participation in the scheme, Shehyn used numerous aliases, such as Robert Schmidt, Zach Adams, Jack Bishop, Geoffrey Williams, Alex Gray, and Jason Henley. Between approximately March 2000 and May 2001, Shehyn was the on-site supervisor of a Millennium sales office in Spain. From approximately July 2001 to June 2002, Shehyn controlled Millennium's operations from San Diego, California. Since June 2002, Shehyn has been held in custody in San Diego. Over the course of his association with Millennium, Shehyn received, directly or indirectly, at least \$2.2 million from Millennium.

7. **Rodney D. Marr** ("Rodney Marr"), age 54, is a Canadian citizen who worked in Spain as the on-site supervisor of a Millennium sales office from at least January 2001 until September 2001. During his participation in the scheme, Rodney Marr used aliases such as Robert Moran and Ronald Carlson. Between April 2000 and July 2001, and from December 2001 through at least March 2002, Rodney Marr sold securities for Millennium in Spain. Between approximately May 2001 and September 2001, Rodney Marr was the Managing Partner of Millennium's operations. Over the course of his association with Millennium, Rodney Marr received, directly

or indirectly, at least \$640,000 from Millennium. Rodney Marr last resided in Thailand.

8. **Donald L. Marr** ("Donald Marr"), age 42, is a Canadian citizen and the younger brother of Rodney Marr. During his participation in the scheme, Donald Marr used aliases such as Lloyd Weston and Donald Masters. Between approximately April 2001 and September 2001, Donald Marr worked in Spain as a Millennium salesperson. Between October 2001 and at least May 2002, Donald Marr was the General Manager of Millennium's operations. Over the course of his association with Millennium, Donald Marr received, directly or indirectly, at least \$360,000 from Millennium. Donald Marr last resided in Jávea, Spain.

9. **Karen S. Leigh** ("Leigh"), age 44, is a U.S. citizen who worked in Spain as a Millennium salesperson between approximately March 2001 and September 2001. During her participation in the scheme, she used aliases such as Elizabeth Blaine and Victoria Young. Between October 2001 and at least May 2002, Leigh was the on-site supervisor of a Millennium sales office in Spain. Over the course of her association with Millennium, Leigh received, directly or indirectly, at least \$125,000 from Millennium. Leigh last resided in Pals, Spain.

III. RELEVANT ENTITY

10. **Millennium Financial, Ltd.** ("Millennium") purported to be an international securities and consultancy firm, but was, in fact, a sophisticated international boiler room operation. Millennium conducted its operations through several commonly controlled nominee corporations and from numerous countries, including the United States, Spain, and Mexico. Millennium was not registered with the SEC in any capacity. Millennium is named as a defendant in Securities and Exchange Commission v. Millennium Financial, Ltd., et al., Civil Action No. 02 CV 3901 (MBM) (S.D.N.Y.) (filed May 22, 2002).

IV. JURISDICTION AND VENUE

11. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act

[15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

12. The Defendants, directly and indirectly, have each made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business complained of herein.

13. Certain of the transactions, acts, practices, and courses of business alleged herein occurred within the Southern District of New York.

14. The SEC brings this action pursuant to authority conferred upon it by Section 20(b) of the Securities Act and Section 21(d)(1) of the Exchange Act [15 U.S.C. §§ 77t(b) and 78u(d)(1)].

V. OVERVIEW OF THE FRAUDULENT SCHEME

15. Between at least March 2000 and June 2002, Millennium targeted English-speaking investors who were interested in the U.S. securities markets. Millennium obtained the names of these potential investors by renting, from a Texas company, lists of subscribers to English-language financial publications, including several well-known U.S. publications. Millennium then mass mailed a form letter and a reply card to these subscribers, who lived primarily in Western Europe. To those who returned the reply card, Millennium sent a welcome letter, a glossy brochure, and a free newsletter called *The Millennium Report*, which promoted certain NYSE-traded and pre-IPO securities. Millennium offered and sold these securities, while making representations that stressed the advantages of the U.S. capital markets.

16. Millennium salespersons, operating in multiple locations around the world, then carried out a coordinated, two-stage telephone solicitation. First, Millennium salespersons, known as "openers," telephoned subscribers to *The Millennium Report* and offered them well-known NYSE-traded securities. The Defendants directed Millennium's openers to sell these NYSE-traded securities at a discount from the prevailing market price, in order to provide investors with

a further incentive to make an initial purchase. Next, Millennium's openers turned their accounts over to a second group of salespersons known as "loaders," who persuaded investors to sell their NYSE-traded securities and reinvest the proceeds, plus additional money, in pre-IPO securities of small issuers whose stock was not publicly traded.

17. When investors agreed to purchase securities, the Defendants, through Millennium, directed them to wire funds through intermediary banks in New York City to Millennium's offshore bank accounts. Millennium highlighted the integrity of the U.S. banking system as part of its sales pitch. For example, one of Millennium's sales scripts stated: "[w]hen you transfer funds via wire . . . your money passes through the Federal Reserve System in New York and into the International Currency System, where it is easily traceable." Some of these investor funds were wired back into accounts in the United States, or through intermediary banks in the United States. For example, some of these investor funds were paid to Leigh as compensation and were transferred, at her direction, to an account in Massachusetts. Additional investor funds were transferred to a California brokerage account controlled by Shehyn.

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VI. MILLENNIUM'S OPENERS FRAUDULENTLY SOLD NYSE-TRADED SECURITIES TO INVESTORS

18. Through clandestine sales offices in Spain, the Defendants managed and supervised Millennium's openers and directed them to sell NYSE-traded securities, including Agere Systems, Inc., Theragenics Corporation, and Iomega Corporation. The Defendants directed openers to use sales scripts containing materially false and misleading statements, concerning, among other things: (a) the location of Millennium and its salespersons; (b) Millennium's track record and the expertise of its salespersons; (c) the basis of Millennium's securities recommendations; (d) the commissions earned by openers; and (e) the future price of the securities. The openers followed these scripts as directed by the Defendants. Through

Millennium, the Defendants also sent investors written materials containing these materially false and misleading statements.

A. Misrepresentations Concerning the Location of Millennium and Its Salespersons

19. As part of their fraudulent scheme, the Defendants falsely portrayed Millennium as an international securities firm with offices worldwide. Millennium sent investors glossy brochures that falsely stated that Millennium was based in Uruguay, and had offices in Brazil, Switzerland, Singapore, and Mexico. In fact, there were no Millennium personnel at any of its listed locations in Brazil, Singapore, Switzerland, or Mexico. The Defendants directed Millennium's openers to follow sales scripts falsely stating or implying that they were calling from Uruguay or Switzerland. Mail, faxes, and telephone calls to Millennium's purported offices in Uruguay and Switzerland were rerouted to its real offices in Spain, where its openers were.

B. Misrepresentations Concerning Millennium's Track Record and the Experience of Millennium's Salespersons

20. The Defendants directed openers to use a sales script that falsely stated that Millennium had a "phenomenal 21-year track record" and was "recognized as one of the world's most prestigious offshore investment banking firms." Through Millennium, they also sent investors a brochure that held the firm out as an "established, pre-eminent specialist in the field of private placements." In fact, Millennium had not commenced its operations until approximately March 2000. Thus, Millennium did not have a twenty-one year track record. In addition, Millennium was never recognized as one of the world's most prestigious offshore investment banking firms.

21. The Defendants also directed Millennium's openers to use sales scripts that falsely portrayed the openers' experience. For example, in one script, Millennium's openers introduced themselves as a "senior broker" and told prospective investors that they had fifteen years experience in the securities field. In fact, several of these openers had little or no securities

experience, let alone fifteen years worth.

C. Misrepresentations Concerning the Basis of Millennium's Securities Recommendations

22. Through Millennium, the Defendants sent a brochure to investors that falsely claimed that it had a "veteran Research Department" offering "expert technical and fundamental analysis" and recommendations "tailored to the individual investment goals and objectives of our clientele." In fact, Millennium did not have a "Research Department," and did not make individualized, tailored recommendations based on "expert technical and fundamental analysis." Millennium's openers conducted no analysis of the securities they were selling. On the contrary, at the direction of the Defendants, Millennium's openers followed a script that contained fraudulent high-pressure sales pitches to persuade prospective investors to commit immediately. Rather than being tailored to the investment goals of a particular investor, the Defendants directed Millennium's openers to recommend only one security.

D. Misrepresentations Concerning the Commissions Earned By Openers

23. The Defendants directed Millennium's openers to deceive prospective investors about the commissions that they earned, by telling investors that they received a commission of only one percent. In fact, Millennium's openers were paid commissions that were substantially higher than one percent, and ranged from seven to ten percent.

E. Misrepresentations Concerning the Future Appreciation of Securities, Inside Information, and the Risks of Investing

24. The Defendants directed Millennium's openers to use sales scripts that falsely stated or implied that they were privy to favorable inside information that would cause the NYSE-traded securities they were selling to substantially increase in price within days or a few months. In fact, the Defendants had no access to inside information on the NYSE-traded securities. The Defendants also directed Millennium's openers to use scripts that included fraudulent assurances

that investing with Millennium involved "absolutely no risk" when, in fact, it was a highly risky investment because Millennium was a fraudulent boiler room.

VII. MILLENNIUM'S LOADERS FRAUDULENTLY SOLD PRE-IPO SECURITIES TO INVESTORS

25. After investors wired funds for the initial purchase of NYSE-traded securities, Millennium's openers turned their accounts over to Millennium's loaders, who fraudulently induced investors to sell their NYSE-traded securities and reinvest the proceeds, plus additional money, in pre-IPO securities.

26. The primary pre-IPO securities that Millennium sold were securities of Key Card Communications, Inc. ("Key Card"), kNutek Holdings, Inc. ("kNutek"), and Sonic Garden, Inc. ("Sonic Garden") (collectively "the pre-IPO companies"). These were "penny stocks."

Millennium typically sold these securities for approximately \$5 per share, but this price included an undisclosed markup of \$3 to \$4 per share.

27. With the knowledge of, and under the management of, Defendants Shehyn, Rodney Marr, and Donald Marr, Millennium's loaders made materially false and misleading statements to Millennium's investors. These misrepresentations concerned, among other things, purported future public offerings by the pre-IPO companies, baseless projections of the future price of the pre-IPO securities, and false statements regarding the commissions earned by Millennium's loaders.

28. For example, in written statements sent to investors and during telephone solicitations, Millennium and its loaders fraudulently represented that the pre-IPO securities would soon be publicly traded at substantially higher prices. Millennium's loaders provided investors with false dates, and other misinformation to create the false impression that the pre-IPO companies would soon conduct public offerings on the NYSE or the National Association of Securities Dealers

Automated Quotation System ("NASDAQ"). In fact, these statements were false and had no reasonable basis in fact. At the time these statements were made, Key Card, kNutek, and Sonic Garden had not taken many of the necessary steps toward conducting a public offering, and did not have immediate plans or the ability to meet the requirements necessary to trade on either the NYSE or the NASDAQ. These companies never conducted public offerings and their securities never became publicly traded. In written statements sent to investors and during telephone solicitations, Millennium and its loaders falsely represented that they earned only a one percent commission or no commission at all. In fact, Millennium's loaders earned commissions ranging from ten to twenty percent.

VIII. MILLENNIUM OVERSOLD SECURITIES

29. As of January 2002, Millennium sold more shares of various NYSE-traded securities than it owned, including Agere. It also sold more shares of various pre-IPO securities than it owned. For example, as of November 2001, Millennium had sold more shares of Key Card than it owned. As of May 2002, Millennium had sold more shares of Sonic Garden than it owned. The Defendants knew, or were reckless in not knowing, that Millennium sold more securities than it owned. Millennium and the Defendants failed to disclose this material fact to investors.

IX. ROLES OF THE INDIVIDUAL DEFENDANTS IN THE SCHEME

A. Shehyn's Role

1. Shehyn Was a Controlling Person of Millennium

30. Starting in or around November 1999, Shehyn began setting up Millennium's operations in Barcelona, Spain. Between 2000 and 2002, Shehyn controlled and had final decision-making authority over Millennium's operations. Shehyn edited Millennium's brochures, newsletters and sales scripts, interviewed and hired new openers from California and Florida, and handled complaints from Millennium clients.

2. Shehyn Supervised Millennium's Openers

31. Between approximately March 2000 and May 2001, Shehyn had authority over, and was the on-site supervisor of, Millennium's openers in Spain. He monitored them while they made their telephone solicitations, and he required them to use sales scripts that he edited. As described in paragraphs 18 through 24, these sales scripts contained materially false and misleading statements. Shehyn knew, or was reckless in not knowing, that the scripts contained materially false and misleading statements.

3. Shehyn Had Authority Over Millennium's Loaders

32. As a controlling person of Millennium, Shehyn had authority over Millennium's loaders. Between at least November 2000 and May 2001, Shehyn met regularly with Rodney Marr, who was a loader as well as the supervisor of other Millennium loaders. In October 2001, Shehyn demoted Rodney Marr and replaced him with his brother, Donald Marr. In early 2001, Shehyn hired two loaders with whom he had worked, even though he knew that they had served time in jail for fraud. Shehyn knew, or was reckless in not knowing, that Millennium's loaders were making materially false and misleading statements.

4. Shehyn Controlled Millennium from San Diego, with the Assistance of the Other Defendants

33. Between July 2001 and June 2002, Shehyn resided in San Diego, California, where he continued to actively control the fraudulent operations of Millennium. On May 21, 2001, Shehyn was arrested in connection with his indictment in another boiler room operation. On or about June 28, 2001, Shehyn was released pending trial, with certain conditions, including that he refrain from engaging in telemarketing, remain in California, and post a \$500,000 bond.

34. After posting the bond using funds raised by Millennium and, in spite of the conditions of his pre-trial release, Shehyn continued to orchestrate Millennium's operations from San Diego.

He did so by, among other things, sending and receiving telephone calls, facsimiles, and electronic mail ("email") to and from Millennium personnel in Spain, including Defendants Rodney Marr, Donald Marr, and Leigh. Through these communications, the Defendants furthered their fraudulent scheme and caused investor losses. For example, Donald Marr drafted solicitation materials with misrepresentations concerning Sonic Garden and kNutek, and sent them via email to Shehyn. Shehyn edited and sent them back to Donald Marr, for use by Millennium's loaders. While in California, Shehyn also interviewed and hired new openers for Millennium.

35. While Shehyn was in California, he negotiated, and purchased through nominee corporations, hundreds of thousands of shares of Key Card, Sonic Garden, and kNutek stock, for Millennium's purposes. After these shares were purchased, Shehyn maintained regular contact with Millennium personnel and coordinated the efforts of Millennium's loaders, who sold these stocks to hundreds of investors by telephone solicitations, for commissions.

5. Shehyn Tried to Conceal Millennium's Operations and His Role in Them

36. Shehyn knew of the fraudulent nature of Millennium's operations, but nonetheless continued his involvement in Millennium until at least June 2002. He took numerous steps to hide Millennium's operations and conceal his role. For example, Shehyn repeatedly warned Rodney Marr and other Millennium personnel that no real names should be used in Millennium's operations. Shehyn also used several aliases when working on behalf of Millennium, including during meetings with Sonic Garden and kNutek in California.

37. Shehyn also used an alias in a ploy to send deceptive certificates to Millennium investors who asked for stock certificates for their purchases of pre-IPO securities. Shehyn created phony certificates that resembled stock certificates. Between January and April 2002, while he was in

California, Shehyn signed more than twenty certificates with his alias, "Robert Schmidt," and directed that they be mailed to Millennium investors in Europe. Rather than having these certificates mailed directly from his California residence, Shehyn arranged for them to be postmarked in Uruguay, the purported headquarters of Millennium.

38. On May 22, 2002, the SEC filed a civil injunctive action against Millennium in the Southern District of New York. The same day, the Honorable Michael B. Mukasey issued a Temporary Restraining Order, enjoining, among other things, Millennium and its agents from destroying or disposing of any document referring or relating to transactions in securities by Millennium and the matters described in the SEC's complaint.

39. On or about June 11, 2002, Shehyn was re-arrested in San Diego for violating the conditions of his pre-trial release. Later that month, Shehyn placed several telephone calls from jail to his personal assistant, and directed her to destroy his office records, including records relating to the operations of Millennium.

B. Rodney Marr's Role

1. Rodney Marr Fraudulently Sold Pre-IPO Securities as a Millennium Loader

40. Between approximately April 2000 and July 2001, Rodney Marr worked for Millennium as a loader and sold shares of Key Card and other issuers to at least fifty Millennium clients who paid, in the aggregate, more than \$600,000 to Millennium for these shares. In connection with his sales of pre-IPO securities, Rodney Marr knowingly or recklessly made materially false and misleading statements to Millennium investors concerning, among other things, purported future public offerings by the pre-IPO companies, and baseless projections of the future price of the pre-IPO securities, as described in paragraphs 27 through 28.

2. Rodney Marr Supervised Millennium's Loaders and Openers and Became a Controlling Person of Millennium

41. Between at least January 2001 and September 2001, Rodney Marr supervised Millennium's loaders in Spain and coordinated the solicitations of loaders working in Mexico and other parts of Europe. In or about January 2001, Rodney Marr visited Key Card's offices in Florida on behalf of Millennium, and subsequently coordinated purchases of Key Card stock -- shares that Millennium's loaders subsequently sold. Rodney Marr oversaw the payroll of the loaders, reviewed and approved trade tickets reflecting their sales of pre-IPO securities, and earned a commission on their sales. Rodney Marr knew, or was reckless in not knowing, that some of Millennium's loaders had served time in jail for securities fraud.

42. In May 2001, because Shehyn was arrested, Rodney Marr assumed the role of Managing Partner of Millennium, and became a controlling person of Millennium. Rodney Marr assumed supervision and authority over Millennium's openers and loaders, and began earning a commission on all of their sales. Rodney Marr required Millennium's openers to use sales scripts which he knew, or was reckless in not knowing, contained some of the materially false and misleading statements described in paragraphs 18 through 24.

3. Rodney Marr Returned to Being a Millennium Loader

43. Rodney Marr remained a controlling person of Millennium until approximately October 2001, when Shehyn demoted him to a salesperson. Between December 2001 and March 2002, Rodney Marr again worked as a loader and sold shares of Key Card to more than twenty Millennium clients, who paid, in the aggregate, more than \$200,000 to Millennium for these shares. During this period, in connection with the purchase, offer and sale of these securities, Rodney Marr knowingly or recklessly made materially false and misleading statements to Millennium investors, concerning, among other things, purported future public offerings by the

pre-IPO companies, and baseless projections of the future price of the pre-IPO securities, as described in paragraphs 27 through 28.

4. Rodney Marr Knew of Millennium's Fraudulent Operations and Took Steps to Conceal His Role in Them

44. Rodney Marr knew of the fraudulent nature of Millennium's operations, but nonetheless continued his involvement in Millennium until at least March 2002, and took numerous steps to conceal his role. Among other things, Rodney Marr used aliases when working for Millennium. In September 2001, Shehyn warned Rodney Marr not to discuss Millennium's business in public and to maintain the cover story that he was in Spain as a tourist.

45. After learning of Shehyn's arrest in May 2001, Rodney Marr became increasingly concerned about his own role in Millennium. Rodney Marr repeatedly expressed concerns that Spanish authorities would raid Millennium's sales offices, and that he would end up in jail.

C. Donald Marr's Role

1. Donald Marr Fraudulently Sold Pre-IPO Securities As a Millennium Loader

46. Between approximately April 2001 and September 2001, Donald Marr worked for Millennium as a loader and sold shares of Key Card and other issuers to more than thirty Millennium clients, who paid, in the aggregate, approximately \$400,000 for these shares. In connection with his sales of pre-IPO securities, Donald Marr knowingly or recklessly made materially false and misleading statements to Millennium investors, concerning, among other things, the purported future public offerings by the pre-IPO companies, and baseless projections of the future price of the pre-IPO securities, as described in paragraphs 27 through 28.

2. Donald Marr Was a Controlling Person of Millennium

47. In October 2001, when Shehyn demoted Rodney Marr, he promoted Donald Marr to the position of General Manager, thereby making Donald Marr a controlling person of Millennium.

Donald Marr remained a controlling person of Millennium until at least May 2002. In January 2002, Donald Marr traveled to San Diego, California for a Millennium Summit Meeting. During the meeting, Donald Marr, Shehyn, and other Millennium personnel discussed the past, present and future operations of Millennium.

48. In October 2001, Donald Marr assumed control and decision-making authority over many of the day-to-day operations of Millennium. He issued written directives to Millennium personnel on operational matters and received regular reports on Millennium's operations, including the payroll and sales. Donald Marr approved the compensation of Millennium's openers, lectured to them about operations, and had the power to promote them.

49. As General Manager, Donald Marr had authority over Millennium's loaders, and, among other things, helped draft the solicitation materials they used, which he knew, or was reckless in not knowing, contained some of the materially false and misleading statements to investors, described in paragraphs 27 through 28.

50. As General Manager, Donald Marr had authority over Millennium's openers, and, among other things, directed that they use sales scripts, which he knew, or was reckless in not knowing, contained the materially false and misleading statements described in paragraphs 18 through 24.

3. Donald Marr Knew of Millennium's Fraudulent Operations and Took Steps to Conceal His Role in Them

51. Donald Marr knew of the fraudulent nature of Millennium's operations, but nonetheless continued his involvement in Millennium until at least June 2002, and took numerous steps to conceal his role. Among other things, he used aliases when working for Millennium.

D. Leigh's Role

1. Leigh Fraudulently Sold NYSE-traded Securities as a Millennium Opener

52. Between approximately March 2001 and September 2001, Leigh worked as a Millennium

opener and sold NYSE-traded securities to more than thirty investors, who paid, in the aggregate, approximately \$300,000 for these shares. In connection with her sales of NYSE-traded securities, Leigh used sales scripts and knowingly or recklessly made materially false and misleading statements to Millennium investors that are described in paragraphs 18 through 24.

2. Leigh Supervised Millennium's Openers Who Fraudulently Sold NYSE-Traded Securities

53. Between approximately October 2001 and May 2002, Leigh managed and supervised a Millennium sales office in Spain that employed openers. While abroad, she recruited and conducted telephone interviews of prospective openers who were located in the United States. She also trained new openers and directed them to use sales scripts, which she knew, or was reckless in not knowing, contained the materially false and misleading statements described in paragraphs 18 through 24.

54. Among other things, at times, Leigh directed Millennium's openers to falsely tell investors that they were calling from Switzerland, and at other times, she directed them to falsely state they were calling from Uruguay.

55. Leigh earned a commission on openers' sales, as well as on subsequent sales by Millennium's loaders, to whom she directed opened accounts to be passed.

56. Between January and May 2002, Leigh knowingly or recklessly directed Millennium's openers to sell more shares of Agere than Millennium owned.

3. Leigh Knew of Millennium's Fraudulent Operations and Took Steps to Conceal Her Role in Them

57. Leigh knew of the fraudulent nature of Millennium's operations, but nonetheless continued her involvement in Millennium until at least June 2002, and took numerous steps to conceal her role. Leigh knew that Shehyn used multiple aliases and had been arrested for his participation in another boiler room operation. In June 2001, Leigh remained in contact with Shehyn while he was

in jail in California, and met with Shehyn in California on at least two occasions during the period of the scheme. Leigh used aliases when working for Millennium and required all of the Millennium openers that she supervised to use aliases as well. In May 2002, after learning of the SEC's civil action against Millennium, Leigh took steps to destroy documents relating to Millennium, including sales scripts.

FIRST CLAIM

FRAUD IN THE OFFER OR SALE OF SECURITIES

**VIOLATIONS OF SECTION 17(a)(1) OF THE SECURITIES ACT
[15 U.S.C. § 77q(a)]**

(Against All Defendants)

58. The SEC realleges and repeats its allegations set forth at paragraphs 1 through 57 of this Complaint.

59. Defendants Shehyn, Rodney Marr, Donald Marr and Leigh, directly or indirectly, by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, in the offer or sale of securities, as described herein, have knowingly, willfully, or recklessly employed a device, scheme or artifice to defraud.

60. By reason of the foregoing, Defendants Shehyn, Rodney Marr, Donald Marr, and Leigh have violated, and unless enjoined will continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM

**VIOLATIONS OF
SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT
[15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3)]**

(Against All Defendants)

61. The SEC repeats and realleges paragraphs 1 through 57 of its Complaint.

62. Defendants Shehyn, Rodney Marr, Donald Marr, and Leigh, directly and indirectly, by use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities, as described herein, have: (a) obtained money or property by means of an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (b) engaged in a transaction, practice or course of business which operated or would operate as a fraud or deceit upon the purchaser.

63. By reason of the foregoing, Defendants Shehyn, Rodney Marr, Donald Marr, and Leigh, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3)].

THIRD CLAIM

FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 [15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5]

(Against All Defendants)

64. The SEC realleges and repeats its allegations set forth at paragraphs 1 through 57 of this Complaint.

65. Defendants Shehyn, Rodney Marr, Donald Marr, and Leigh, directly and indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security, as described herein, have each knowingly, willfully, or recklessly: (a) employed a device, scheme or artifice to defraud; (b) made an untrue statement of material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in an act, practice, or course of business which operated, or would

operate as a fraud or deceit upon any person.

66. By reason of the foregoing, defendants Shehyn, Rodney Marr, Donald Marr, and Leigh violated, and unless enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

FOURTH CLAIM

**SECTION 20(a) -- CONTROLLING PERSON LIABILITY FOR MILLENNIUM'S
VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5
THEREUNDER
[15 U.S.C. § 78t(a)]**

(Against Defendants Shehyn, Rodney Marr, and Donald Marr)

67. The SEC repeats and realleges paragraphs 1 through 51 of the Complaint.

68. Defendants Shehyn, Rodney Marr, and Donald Marr were each, directly or indirectly controlling persons of Millennium and its salespersons for purposes of Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].

69. Since a date unknown, but since at least March 2000 through at least June 2002, Millennium violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as described herein.

70. As control persons of Millennium, Shehyn, Rodney Marr, and Donald Marr, are jointly and severally liable with and to the same extent for Millennium's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

FIFTH CLAIM

UNREGISTERED BROKER OR DEALER

**VIOLATION OF SECTION 15(a) OF THE EXCHANGE ACT
[15 U.S.C. § 78o(a)]**

(Against Defendant Shehyn)

71. The SEC realleges and repeats its allegations set forth at paragraphs 1 through 57 of the Complaint.

72. From at least July 2001 through May 2002, Shehyn made use of the mails or a means or instrumentality of interstate commerce to effect a transaction in, or to induce or attempt to induce the purchase or sale of, securities without being registered with the SEC as a broker or dealer, or associated with a broker or dealer registered with the SEC.

73. By reason of the activities described herein, Shehyn violated Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that this Court:

A. Declaratory Relief

74. Find that Defendants Shehyn, Rodney Marr, Donald Marr, and Leigh, committed the violations of the federal securities law alleged and charged herein;

B. Injunctive Relief

75. Permanently enjoin Defendants Shehyn, Rodney Marr, Donald Marr, and Leigh, and their officers, agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of this injunction by personal service or otherwise, and each of them, from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder, and enjoin Defendant Shehyn from violating Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)];

C. Disgorgement

76. Order the Defendants to account for and disgorge all ill-gotten profits or proceeds that they have received as a result of the acts, practices and/or courses of conduct complained of herein, with prejudgment interest thereon;

D. Penalties

77. Order Defendants Shehyn, Rodney Marr, Donald Marr, and Leigh to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78(d)(3)];

E. Penny Stock Bar

78. Issue an Order, pursuant to Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)] and Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)], and pursuant to the Court's equitable powers, permanently barring Defendants Shehyn, Rodney Marr, Donald Marr, and Leigh from participating in an offering of penny stock;

F. Repatriation of Investor Proceeds

79. Issue an Order requiring Defendants Shehyn, Rodney Marr, Donald Marr, and Leigh to take such steps as are necessary to repatriate to the territory of the United States all funds and assets of investors described in the SEC's Complaint in this action which are held by them or are under their direct or indirect control, jointly or singly, and deposit such funds into the registry of the United States District Court for the Southern District of New York, and provide the SEC and the Court a written description of the funds and assets so repatriated; and

G. Further Relief

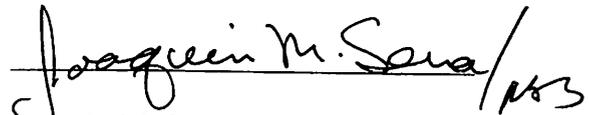
80. Grant such other and further relief as this Court may determine to be just, equitable and necessary.

Dated: March 15, 2004
New York, New York



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Respectfully submitted,



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United States District Court

SOUTHERN

DISTRICT OF

NEW YORK

U.S. SECURITIES AND EXCHANGE
COMMISSION

SUMMONS IN A CIVIL CASE

V.

CASE NUMBER:

RODNEY S. SHEHYN,
RODNEY D. MARR,
DONALD L. MARR, AND
KAREN S. LEIGH

TO: (Name and address of defendant)

RODNEY S. SHEHYN (BOP No. 96434-011)
c/o Metropolitan Correctional Center
808 Union Street
San Diego, California 92101

YOU ARE HEREBY SUMMONED and required to serve upon PLAINTIFF'S ATTORNEY (name and address)

JOAQUIN M. SENA
SECURITIES AND EXCHANGE COMMISSION
450 FIFTH STREET, NW
WASHINGTON, DC 20549-0911

an answer to the complaint which is herewith served upon you, within TWENTY (20) days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint. You must also file your answer with the Clerk of this Court within a reasonable period of time after service.

CLERK

DATE

(BY) DEPUTY CLERK