



(“Heyman”), raised at least \$10 million from approximately 200 investors by offering and selling securities issued by Heyman International, Inc. (“Heyman International”). Heyman represented to investors, most of whom live in and around Birmingham, Alabama, that he would pay them a minimum of 10% per month on their investment generated by depositing their funds in “high yield depository accounts.” Those representations are false and misleading. In reality, the Heyman International offering was a fraud, because Heyman was operating a Ponzi scheme. Heyman used new investors’ funds to pay previous investors the 10% monthly “interest” payments that he promised to make. He also used a significant amount of investor funds to pay for his personal expenses, such as luxury cars and expensive trips abroad. Of the \$10 million Heyman received from investors, he has used at least \$1.3 million for personal expenses.

2. From at least 2002 through April 2004, in conjunction with the Heyman International offering, Paul D. Carter (“Carter”) raised nearly \$2 million from approximately 100 investors by offering and selling securities issued by American Financial Business, LLC (“AFB”). Like Heyman, Carter also deceived AFB investors by misrepresenting the AFB offering and the Heyman International operation. Specifically, Carter represented to AFB investors that Heyman would invest their money in trading foreign currencies. Carter also promised investors that their funds were fully refundable. In reality, Carter used new investor funds

and Heyman International investor funds to pay previous AFB investors the monthly “interest” he promised them. Neither Carter nor AFB have enough funds to refund investors as promised; less than \$370,000 remains of the nearly \$2 million that Carter raised from AFB investors. Moreover, Carter used approximately \$360,000 of investor funds to pay for his personal expenses.

3. Carter used an AFB bank account to deposit AFB investor funds, as well as funds he received from Heyman that represented the purported “interest” from the foreign currency trading. Carter transferred some of these funds to a bank account in the name of Relief Defendant, The Carter Group (“Carter Group”).

4. Accordingly, the Commission seeks (1) against Heyman, Heyman International, Carter and AFB (a) orders of permanent injunction enjoining defendants from future violations of certain federal securities laws, (b) disgorgement, plus prejudgment interest, of all ill-gotten gains and (c) civil penalties; (2) against Carter Group, disgorgement of all ill-gotten funds received from the AFB and Heyman International offerings; and (3) against all defendants and relief defendant, such other ancillary and equitable relief as is sought herein and may be appropriate.

### **DEFENDANTS**

5. Timothy R. Heyman, is 33 years old and resides in Fort Worth, Texas. Heyman offered and sold investments in the form of Depository Agreements issued

by Heyman International. Heyman controls all of the Heyman International bank accounts into which he deposited and withdrew investor funds he raised from the Heyman International offering. Heyman is President, Treasurer and Secretary of Heyman International.

6. Heyman International, Inc., a Nevada corporation, was incorporated in 2000. Heyman International is controlled by Heyman who is the corporation's President, Secretary and Treasurer. Heyman International purports to be in the "business of financing, and asset growth management." Heyman International has no business purpose other than offering investments in the form of "Depository Agreements." No registration statement was filed or is in effect with the Commission in connection with the securities offered and sold by Heyman and Heyman International.

7. Paul D. Carter, is 54 years old and resides in Bowling Green, Kentucky. Carter offered and sold investments in the form of Depository Loan Agreements issued by AFB. Carter controls all of the AFB and Carter Group bank accounts into which he deposited investor funds and from which he withdrew funds to pay investors the promised "interest" on their AFB investments and to pay his personal expenses. Carter's AFB scheme was related to the Heyman International fraud in that Carter wired AFB investor funds to Heyman, who purportedly invested the funds in foreign currencies. In reality, Heyman merely

wired AFB and Heyman International investor funds back to Carter, who then paid AFB investors their monthly “interest” payments.

8. American Financial Business, LLC., a Kentucky limited liability company, was formed in 2003. Carter is the President of AFB and controls the AFB bank accounts referenced in this First Amended Complaint. AFB has no business purpose other than the offering of investments in the form of Depository Loan Agreements. No registration statement was filed or is in effect with the Commission in connection with the securities offered and sold by Carter and AFB.

9. The Carter Group, Inc., a Kentucky corporation, was incorporated in 2002. Carter is the President of Carter Group and also operates his insurance business under the name of Carter Group. Carter also controls a bank account in the name of Carter Group, into which he transferred AFB and Heyman International investor funds from an AFB account. Carter used some of the funds in the Carter Group account to pay his personal expenses. Carter has transferred nearly \$1 million of AFB investor funds to Carter Group.

### **JURISDICTION**

10. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act of 1933 [15 U.S.C. § 77v(a)] and Sections 21(e) and 27 of the Securities Exchange Act of 1934 [15 U.S.C. §78u(e) and 78aa] and 28 U.S.C. §1331. Venue is proper in this Court pursuant to Section 22(a) of the Securities

Act of 1933 [15 U.S.C. § 77v(a)] and Section 27 of the Securities Exchange Act of 1934 [15 U.S.C. §78aa].

11. The acts, transactions, practices, and courses of business constituting the violations alleged herein occurred within the jurisdiction of the United States District Court for the Northern District of Alabama and elsewhere.

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

## **FACTS**

### **The Heyman International Offering**

13. From at least 2001 through April 2004, Heyman raised at least \$10 million from approximately 200 investors.

14. Heyman raised these funds from investors by offering and selling securities in the form of a written “Depository Agreement” issued by Heyman International.

15. The majority of Heyman International investors live in and around Birmingham, Alabama.

16. Heyman International also offered and sold Depository Agreements to

residents of Arizona, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey and Tennessee.

17. Often, the investors were elderly and had limited experience with securities and investments. Investors withdrew retirement savings, sold land and used business assets in order to fund their investment with Heyman International.

18. Heyman, on behalf of Heyman International, and each investor executed a Depository Agreement that described Heyman's representations to investors.

19. Heyman represented to investors through the Depository Agreement that he had access to "certain proprietary high yield depository accounts, and trading programs in the United States and elsewhere." Heyman further represented to investors that their funds would be deposited in these accounts to "increase the overall yield of the accounts" and that, as a result, investors would earn a minimum of 10% per month on their principal investment. He also represented that investor funds were fully refundable.

20. After receiving investor funds, Heyman pooled the funds in non-interest bearing bank accounts under the name of Heyman International (hereinafter referred to as "Heyman International Bank Accounts"). Heyman alone controlled these accounts.

21. In reality, Heyman operated a Ponzi scheme by using new investors'

funds to make “interest” payments to previous investors. He paid “interest” out of the investor funds that he pooled in the non-interest bearing Heyman International Bank Accounts. Out of the \$10 million Heyman International raised from investors, he used nearly \$7 million to pay investors their “interest.”

22. Heyman also used investor funds from the Heyman International Bank Accounts to pay for his personal expenses, such as luxury cars and expensive trips abroad. Of the \$10 million Heyman received from investors, he used at least \$1.3 million for personal expenses.

23. Contrary to the representations that he made in the Depository Agreements, Heyman has invested, at most, a de minimus amount of Heyman International investor funds. Any investments that Heyman may have made did not earn the interest that Heyman told investors they would receive.

24. Heyman did not disclose to investors that instead of investing their funds, he used their funds to pay other investors their monthly “interest” and Heyman’s personal expenses.

25. Contrary to the representations that Heyman made in the Depository Agreement, Heyman International cannot fully repay the investors’ principal. Heyman International’s Bank Accounts do not have funds sufficient to repay the amount investors have given to him. Heyman International's Bank Accounts have approximately \$1 million remaining of the \$10 million invested with Heyman

International since 2001.

26. The fact that Heyman used investor funds to pay previous investors and his personal expenses and that Heyman International's accounts do not have sufficient funds to fully refund investors is information that would be highly important to investors because they would not have invested with Heyman International if they were informed of these facts.

27. No registration statement has been filed or is in effect with the Commission in connection with the securities offered or sold by Heyman and Heyman International.

### **The AFB Offering**

28. From at least 2002 through the April 2004, Carter raised nearly \$2 million from approximately 100 investors.

29. Carter raised these funds from investors by offering and selling securities in the form of a written "Depository Loan Agreement" issued by AFB.

30. AFB offered and sold Depository Loan Agreements to residents of Colorado, Kentucky, Michigan, Pennsylvania and Virginia.

31. Often, investors had limited experience with securities and investments and used retirement savings in order to invest with AFB.

32. Carter, on behalf of AFB, and each investor executed a Depository Loan Agreement that described Carter's representations to investors. The

Depository Loan Agreement that Carter issued to AFB investors is virtually identical to the Depository Agreement that Heyman issued to Heyman International investors.

33. Carter represented in the Depository Loan Agreement that he had access to “trading organizations who have availability of certain proprietary high yield depository accounts, and trading programs in the United States and elsewhere.” Carter further represented to investors in the Depository Loan Agreement that their funds would be deposited in these accounts “that should increase the overall yield of the accounts” and that, as a result, investors would earn a minimum of 3% per month on their principal investment. He also represented in the Depository Loan Agreement that investor funds were fully refundable. Carter verbally told investors that he was going to send their funds to Heyman, who would use the funds to trade foreign currencies.

34. Carter created and distributed to potential investors a pamphlet entitled: “Currency Trading: What You Need to Know,” on the back of which it stated “Information provided by American Financial Business, LLC.” The pamphlet generally explained foreign currency trading. The pamphlet stated that investors could not lose all of their money because “the trading program has a 1% stop/loss order” and “our traders on a 24 hour basis professionally supervise the currency trading account.” AFB did not have, at any time, any traders or a

“foreign currency account” and neither Carter nor Heyman invested any AFB investor funds in foreign currencies or any other type of investment vehicle.

35. After receiving AFB investor funds, Carter pooled the funds in a non-interest bearing bank account under the name of AFB, which Carter controls (hereinafter referred to as “AFB Bank Account”). Carter then sent the AFB investor funds to Heyman, purportedly to trade foreign currencies. Heyman pooled AFB investor funds with Heyman International investor funds in the Heyman International Bank Accounts.

36. Thereafter, Heyman sent funds back to Carter, which represented the proceeds from Heyman’s supposed foreign currency trading. In reality, Heyman merely wired AFB and Heyman International investor funds to Carter. As mentioned above, Heyman did not invest any AFB investor funds in foreign currencies or any other investment vehicle.

37. The AFB offering is also a Ponzi scheme because Carter used new AFB and Heyman International investor funds that he received from Heyman to make “interest” payments to previous AFB investors. Carter raised \$2 million from AFB investors, and he used over \$600,000 of investor funds to pay previous AFB investors their monthly “interest.”

38. After Heyman sent AFB and Heyman International investor funds to the AFB Bank Account, Carter transferred some of the funds to another bank

account that he controls in the name of The Carter Group (hereinafter referred to as “Carter Group Bank Account.”). Carter Group never performed services for AFB for which it was owed any money.

39. Carter also used investor funds from the AFB and Carter Group Bank Accounts to pay for his personal expenses, such as luxury cars, homes, and numerous credit and debit card purchases. Of the \$2 million Carter received from AFB investors, he used approximately \$360,000 for personal expenses.

40. Carter misrepresented to investors how their funds would be used. Contrary to the representations that Carter made in AFB’s Depository Loan Agreements, neither Heyman nor any one else invested AFB investor funds in any investment vehicle. The “returns” that Carter paid to AFB investors were merely Heyman International and other AFB investors’ principal.

41. Carter also had no reasonable basis to represent to investors that Heyman would invest their money in foreign currencies because he never verified whether Heyman was actually investing investor funds in foreign currencies. Even after Carter asked for documentary evidence of Heyman’s currency trading and was refused, Carter continued to send AFB investor funds to Heyman.

42. Additionally, Carter did not perform adequate due diligence with regard to Heyman’s background. Carter told investors that Heyman was an experienced foreign currency trader and had previously been employed as a foreign

currency trader at Prudential. In reality, Heyman worked for a division of Prudential selling insurance, had a securities license for a short period of time for the limited purpose of selling insurance and never traded foreign currencies at Prudential.

43. Moreover, contrary to the representations that Carter made to AFB investors in the Depository Loan Agreement, neither Carter nor AFB at any time had sufficient funds to refund AFB investors their principal as promised. Carter raised nearly \$2 million from investors and only \$370,000 remains in the Carter and AFB Bank Accounts combined.

44. Carter also told investors that Heyman was in the business of foreign currency trading by providing them with the currency pamphlet. Contrary to Carter's representations in the pamphlet, neither AFB nor Heyman employed any traders and neither had a foreign currency trading account where AFB investor funds were deposited.

45. Moreover, Carter never told AFB investors that he was going to use their funds and Heyman International investor funds to pay previous AFB investors their monthly "interest." Carter also failed to tell investors that he was going to use investor funds to pay his personal expenses.

46. The fact that Carter used investor funds to pay previous investors and his personal expenses and that AFB's accounts do not have sufficient funds to fully

refund investors is information that would be highly important to investors because they would not have invested with AFB if they were informed of these facts.

47. No registration statement has been filed or is in effect with the Commission in connection with the securities offered or sold by Carter and AFB.

### **COUNT I**

#### **Violations of Section 5(a) and 5(c) of the Securities Act of 1933**

##### **[15 U.S.C. § 77e(a) and (c)]**

48. Paragraphs 1 through 47 above are realleged and incorporated herein by reference.

49. By their conduct, Heyman, Heyman International, Carter and AFB, directly or indirectly: (i) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement was in effect; (ii) for the purpose of sale or delivery after sale, carried or caused to be carried through the mails or in interstate commerce, by any means or instruments of transportation, securities as to which no registration statement was in effect; and (iii) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of a prospectus or otherwise, securities as to which no registration statement had been filed.

50. No valid registration statement was filed or was in effect with the Commission in connection with Heyman and Heyman International's offer and sale of Heyman International "Depository Agreements."

51. No valid registration statement was filed or was in effect with the Commission in connection with Carter and AFB's offer and sale of AFB's "Depository Loan Agreements."

52. By reason of the foregoing, Heyman, Heyman International, Carter and AFB violated Sections 5(a) and 5(c) of the Securities Act of 1933 [15 U.S.C. § 77e(a) and (c)].

## **COUNT II**

### **Violations of Section 17(a)(1) of the Securities Act of 1933 [15 U.S.C. § 77q(a)(1)]**

53. Paragraphs 1 through 47 above are realleged and incorporated herein by reference.

54. By their conduct, Heyman, Heyman International, Carter and AFB, in the offer or sale of Heyman International and AFB securities, by the use of any means or instruments of transportation or communication in interstate commerce and by the use of the mails, directly or indirectly, have employed devices, schemes or artifices to defraud.

55. Heyman, Heyman International, Carter and AFB knew, or were

severely reckless in not knowing, the facts and circumstances described in this Complaint.

56. By reason of the foregoing, Heyman, Heyman International, Carter and AFB violated Section 17(a)(1) of the Securities Act of 1933 [15 U.S.C. § 77q(a)(1)].

### **COUNT III**

#### **Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933**

#### **[15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]**

57. Paragraphs 1 through 47 above are realleged and incorporated herein by reference.

58. By their conduct, Heyman, Heyman International, Carter and AFB, in the offer or sale of Heyman International and AFB securities, by the use of any means or instruments of transportation and communication in interstate commerce and by the use of the mails, directly or indirectly, have obtained money or property by means of untrue statements of material fact or omissions 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 have engaged in transactions, practices or courses of business which have been or are operating as a fraud or deceit upon purchasers of Heyman International and AFB securities.

59. By reason of the foregoing, Heyman, Heyman International, Carter

and AFB violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

#### **COUNT IV**

#### **Violations of Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]**

60. Paragraphs 1 through 47 above are realleged and incorporated herein by reference.

61. By their conduct, Heyman, Heyman International, Carter and AFB, in connection with the purchase or sale of securities of Heyman International and AFB, by the use of any means or instrumentalities of interstate commerce or by the use of the mails, directly or indirectly: (a) employed a device, scheme or artifice to defraud; (b) made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in an act, practice, or course of business which has been or is operating as a fraud or deceit upon other persons, including purchasers and sellers of such securities.

62. Heyman, Heyman International, Carter and AFB knew, or were severely reckless in not knowing, the facts and circumstances described in this Complaint.

63. By reason of the foregoing, Heyman, Heyman International, Carter

and AFB violated Section 10(b) of the Exchange Act of 1934 [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

**RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court:

1. Find that the Defendants committed the violations alleged in this Complaint.
2. Enter Orders of Permanent Injunction, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining:
  - (a) Heyman, Heyman International, Carter and AFB, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the Orders of Permanent Injunction by personal service or otherwise from directly or indirectly engaging in the acts, practices or courses of business described above, or in conduct of a similar purport and object from violating Sections 5(a) and (c) of the Securities Act of 1933 [15 U.S.C. § 77e(a) and (c)];
  - (b) Heyman, Heyman International, Carter and AFB, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the Orders of Permanent Injunction by personal service or otherwise from directly or indirectly engaging in the acts, practices or courses of business described above, or in conduct of a

similar purport and object, in violation of Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)];

(c) Heyman, Heyman International, Carter and AFB, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of the Orders of Permanent Injunction by personal service or otherwise from directly or indirectly engaging in acts practices or courses of business described above, or in conduct of a similar purport and object, in violation of Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5], thereunder.

3. Order Heyman, Heyman International, Carter and AFB to disgorge any and all ill-gotten gains, plus prejudgment interest.

4. Order Carter Group to disgorge any and all ill-gotten funds received by Carter Group in connection with the AFB and Heyman International offerings.

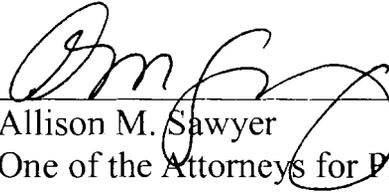
5. Impose civil penalties against Heyman, Heyman International, Carter and AFB pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

6. Grant such other and further relief as may be necessary and appropriate.

7. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any

suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,



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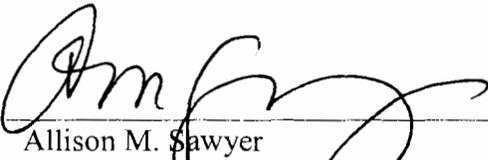
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Dated: December 15, 2004.

**CERTIFICATE OF SERVICE**  
**SEC v. Heyman International, Inc., Case No.: CV-04-CO-0686-S**

On December 15, 2004, a copy of the Plaintiff's First Amended Complaint was sent, via Federal Express, to:

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