

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO

Case No. 07 CV \_\_\_\_\_

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JARROD W. MCMILLIN, individually,  
and d/b/a American Investors Network,  
INNOVATIVE PROJECTS, INC. d/b/a American Investors Network,  
LAURENCE YOUNG, individually,  
and d/b/a Fairweather Management and Access Funding,  
ANNE B. LIEBERMANN, and  
JASON A. KOLAKOWSKI,

Defendants.

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**COMPLAINT**

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Plaintiff, the Securities and Exchange Commission (“SEC”), alleges that:

**SUMMARY**

1. This matter concerns a classic Ponzi scheme conducted from February 2007 and continuing through the present in which the defendants fraudulently solicited investors to finance purported advertising programs with the promise of monthly profits of \$10,000 to \$20,000 on an individual’s investment of \$2,000. This advertising program was fictitious and the profits promised were ephemeral. The defendants did not use the investors’ funds for the purposes indicated and instead misappropriated the funds. As shown below, the defendants engaged in an

elaborate game to hide the continued operation of the scheme from the SEC, all to the disadvantage of investors

2. In February 2007, Jarrod W. McMillin, also known as “Will” McMillin (“McMillin”) registered the trade name American Investors Network (“AIN”) with the Colorado Secretary of State. He devised and participated in a scheme in which he and AIN offered through a website on the Internet and in telephone solicitations an investment of \$2,000 for “individual partners” and \$20,000 for “corporate partners,” in the company’s venture which was to be used to purchase advertising for which an investor would receive 50% of purported profits from the venture’s sales of products. This representation was false and misleading. In fact, there were no sales profits to pay to investors.

3. McMillin hired and instructed sales staff to tell prospective investors that AIN was a highly successful company that sold electronic gadgets, vacations, and other products by marketing them on national television. McMillin hired defendants Lawrence Young (“Young”), Anne B. Liebermann (“Liebermann”) and Jason A. Kolakowski (“Kolakowski”) to solicit potential AIN investors. They used the Internet and the telephone to solicit persons across the country. The defendants represented that AIN used investor funds to purchase television advertising and that a specific toll-free telephone number was assigned to each investor. They also represented that investors were to receive 50% of the purported profits from the venture’s sales of products through each investor’s toll-free telephone number. These representations were false and misleading because there were no AIN advertisements on national television and no purchases of toll-free telephone numbers for each investor.

4. McMillan, Young, Liebermann, and Kolakowski promised investors monthly profit checks and average monthly profits of \$10,000- \$20,000 for individuals and \$80,000-\$120,000 for corporations. These claims were false and misleading since AIN had no product sales via television advertising to support the defendants claims about average monthly profits from sales.

5. From February through early November 2007, AIN and Fairweather collectively raised up to \$2.3 million from more than 280 investors. Instead of being used to pay for television advertising and toll-free telephone numbers, the funds were used, among other things, to pay “profit” checks to investors; sales commissions to Young, Liebermann, Kolakowski, and other sales persons; and McMillin and Young’s personal and household expenses. AIN investors were paid with approximately \$1.9 million collected from other investors. Many investors received sums equal to their initial investment in a matter of weeks and were induced to make additional investments well in excess of the original amount. Other investors did not receive the promised payments.

6. Having learned that the SEC was investigating AIN, around September 2007, Young, with McMillin’s assistance, used new fictitious entities known as Fairweather Management and Access Funding to receive investors’ funds and to continue the scheme under the name Fairweather. Liebermann and Kolakowski continued to solicit investments in Fairweather while all four individual defendants continued to lull existing investors through at least November 2007.

7. The defendants’ offers and sales of the AIN and Fairweather advertising program were not registered with the SEC or exempt from registration.

8. The SEC seeks to halt the fraudulent and unregistered offers and sales of interests in the AIN and Fairweather advertising program and to preserve remaining investor funds pending the final disposition of this litigation and therefore requests that the Court enter the emergency order and other requests for relief detailed below.

9. The SEC brings this civil enforcement action seeking preliminary and permanent injunctions, disgorgement plus prejudgment and postjudgment interest, and civil penalties for violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”); [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)]; Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78j(b) and 78o(a)] and Rule 10b-5 [17 C.F.R. §240.10b-5]. The SEC also seeks asset freezes against McMillin, individually and doing business as American Investors Network, Innovative Projects, Inc., and Young, individually and doing business as Fairweather Management and Access Funding.

#### **JURISDICTION AND VENUE**

10. The Court has jurisdiction pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v (a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u (d) and (e) and 78aa]. The defendants, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, the means and instrumentalities of interstate commerce, or of the mails, in connection with the acts, practices, and courses of business set forth in this Complaint.

11. Venue lies in this Court pursuant to 15 U.S.C. §§ 77u (a) and 78aa and 28 U.S.C. § 1391(b) (2). Defendants McMillin, Young, Liebermann and Kolakowski reside in Colorado and many of the acts and practices described in this Complaint occurred in Colorado.

## **DEFENDANTS**

12. **Jarrold Will McMillin**, age 31, is a resident of Englewood, Colorado. In February 2007, McMillin registered with the Colorado Secretary of State to conduct business using the trade name “American Investors Network.” In July 2007, McMillin also registered “American Investors Network” as a trade name of Innovative Projects, Inc., a company for which McMillin is the sole officer.

13. **Innovative Projects, Inc. (“Innovative”)** is an Arkansas corporation with its principal place of business in Greenwood Village, Colorado. According to records filed with the Arkansas Secretary of State, McMillin is Innovative’s sole officer. Innovative has not registered any offerings of securities with the SEC.

14. **Laurence Young**, age 47, is a resident of Centennial, Colorado. Young became a salesperson for AIN in approximately July 2007. In September 2007, Young registered with the Colorado Secretary of State to conduct business using the trade names Fairweather Management (“Fairweather”) and Access Funding. Young received commissions based on his role in selling AIN advertising program interests to investors.

15. **Anne B. Liebermann**, age 43, is a resident of Littleton, Colorado. Liebermann acted as a salesperson for AIN starting in approximately May 2007, and for Fairweather from at least September through at least November 2007. Liebermann received commissions based on her role in selling AIN and Fairweather advertising program interests to investors.

16. **Jason A. Kolakowski**, age 38, is a resident of Lakewood, Colorado. Kolakowski acted as a salesperson for AIN starting in approximately May 2007, and for Fairweather from at least

September through at least November 2007. Kolakowski received commissions based on his role in selling AIN and Fairweather advertising program interests to investors.

### **AIN, FAIRWEATHER, AND ACCESS FUNDING**

17. **American Investors Network (“AIN”)** is a trade name used by both McMillin and Innovative, with its principal place of business in Englewood, Colorado. AIN purported to advertise and sell a variety of products to consumers on national television channels such as Oxygen, Lifetime, and Spike. McMillin controlled AIN, including its Internet websites [www.passivecareers.com](http://www.passivecareers.com) and [www.AINDENVER.com](http://www.AINDENVER.com), bank accounts and other assets. McMillin orchestrated the offering of the AIN advertising program interests to investors.

18. **Fairweather Management (“Fairweather”)** is a trade name, with its principal place of business in Englewood, Colorado, that Young filed with the Colorado Secretary of State on September 25, 2007. Fairweather purported to advertise and sell a variety of products to consumers using national television advertising. Young controlled Fairweather, its bank accounts, and other assets. Young, with the assistance of McMillin and AIN’s sales staff, orchestrated the offering of the Fairweather advertising program interests to investors.

19. **Access Funding** is a trade name that Young filed with the Colorado Secretary of State on September 25, 2007. Young used the name Access Funding to open a bank account that received wires and checks from investors in AIN and Fairweather. Young controlled Access Funding and its bank accounts.

## **THE FRAUDULENT SCHEME**

### **The Creation of American Investors Network**

20. On February 12, 2007, McMillin filed a statement of trade name of an individual with the Colorado Secretary of State indicating that he transacted business or contemplated transacting business as American Investors Network. On July 17, 2007, McMillin filed papers with the Colorado Secretary of State indicating that Innovative Projects, Inc. transacted business or contemplated transacting business as American Investors Network. By November 2007, AIN had raised funds from at least 280 investors in at least 34 states and the District of Columbia and two foreign countries.

21. AIN commenced operations in February 2007 when McMillin began publicly offering advertising programs through AIN's Internet website, [www.passivecareers.com](http://www.passivecareers.com). In or about May 2007, McMillin registered the website [www.AINDENVER.com](http://www.AINDENVER.com) and began soliciting investments in the advertising program through the AIN website. McMillin approved of the representations on the AIN website.

22. Between approximately May and July 2007, McMillin hired Young, Liebermann, Kolakowski and others to assist him in soliciting investors for the AIN advertising program interests. Young, Liebermann, and Kolakowski made representations to investors similar to the representations on the AIN website. Salespeople for AIN also posted solicitations on popular Internet message boards such as [www.craigslist.com](http://www.craigslist.com).

23. By at least May 2007, the AIN website claimed that AIN's business was selling a wide range of products primarily through television advertisements for "impulse purchases." In

support of their purported business model, AIN's website contained pictures of products it purportedly sold such as video cameras, cell phones, and the Nintendo Wii video game system.

24. The AIN website and written agreements with investors represented that AIN would use investor funds to pay for a toll-free telephone number and to purchase advertising for the products AIN sold. In exchange, the investment partner was supposed to receive "50% of all profit earned" from product sales tied to the investor's specific toll-free number and advertising the investor financed.

25. The AIN website represented that it sold "individual" investments for \$2,000, and "corporate" investments starting at \$20,000. The website stated that its "sales cycle" began and ended on the 15<sup>th</sup> of each month, and that AIN mailed checks to investors with their 50% share of the profits during "the first week of the following month." The AIN website further advised that investors could earn additional amounts if they reinvested 20% of their earnings each month. According to the website, investors could "stop working with" AIN "at any time by simply not paying your [20%] advertising bill" and an investor's principal, less profits paid, were fully refundable upon request.

26. The proposed investment was completely passive. For example, the AIN website stated: "[o]ur service is 100% turn-key. We develop and place all ads FOR you!"

27. The AIN website further represented that the company's product sales would generate extraordinary profits. Specifically, it represented that "[o]n average, our individual partners earn \$10,000 - \$20,000 monthly" and "[o]ur corporate partners earn, on average, \$80,000 - \$120,000 monthly."



28. McMillin told Lieberman that he set the initial investment at \$2,000 so that investors wouldn't be scared to risk an amount that "[was] not a lot of money." McMillin told Liebermann that, after investing \$2,000 and getting their money back, investors "would come back and then want to do a corporate account."

29. The AIN website contained purported testimonials from past investors touting their past earnings, including, "Now three years later my house is paid for and I make over 30k weekly. AWESOME!!!" and "I've been with A.I.N. for a little over 9 months. Last week, I made \$12,500 and over the last three months A.I.N. has made over \$39,000 in principal payments towards my mortgage." These representations were false because AIN had been in existence only since February 2007 and not the three years as asserted in the misleading testimonial.

30. McMillin, Young, Kolakowski and Liebermann each solicited investors to purchase the AIN advertising packages. They communicated by email and telephone with prospective investors who responded to the Internet solicitations, including ads the salespeople drafted and posted on [www.craigslist.com](http://www.craigslist.com) and similar websites. Investors were also solicited through referrals by existing investors.

31. McMillin, Young, Kolakowski and Liebermann sent prospective investors a two-page agreement signed by McMillin as AIN's "manager," and a blank Internal Revenue Service W-9 form. The agreement stated, among other things, that the partner would provide \$2,000 to AIN "to pay for advertising and setup including toll free phone number;" and AIN would provide "services, including but not limited to, sales, product shipping and receiving, customer services, and warranty service" and would pay the partner "50% of all profit earned through the agreement."

32. McMillin trained Liebermann to sell interests in the AIN advertising program by listening in on her telephone calls with prospective investors and reviewing emails. Liebermann, in turn, trained at least one other sales person.

33. Liebermann solicited numerous investors. For example, on August 13, 2007, Liebermann told a prospective investor in an email that AIN “takes high profit products (As seen on TV) and advertises them on national TV (Channels such as Oxygen, Lifetime, and Spike). We take your investment money and run the commercials and split the profits 50/50. The commercials . . . generate 1,500 to 2,000 average sales per 30 second slot. We set up an account, 800 number for each individual (which dials directly into our call center in Texas) . . . (You never do a single thing). . . Our investors who start wi[th] 2000 dollars end up making 15K to 20K in 90 days.”

34. Investors sent the agreements back to AIN via fax, commercial carrier, and United States Postal Service and transmitted funds by check or electronic wire transfer to bank accounts controlled by McMillin.

**The Offering of Interests in the AIN Advertising Program was Fraudulent**

35. The defendants’ offering of the AIN advertising program interests was fraudulent. Contrary to the representations to investors made by McMillin, Young, Liebermann, and Kolakowski:

- a. AIN did not use investor funds to establish toll-free telephone numbers or to pay for advertising expenses;
- b. AIN did not purchase advertising on national TV;
- c. AIN did not have any net profits to distribute to investors and did not have any basis for the profits that it promised investors;

- d. AIN misappropriated investor funds by using them to make payments to other investors; to pay McMillin's personal and household expenses; and to pay sales commissions to Young, Liebermann, Kolakowski and other AIN salespersons;
- e. AIN did not pay investors monthly profit checks that comported with the "average" monthly rates of return or the testimonials described on AIN's website;
- f. AIN had not, as its sales persons claimed, been in existence for six years; and
- g. AIN did not provide all investors with their money back upon request.

36. McMillin knew that the entire AIN advertising program represented to investors was a sham. Specifically, upon information and belief, McMillin as the owner and operator of AIN, knew that AIN did not sell video cameras, cell phones, video game systems, or any products to consumers via national television channels and that AIN did not use investor funds to establish investor-specific toll-free telephone numbers or to pay for television advertising. Young, Liebermann and Kolakowski knew, or were reckless in not knowing, that AIN did not sell products on national television channels or establish toll free telephone numbers to be assigned to the accounts of specific investors. When Liebermann questioned McMillin about AIN's business operations so she could respond to investors' inquiries, he told her not to ask so many questions or to get rid of the investor.

37. Instead, in a pattern indicative of what is commonly referred to as a Ponzi scheme, McMillin commingled funds obtained from all investors and then, from approximately March through October 2007, used approximately \$1.9 million of investor funds to pay false returns to other AIN investors. Upon information and belief, the individual defendants falsely

characterized these payments to investors as their share of profits from the advertising program to convince them to invest larger sums with AIN.

38. Of the investors' funds deposited into AIN's bank account for which McMillin was the sole signatory ("AIN account"), McMillan transferred approximately \$133,000 to his personal checking account, and withdrew another \$14,000 in cash. Upon information and belief, McMillin also used investors' funds to pay approximately \$67,000 for three personal vehicles. Also, through early November 2007, upon information and belief, McMillin used investors' funds to spend more than \$55,000 at Best Buy, Home Depot, Walmart, and similar retail stores. He also used investors' funds to pay credit card payments, an athletic club membership, and jewelry.

39. McMillin paid AIN salespersons a 10% commission for the money solicited from investors. McMillin, Young, Liebermann, and Kolakowski failed to disclose to investors that AIN used investors' funds to pay their commissions.

40. While some early AIN investors received more than their original investments, McMillin knew, and Young, Liebermann and Kolakowski knew, or were reckless in not knowing, that AIN investors were not earning the purported "average" returns represented on AIN's website of "\$10,000 - \$20,000 monthly" for individual partners, and "\$80,000 - \$120,000 monthly" for corporate partners.

41. McMillin also knew, and Young, Liebermann and Kolakowski knew, or were reckless in not knowing, that the purported testimonials from previous AIN investors contained on the company's website were false, including the testimonials: "Now three years later my house is paid for and I make over 30k weekly. AWESOME!!!" and "I've been with A.I.N. for a little

over 9 months. Last week, I made \$12,500 and over the last three months A.I.N. has made over \$39,000 in principal payments towards my mortgage.”

42. McMillin also knew that AIN was a Ponzi scheme and therefore could not and would not meet its “money back guarantee” and commitment to provide all investors with refunds upon request.

43. McMillin, Young, Liebermann and Kolakowski operated AIN as a scheme to defraud investors and as a fraudulent enterprise that involved transactions, practices and courses of business that operated as a fraud in connection with the offer and sale of securities.

44. The defendants obtained money from investors by means of their untrue statements of material facts about, among other things, the tenure of the company, the business operations of AIN, the use of investors’ funds, the amount of profits investors were to earn, and the source and nature of the payments that were made to investors. The defendants also omitted to state material facts about, among other things, commissions paid to sales persons, the defendants’ use of later investors’ funds to create the appearance of purported profit payments to earlier investors, the lack of business operations, the failure to purchase television advertising and toll-free telephone numbers with investors’ funds, the lack of profits from business operations, and the use of investors’ funds to pay personal expenses of McMillin and Young.

#### **The Creation of Fairweather to Escape Regulatory Attention**

45. The SEC’s enforcement staff contacted McMillin and AIN in August 2007. Shortly thereafter, AIN’s website became password protected, and later, the website’s substantive content was removed and the text changed to indicate that “AIN is closed.”

46. On September 10, 2007, the Pennsylvania Securities Commission ordered AIN to cease-and-desist from offering partnership interests in Pennsylvania. That same day, Young registered the trade name Access Funding with the Colorado Secretary of State.

47. Also in September 2007, Young registered the trade name Fairweather Management in Colorado.

**Like the AIN Offering Before It, the Offering  
of Interests in the Fairweather Advertising Program Was Fraudulent**

48. The Fairweather website solicited advertising program interests that were identical to those previously offered by on the AIN website, copying some text verbatim and using similar graphics.

49. In about late September 2007, Young enticed an AIN program investor to invest in the Fairweather program by falsely stating that the average monthly corporate return in August 2007 on a \$20,000 investment in the earlier AIN advertising program was \$60,000.

50. During September and October, primarily through telephone conversations and email, the four individual defendants assured AIN investors that Fairweather had taken over AIN's existing investor "clients" and that the Fairweather advertising program operated in the same manner as AIN's prior advertising program.

51. At least as late as November 2007, the Fairweather website stated in a "message to keep all of our joint partners up to date" that "[b]ecause of the overwhelming success of our Joint Venture opportunities we have experienced explosive growth! This obviously [is] a good thing as it creates more revenue for our partners. . . . Rest assured that the stability and integrity of our ventures are NOT at risk!" The Fairweather website offered refunds to "partners wishing to

cancel their campaign,” but encouraged them “to seriously consider the history and success of our JV opportunity and look at your participation with long term eyes.”

52. Kolakowski lulled investors who complained about not receiving payments. For example, on November 2, 2007, Kolakowski excerpted the Fairweather website described above in paragraph 51 and emailed it to an anxious investor who reportedly had had his telephone and water services cut-off when he did not receive a promised profit check. According to Kolakowski’s email, Fairweather was “working as hard as they can and are simply way behind” and the investor should just “settle down bud.”

53. McMillin, Young, Liebermann, and Kolakowski lulled investors by stating that Fairweather would send them “debit cards” on which they would receive their 50% of profits from product sales. McMillin, Young, Liebermann, and Kolakowski directed prospective advertising program investors to send funds for Fairweather to bank accounts controlled by Young doing business as Access Funding. In response to these instructions, existing AIN investors transmitted funds by check or electronic wire transfer to Access Funding bank accounts.

54. It appears the defendants continue to engage in lulling activities. As recently as December 7, 2007, there is an anonymous posting on a website about AINdenver.com that implied an investor had received a debit card on December 6, 2007 which contained cash compensation as a result of his investment. Similarly, an investor forwarded an email message on December 13, 2007 indicating he was speaking with McMillin on a daily basis and that the business was transferred to the Fairweather people.

55. While they knew that Fairweather did not pay its investors profits via checks or debit cards, through at least November 2007, Young, McMillin, Liebermann, and Kolakowski continued to

lull existing investors by falsely claiming that, among other things, Fairweather was operating as planned.

56. As explained above in paragraphs 48 through 55, Fairweather's offering of advertising program interests was merely a continuation of AIN's offering and therefore was also fraudulent as alleged earlier in paragraphs 21 through 44.

57. In addition, Fairweather's offering of advertising program interests was fraudulent because, contrary to the representations to investors made by McMillin, Young, Liebermann, and Kolakowski:

- a. Fairweather did not use investor funds to establish toll-free telephone numbers or to pay for advertising expenses;
- b. Fairweather did not purchase national television advertising;
- c. Fairweather did not have any net profits to distribute to investors and did not have any basis for the profits that it promised investors;
- d. Fairweather used investor funds to pay Young's personal expenses; and to pay referral fees and/or sales commissions to McMillin, Liebermann, Kolakowski and other Fairweather salespersons;
- e. Fairweather has not paid investors profits via checks or debit cards; and
- f. Fairweather has not provided investors with refunds upon request.

58. Young paid Liebermann, Kolakowski and other Fairweather salespeople a 10% commission on any investor funds they raised for Fairweather. The individual defendants failed to disclose to investors that Fairweather used investor funds to pay the commissions.



59. Young, and McMillin knew, and Kolakowski and Liebermann knew or was reckless in not knowing, that the Fairweather advertising program as represented to investors was a sham. Specifically, Young and McMillin knew, and Kolakowski and Liebermann knew or were reckless in not knowing, that Fairweather did not sell video cameras, cell phones, video game systems, or any products to consumers via television advertising and that Fairweather did not use investor funds to establish investor-specific toll-free telephone numbers or to pay for television advertising.
60. From September through early November 2007, Fairweather raised about \$590,000 from approximately 25 individuals in 13 states who appear to be new investors. Young commingled funds obtained from all investors.
61. Young did not make Ponzi payments to investors through Access Funding's bank account. Young paid at least \$325,000 of investor funds to McMillin during October 2007.
62. Young misappropriated investors' funds to pay his personal expenses. For example, during late October and early November 2007, Young made at least twenty cash withdrawals totaling \$190,000. Young withdrew the cash in \$9,500 increments. Young misappropriated investors' funds by transferring approximately \$41,000 into his personal bank account. During October 2007, Young used almost \$4,400 of investors' funds for purchases at Walmart.
63. Young and McMillin also knew that Fairweather was a Ponzi scheme and therefore could not and would not meet its "money back guarantee" and commitment to provide all investors with refunds upon request.
64. McMillin and Young operated Fairweather as a scheme to defraud investors and as a fraudulent enterprise in connection with the sale of securities.

65. McMillin, Young, Liebermann and Kolakowski operated Fairweather as a scheme to defraud investors and as a fraudulent enterprise that involved transactions, practices, and courses of business that operated as a fraud in connection with the offer and sale of securities.

66. The defendants obtained money from investors by means of their untrue statements of material facts about among other things the tenure of the company, the business operations of Fairweather, the use of investors' funds, the amount of profits investors were to earn, and the source and nature of the payments that were made to investors. The defendants also omitted to state material facts about among other things commissions paid to sales persons, the defendants' use of later investors' funds to create the appearance of purported profit payments to earlier investors, the lack of business operations, the failure to purchase television advertising and toll-free telephone numbers with investors' funds, the lack of profits from business operations, and the use of investors' funds to pay expenses of McMillin and Young.

### **The AIN and Fairweather Offerings**

#### **Constituted the Sale of Unregistered Securities.**

67. Section 2(a) (1) of the Securities Act defines a "security" to include an "investment contract." The AIN and Fairweather advertising interests programs were investment contracts because investors made an investment of money in a common enterprise with an expectation of profits to be derived solely from the efforts of the promoter or a third party.

68. Between February 2007 and November 2007, the AIN and Fairweather advertising interests programs raised at least \$2.3 million from at least 280 investors in at least 34 states, the District of Columbia, and two foreign countries.

69. Individual investors sent money to AIN and, later, to Fairweather, by wiring funds to designated bank accounts with the expectation of sharing in the net profits from the television advertising and sales programs. The partners expected the profits to come solely from the efforts of AIN and Fairweather. AIN and Fairweather were to place all advertisements, take all orders, receive all proceeds, ship all products and then distribute monthly profit checks to investors. The investors were not required or expected to do anything besides provide funds.

70. The defendants offered and sold securities in the form of investment contracts in AIN and Fairweather to investors using the means or instruments of interstate commerce including but not limited to telephones, the Internet, commercial couriers, and the mails.

71. No registration statement was in effect and no registration statement was filed with the SEC for the offers and sales of investment contracts in AIN or Fairweather.

**The Individual Defendants Acted As Unregistered Brokers**

72. Section 3(a) (4) of the Exchange Act defines a “broker” as any person who is engaged in the business of effecting transactions in securities for the account of others. Section 3(a)(5) of the Exchange Act defines a “dealer” as any person engaged in the business of buying and selling securities for the person’s own account through a broker or otherwise. Section 15(a)(1) of the Exchange Act prohibits a broker or dealer from using jurisdictional means such as the telephone or mails to effect transactions in securities unless the broker or dealer is registered with the SEC.

73. McMillin, Young, Liebermann, and Kolakowski used the telephone and the mails to effect purchases and sales of the interests in the AIN and Fairweather advertising program, which were securities, for the accounts of the investors. McMillin also bought interests in the AIN and Fairweather advertising program from investors by repaying their initial investments. None of

the defendants was affiliated with a broker-dealer registered with the SEC during the time in which he or she sold the AIN and Fairweather advertising program interests to investors.

74. McMillin, Young, Liebermann, and Kolakowski actively solicited investors to purchase securities via the Internet, advertisements, and/or conversations with investors, as well as other means.

75. Young, Liebermann, and Kolakowski received transaction-based compensation in the form of a 10% commission based on the amount of funds they raised. Liebermann and Kolakowski also received the same form of commission from Fairweather.

76. McMillin and Young organized the securities sales operations of AIN and Fairweather. McMillin set up websites soliciting investors, hired and supervised Young, Liebermann, Kolakowski and other sales people, and paid the sales people transaction-based compensation in the form of a 10% commission. Through these activities, McMillin participated in securities transactions of a broker-dealer.

77. McMillin then transferred the AIN operations to Fairweather, at which time Young set up a new website to solicit investors and began to supervise and pay the sales people. Through these activities, Young participated in securities transactions of a broker-dealer.

## **CLAIMS FOR RELIEF**

### **FIRST CLAIM**

Fraud in the Offer or Sale of Securities  
Violations of Securities Act Section 17(a) (1)

78. Paragraphs 1 through 77 are re-alleged and incorporated by reference.

79. By engaging in the conduct described above, defendants McMillin, Innovative Projects, Inc., Young, Liebermann, and Kolakowski have, directly or indirectly, with scienter, in the offer

and sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, employed a device, scheme or artifice to defraud.

80. By reason of the foregoing, defendants McMillin, Innovative Projects, Inc., Young, Liebermann, and Kolakowski violated, and unless restrained and enjoined will continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. §§ 77q(a)(1)].

### **SECOND CLAIM**

#### Fraud in the Offer or Sale of Securities Violations of Securities Act Sections 17(a) (2) and (3)

81. Paragraphs 1 through 77 are re-alleged and incorporated by reference.

82. By engaging in the conduct described above, defendants McMillin, Innovative Projects, Inc., Young, Liebermann, and Kolakowski have, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails:

(a) obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or

(b) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon the purchasers of such securities.

83. By reason of the foregoing, defendants McMillin, Innovative Projects, Inc., Young, Liebermann, and Kolakowski violated, and unless enjoined, will continue to violate, Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2)-(3)].

### **THIRD CLAIM**

#### Fraud in the Purchase or Sale of Securities Violation of Exchange Act Section 10(b) and Rule 10b-5

84. Paragraphs 1 through 77 are re-alleged and incorporated by reference.
85. By engaging in the conduct described above, the defendants have, directly or indirectly, with scienter, by use of the means or instruments of interstate commerce or by use of the mails, employed devices, schemes or artifices to defraud; made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in acts, practices or courses of business which operated or would have operated as a fraud or deceit upon any person, in connection with the purchase or sale of a security.
86. By reason of the foregoing, the defendants violated, and unless enjoined, will continue to violate, Exchange Act Section 10(b) and Rule 10b-5 [15 U.S.C. § 78j (b) and 17 C.F.R. § 240.10b-5].

### **FOURTH CLAIM**

#### Sale of Unregistered Securities Violations of Securities Act Sections 5(a) and (c)

87. Paragraphs 1 through 77 are re-alleged and incorporated by reference.
88. By engaging in the conduct described above, defendants McMillin, Innovative Projects, Inc., Young, Liebermann and Kolakowski have directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, to offer to sell or to sell securities or carried or caused such securities to be carried through the mails or in interstate commerce, for the purpose of sale or delivery after sale.

89. No valid registration statement was filed or in effect with the Commission and no exemption from registration existed with respect to the securities and transactions described in this Complaint.

90. By reason of the foregoing, the defendants violated, and unless enjoined, will continue to violate, Sections 5(a) and (c) of the Securities Act [15 U.S.C. §§ 77e (a), 77e (c)].

### **FIFTH CLAIM**

#### Unregistered broker-dealers Violations of Exchange Act 15(a) (1)

91. Paragraphs 1 through 77 are re-alleged and incorporated by reference.

92. Defendants McMillin, Young, Liebermann and Kolakowski are natural persons and each of them made use of the mails or means or instrumentalities of interstate commerce to effect transactions in or to induce or attempt to induce the purchase or sale of a security without being registered in accordance with Section 15(b) of the Exchange Act.

93. By engaging in the conduct described above, defendants McMillin, Young, Liebermann and Kolakowski violated Section 15(a) (1) of the Exchange Act by acting as unregistered broker-dealers in connection with their offer and sale of AIN and Fairweather advertising program interests.

94. By reason of the foregoing, defendants McMillin, Young, Liebermann and Kolakowski violated, and unless enjoined will continue to violate, Section 15(a) (1) of the Exchange Act [15 U.S.C. § 78o (a) (1)].

### **PRAYER FOR RELIEF**

WHEREFORE, the SEC respectfully requests that the Court:

I. Enter an Order finding that each of the defendants committed the violations alleged in this Complaint, and unless restrained will continue to do so.

II. Enter an Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining defendants and their officers, agents, servants, employees, attorneys, fictitious trade name entities, and those persons in active concert or participation with them who receive actual notice by personal service or otherwise, from violating or any of the violations alleged.

III. Enter an Order freezing the assets of McMillin (individually, and doing business as American Investors Network), Innovative Projects Inc., and Young (individually and doing business as Fairweather Management and Access Funding), and ordering the appointment of a receiver to take possession and control of their premises and assets.

IV. Order that defendants disgorge all illegal gains, together with prejudgment and post judgment interest.

V. Order that defendants pay civil money penalties pursuant to 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)].

VI. Order that defendants and any fictitious trade name entities that they control, each prepare a sworn accounting of their respective assets and liabilities.

VII. Order such other relief as this Court may deem just or appropriate.

Dated: December 19, 2007.



Respectfully submitted,

s/ Barbara T. Wells

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