



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE**  
**September 29, 2006**

**CONTACT: U.S. ATTORNEY'S OFFICE**  
**HEATHER TASKER, LAUREN McDONOUGH**  
**PUBLIC INFORMATION OFFICE**  
**(212) 637-2600**

**U.S. ANNOUNCES GUILTY PLEAS IN**  
**STOCK MANIPULATION SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced three guilty pleas this week to felony securities fraud charges related to the fraudulent manipulation -- or "pump and dump" -- of stock in Millennium National Events, Inc. (ticker symbol MNEI).

Earlier in the week, as described below, Millennium's chairman and Chief Operating Officer (COO), MITCHELL STEINBERG, pleaded guilty to conspiracy to commit securities, wire and mail fraud in connection with the scheme. Yesterday, stock broker ARTHUR REDLER pleaded guilty to securities fraud, and today, stock promoter ROBERT KOCH pleaded guilty to three felony counts, including conspiracy and securities fraud. The scheme to which these defendants pleaded guilty is charged in a Superseding Indictment returned by a Manhattan federal grand jury this past summer, charging ROBERT McALLISTER, the President and Chief Executive Officer (CEO) of Millennium, with conspiracy, securities fraud and wire fraud in connection with the manipulation of the stock of Millennium and other companies spanning over a period of years. The trial in the case against McALLISTER is scheduled to begin in January 2007 before United States District Judge LAURA TAYLOR SWAIN.

According to a one-count criminal Information filed yesterday in REDLER's case, REDLER was licensed by the National Association of Securities Dealers (NASD) to act as a registered representative, and starting in or about Fall 2004, REDLER was employed as a trader by a Florida-based securities broker-dealer (the Florida Brokerage House) that was registered with the United States Securities and Exchange Commission (SEC) and was a member of NASD. Among its other businesses, the Florida Brokerage House acted from time to time as a "market maker" in various securities.

According to the REDLER Information, between October 2004 and November 2005, REDLER engaged in an unlawful scheme with

McALLISTER, among others, to manipulate the demand for and price of common stock of Millennium, and to defraud the public into buying stock in that company, so that McALLISTER and others could sell substantial quantities of Millennium stock they controlled at artificially-inflated prices.

According to the REDLER Information, as part of the scheme, in the Fall of 2004 McALLISTER entered into a corrupt arrangement with REDLER to artificially inflate Millennium's stock price. Specifically, McALLISTER informed REDLER that McALLISTER controlled a very large amount of Millennium stock, which McALLISTER wanted to sell. At the same time, McALLISTER also instructed REDLER to post bids to purchase Millennium stock in the market, at prices above what the market would otherwise naturally support, in order to create the false appearance that there was genuine market demand for Millennium's stock at those inflated prices. According to the Information, McALLISTER further promised REDLER that, at the end of each trading day, McALLISTER would buy (or sell) sufficient shares from (or to) the Florida Brokerage House so as to clear out any net stock position accumulated by the Florida Brokerage House during the course of the trading day -- i.e., McALLISTER agreed to make the Florida Brokerage House whole for all the shares the Florida Brokerage House had bought or sold during that day at McALLISTER's behest - - at a price that would prevent REDLER and the Florida Brokerage House from losing any money from its trading of Millennium stock.

The REDLER Information further alleges that McALLISTER agreed to compensate, and did compensate, REDLER for the corrupt arrangement by, among other things, paying bribes to REDLER in the form of thousands of shares of Millennium stock.

In furtherance of this manipulative scheme, the Information alleges that, beginning in about mid-November 2004, REDLER and others perpetrated various forms of manipulative bidding and trading activity in Millennium stock, designed to drive the price of Millennium's stock from \$0.06 to \$1.00 and higher, in the absence of any genuine demand at such high prices.

As a result, the Information alleges, on November 17 and 18, 2004, the price of Millennium shares rose sharply, from \$0.06 to \$1.35, on comparatively heavy trading volume, thereby creating a market capitalization of over \$38 million -- for a company with virtually no assets, a limited operating history, and virtually no current profitability.

Ultimately, according to the REDLER Information, the efforts of REDLER, McALLISTER and their co-conspirators lured members of the unsuspecting public into trading in Millennium

stock in or about January and February 2005 and thereafter. These individuals were the victims of the "pump and dump" of Millennium stock, from which the scheme's participants obtained fraud proceeds of at least approximately \$281,000, the Information alleged.

At his guilty plea yesterday before the United States District Judge LEONARD B. SAND, REDLER admitted entering into a corrupt agreement with McALLISTER to manipulate the price of Millennium's stock, and admitted he posted bids and executed trades that he understood would have the effect of artificially inflating the price of Millennium's stock. REDLER further admitted that he accepted shares of Millennium stock from McALLISTER.

REDLER faces a maximum sentence of 20 years in prison and a fine of \$5 million or twice the gain or loss from the offense, and is scheduled to be sentenced on March 5, 2007, before Judge SAND. REDLER, 55, lives in Fort Lauderdale, Florida

Earlier this week, in another related case, on September 28, 2006, Millennium's former chairman and COO, MITCHELL STEINBERG, pleaded guilty in Manhattan federal before the Honorable JOHN G. KOELTL, United States District Judge, to a one count Information charging STEINBERG with conspiracy to commit securities fraud stemming from his role in the Millennium scheme.

According to a one-count criminal Information filed earlier this week in STEINBERG's case, in furtherance of the scheme to manipulate Millennium's stock price, in late 2004 and early 2005, STEINBERG and McALLISTER mounted a campaign to distribute to the public false and misleading "news" stories, in the form of press releases created by STEINBERG and McALLISTER. The purpose of this media campaign, the STEINBERG Information explained, was to exert additional upward pressure on Millennium's stock price. The STEINBERG Information described how the press releases falsely portrayed Millennium as a successful event business that purportedly "owned" events closely affiliated with several nationally-known and successful media, sports and entertainment entities such as the NFL, the PGA, the LPGA, the ATP and NASCAR. The STEINBERG Information also stated that, in an effort to bolster the false assertions contained in the press releases, McALLISTER and STEINBERG created phony documentation purporting to show the existence of business relationships between Millennium and other well-known and successful companies and/or events, where no such relationship

actually existed.

At STEINBERG's guilty plea, STEINBERG admitted agreeing with McALLISTER to manipulate the price of Millennium's stock, admitted creating and publishing false and misleading press releases about the company with the intent of inflating Millennium's stock price, and admitted he and McALLISTER altered a document to falsely indicate that Millennium had a business relationship that it did not, in fact, have.

STEINBERG faces a maximum sentence of five years in prison and a fine of \$250,000 or twice the gain or loss from the offense, and is scheduled to be sentenced on April 13, 2007, before Judge KOELTL. STEINBERG, 46, lives in Boca Raton, Florida

And today, in another related case, ROBERT KOCH pleaded guilty in Manhattan federal before the United States Magistrate Judge HENRY B. PITMAN to a three-count Information charging him with conspiracy to commit securities, mail and wire fraud, and securities fraud, stemming from his role in the Millennium scheme, and to a second count of conspiracy related to additional stock manipulations.

According to the criminal Information filed today in KOCH's case, in furtherance of the scheme to manipulate Millennium's stock price, in or about late 2004 and early 2005, McALLISTER and KOCH and their co-conspirators hired internet publicity experts ("spammers") -- to disseminate the false and misleading press releases, and paid those spammers by giving them large blocs of shares of Millennium stock. In turn, those spammers sent out several waves of millions of e-mails to the public in or about late 2004 and early 2005, including on several days in or about mid-January 2005, containing the false and misleading press releases.

At KOCH's guilty plea, KOCH admitted participating with McALLISTER and others in the manipulation of the price of Millennium's stock by, among other things, helping McALLISTER hire an e-mail spamming expert to send waves of spam to the public distributing false and misleading information about Millennium, for the purpose of increasing the stock price artificially.

KOCH faces a maximum sentence of 25 years in prison and a fine of \$5.25 million or twice the gain or loss from the offense, and is scheduled to be sentenced on January 26, 2007, before the United States District Judge ROBERT W. SWEET. KOCH, 39, lives in Katonah, New York.

If convicted, in total, McALLISTER faces a maximum sentence of 65 years in prison and a fine of \$5.5 million or twice the total gain or loss from the offense. McALLISTER, 49, lives in Jupiter, Florida.

Mr. GARCIA thanked the Postal Inspection Service and the Securities and Exchange Commission for their assistance in the investigation of this matter.

The charges against the defendant are merely accusations and the defendant is presumed innocent unless and until proven guilty.

Assistant United States Attorney DAVID SIEGAL is in charge of the prosecution.

06-154

###