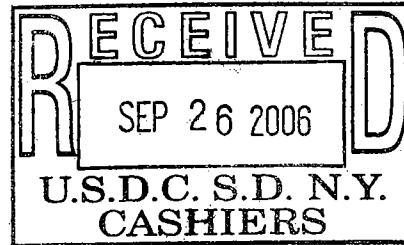


**MARK K. SCHONFELD (MS-2798)  
REGIONAL DIRECTOR**

**Attorney for Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
Northeast Regional Office  
Three World Financial Center  
New York, New York 10281-1022  
(212) 336-1020**



**JUDGE BATTS**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**-against-**

**GRAHAM J. LEFFORD,**

**Defendant.**  
-----X

**06 CV 7716**

06 Civ. \_\_\_\_\_ ( )

**COMPLAINT**

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendant Graham J. Lefford ("Lefford"), alleges as follows:

**SUMMARY OF ALLEGATIONS**

1. This action involves Lefford's unlawful insider trading in the securities of Sports Entertainment Enterprises, Inc. ("SPEA") while in possession of material, nonpublic information concerning his employer's acquisition of a controlling interest in SPEA. At the time, Lefford was employed as the house manager for the South Hampton, New York residence of Robert F. X. Sillerman, a major media and entertainment investor. In the summer of 2004, Sillerman was in the process of acquiring a controlling interest in SPEA, then a dormant public shell company, to use it as the vehicle for acquiring and exploiting the commercial rights to Elvis Presley's name

and likeness, which he was negotiating to obtain from the Presley estate. Lefford found out about Sillerman's acquisition of SPEA from one or more of the several deal-related documents that were faxed between Sillerman's office in Manhattan and his South Hampton residence that summer. Within minutes of faxing Sillerman's signed authorization for the SPEA acquisition back to Sillerman's office, Lefford bought 5,000 shares of SPEA stock at \$0.12 per share. The price of SPEA stock shot up by over 9,000 % after Sillerman's acquisition of SPEA and the Presley deal were both announced in December 2004, and Lefford made \$48,525 in profit on his \$600 investment when he sold all his SPEA stock. Lefford's use of the confidential information he obtained about the SPEA acquisition to trade securities for his own benefit breached an express duty of trust and confidence that he owed to Sillerman under a written confidentiality agreement that covered all information that Lefford learned about, among other things, Sillerman's business and financial affairs.

2. By virtue of the conduct alleged herein, Lefford has engaged, directly or indirectly, in transactions, acts, practices, or courses of business that constitute violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5. Unless Lefford is permanently restrained and enjoined, he will again engage in the transactions, acts, practices and courses of business set forth in this Complaint and in transactions, acts, practices and courses of business of similar type and object.

### **JURISDICTION AND VENUE**

3. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), to restrain and enjoin Lefford

permanently from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint. The Commission also seeks a judgment requiring Lefford to disgorge the profits he made through his unlawful purchase of SPEA stock, plus prejudgment interest thereon, and requiring him to pay civil money penalties pursuant to Section 21A(a) of the Exchange Act, 15 U.S.C § 78u-1(a).

4. This Court has jurisdiction over this action, and venue lies in this District, pursuant to Sections 21(d), 21(e), 21A, and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), 78u-1, 78aa. Lefford, directly and indirectly, singly or in concert, made use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the transactions, acts, practices, and courses of business alleged herein. Certain of the relevant conduct, transactions, acts, practices, and courses of business occurred in the Southern District of New York, including the purchase of SPEA stock for Lefford's brokerage account and the transmission of documents concerning Sillerman's acquisition of a controlling interest in SPEA.

#### **DEFENDANT**

5. **Lefford**, age 44, currently resides in Waxahachie, Texas. From in or about February 1999 through October 2004, Lefford lived in Center Moriches, New York and was employed as the house manager for Sillerman's summer residence in South Hampton, New York. As the house manager, Lefford was responsible for, among other things, managing the day-to-day affairs of the residence and for supervising the several other individuals that Sillerman employed at the residence. Before working for Sillerman, Lefford was employed in the same capacity for other individuals.

## OTHER RELEVANT PERSONS AND ENTITIES

6. **Sillerman** is a major investor in the media and entertainment industry and owns or controls multiple media and entertainment properties. During the time of the events alleged herein, Sillerman maintained an office in Manhattan and resided in both Manhattan and South Hampton, New York.

7. **RFX Acquisition, LLC (“RFX”)**, a Delaware limited liability company, was formed by Sillerman in April 2004 as a vehicle for him to acquire control of a non-operating public company. Sillerman is the managing member and sole executive officer, director and control person of RFX. RFX acquired a controlling interest in SPEA through a transaction that was announced on December 16, 2004, and that closed on February 7, 2005.

8. **SPEA**, formerly a Colorado corporation headquartered in Las Vegas, Nevada, was engaged in the business of operating amusement parks until August 2002. At that time, SPEA became an inactive public shell company. During the time of the events alleged herein, SPEA’s common stock was quoted on the Over-the-Counter Bulletin Board (“OTCBB”) under the symbol SPEA. In March 2005, SPEA was renamed CKX, Inc. (“CKX”) and began trading on the Nasdaq National Market. Sillerman is the President, CEO and Chairman of the Board of CKX, which is engaged in the business of acquiring entertainment content and related assets.

9. **Elvis Presley Enterprises (“EPE”)** is comprised of several business entities formerly controlled by the estate of Elvis Presley that collectively own and control the commercial rights to his name, image and likeness, the operation of the Graceland property and the revenue from certain of Presley’s music, films and television specials. Simultaneous with

RFX's acquisition of SPEA, SPEA acquired a controlling interest in EPE through a transaction that was announced on December 16, 2004, and that closed on February 7, 2005.

## **LEFFORD'S ILLEGAL INSIDER TRADING**

### **Lefford's Employment By Sillerman**

10. Lefford was hired by Sillerman in or about February 1999 to be the house manager for Sillerman's summer residence in South Hampton, New York. As the house manager, Lefford managed the day-to-day affairs of the South Hampton residence, supervised the other individuals that Sillerman employed there and performed other services traditionally done by a butler. As a result, Lefford had access to the personal and business affairs of Sillerman and his family, and at times Lefford was involved in the receipt and transmission of confidential business documents for Sillerman. When interviewing Lefford, Sillerman informed Lefford that, if hired, he would be obligated to maintain the confidentiality of whatever he might learn about the personal and business affairs of Sillerman and his family, and Lefford agreed to do so.

11. In or about January 2003, Lefford signed a five-page Confidentiality And Non-Disclosure Agreement ("Confidentiality Agreement") that expressly required him, among other things, to maintain in the "strictest confidence" whatever information he learned during the course of his employment concerning the "actual, contemplated, or potential financial or business affairs" of any member of the Sillerman family. In addition, the Confidentiality Agreement provided that Lefford shall "not disclose in any manner" any such information "for any reason or purpose whatsoever," and made clear that his "exposure to, information about, and

knowledge relating” to any such financial or business affairs shall not “constitute in any respect any form of compensation, benefit . . . or other form of personal . . . consideration” to him.

### **Sillerman’s Acquisition Of SPEA And The EPE Transaction**

12. In or about April 2004, Sillerman formed RFX to serve as the vehicle for creating a new media and entertainment business by acquiring a controlling interest in an inactive publicly-traded shell company. Sometime thereafter, Sillerman entered into negotiations to acquire SPEA and, on August 1, 2004, reached an agreement in principle for RFX to acquire a controlling interest in SPEA. In order to reduce the possibility of anyone prematurely leaking information to the public, the parties did not execute or obtain board approval for the acquisition agreement until immediately before they were ready to issue a press release.

13. In or about June 2004, Sillerman also began negotiating with representatives of EPE to acquire a controlling interest in EPE. Several months later, the parties reached an agreement whereby SPEA, upon being acquired by RFX, would simultaneously acquire control of EPE.

14. On December 15, 2004, SPEA’s board of directors approved RFX’s acquisition of SPEA and SPEA’s acquisition of EPE, and the acquisition agreements were then executed. On December 16, 2004, SPEA issued a press release announcing both transactions. As disclosed in the press release, (i) RFX was to acquire a controlling interest in SPEA for approximately \$3.43 million; (ii) RFX was to receive warrants to purchase a specified additional amount of SPEA common stock at prices ranging from \$1.00 to \$2.00 per share; and (iii) SPEA was to acquire a controlling interest in EPE for approximately \$100 million.

15. Sillerman's negotiations with SPEA and EPE were highly confidential, and neither transaction was disclosed to the public at any time prior to the December 16, 2004 announcement.

**Lefford's Use Of Information About The SPEA Acquisition To Purchase SPEA Stock In Breach Of His Duty Of Confidentiality**

16. On or before August 12, 2004, Lefford obtained confidential information about the pending SPEA acquisition from one or more documents that were transmitted to and from Sillerman at his South Hampton residence. On August 12, 2004, Lefford purchased SPEA stock while in possession of such information, thereby breaching a duty of trust and confidence that he owed to Sillerman.

17. Sillerman maintained an office with a computer with fax capability and other communications equipment inside the main residence at the South Hampton property. Lefford was given access to Sillerman's office inside the main residence, and Lefford often retrieved documents faxed to the computer located in that office and placed them on Sillerman's desk.

18. Lefford also maintained an office with a fax machine and other communications equipment inside a structure located next to the swimming pool at the South Hampton property. During the relevant period, Sillerman sometimes received faxes from his Manhattan office on the fax machine located in Lefford's poolside office. On those occasions, Lefford typically retrieved the documents and delivered them to Sillerman inside the main residence. On some occasions, Sillerman also had a member of the household staff, usually Lefford, use the fax machine in the poolside office to send documents to Sillerman's Manhattan office.

19. On and before August 12, 2004, several documents concerning the SPEA acquisition were transmitted to and from Sillerman at the South Hampton property, including, but not limited to, the following documents:

(a) On August 11, 2004, at about 5:48 p.m., an employee in Sillerman's Manhattan office faxed a draft press release describing RFX's acquisition of a controlling interest in SPEA and the essential terms of the transaction to the fax machine located in Sillerman's office inside the main residence at the South Hampton property. The draft press release states, among other things, that: (i) RFX, identified in the document as "a company formed and controlled by Robert F.X. Sillerman and certain of his affiliates," has agreed to acquire a controlling interest in SPEA; (ii) SPEA currently "has no business operations"; and (iii) as part of the acquisition, RFX was to receive warrants to purchase a specified amount of SPEA common stock at prices ranging from \$1.00 to \$2.00 per share.

(b) On August 12, 2004, at about 9:36 a.m., an employee in Sillerman's Manhattan office faxed a three-page document titled "Written Consent of the Sole Manager of RFX Acquisition LLC" to the fax machine located in Sillerman's office inside the main residence at the South Hampton property. This document was a consent form, for Sillerman's signature, authorizing RFX's acquisition of a controlling interest in SPEA. The first page of the document states, among other things, that Sillerman, as the "sole manager" of RFX, has favorably "evaluated the merits of the proposed transactions" with SPEA "pursuant to which [RFX] would become a controlling stockholder" of SPEA. The signature page contains a signature line for Sillerman as the



“Managing Member” of RFX and states “Consent for SPEA Transaction” below the signature line.

20. Lefford read one or more of the documents described above in paragraph 19 before purchasing SPEA stock. In addition, Lefford faxed the signed signature page of the consent document described above in sub-paragraph 19(b) from the fax machine located in his poolside office to Sillerman’s Manhattan office. Lefford faxed the signed signature page at approximately 10:20 a.m. on the morning of August 12, 2004.

21. Approximately twelve minutes later, at about 10:32 a.m. on August 12, 2004, Lefford placed an order with his brokerage firm’s Manhattan office to purchase 5,000 shares of SPEA stock for the joint account he held with his wife. Lefford’s brokerage firm executed this order at a price of \$0.12 per share, for a total purchase price of \$600.00.

22. At the time of the transactions and events alleged herein, Lefford had a fiduciary duty, or other duty arising out of a relationship of trust and confidence, to keep confidential the information he obtained in the course of his employment about, among other things, Sillerman’s business and financial affairs. In addition, Lefford had a fiduciary duty, or other duty arising out of a relationship of trust and confidence, to refrain from using for his own advantage or benefit information he obtained in the course of his employment about, among other things, Sillerman’s business and financial affairs unless Sillerman consented to such use. Sillerman did not consent to Lefford’s personal use of any information that Lefford obtained about SPEA.

23. By virtue of the facts and conduct described above in paragraphs 20-21, Lefford breached his fiduciary duty, or other duty arising out of a relationship of trust and confidence, to Sillerman.

### **Lefford's Trading Profits**

24. On December 15, 2004, the price of SPEA stock closed at \$0.10 per share. On the morning of December 16, 2004, SPEA publicly announced that RFX had agreed to acquire a controlling interest in SPEA and that SPEA had agreed to acquire a controlling interest in EPE. On December 16, 2004, the price of SPEA stock closed at \$6.41 per share. The price of SPEA stock continued to increase on the following day (December 17) and closed at \$9.10 per share, an increase of approximately 9,000 % from the December 15 closing price.

25. After the public announcement, Lefford sold his 5,000 shares of SPEA stock at prices ranging from \$9.25 per share to \$10.50 per share, for a total profit of \$48,525.

### **CLAIM FOR RELIEF**

Violations of Section 10(b) of the Exchange Act,  
15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5

26. The Commission realleges and incorporates by reference each and every allegation contained above in paragraphs 1 through 25.

27. Lefford, directly or indirectly, by the use of a means or instrumentality of interstate commerce, or of the mails, or of any facility of a national securities exchange, in connection with the purchase of SPEA securities: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of, or otherwise made, untrue statements of material fact or 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 transactions, acts, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of SPEA securities and upon other persons.

28. On or before August 12, 2004, Lefford obtained material, nonpublic information concerning RFX's pending acquisition of a controlling interest in SPEA.

29. While in possession of material, nonpublic information concerning RFX's pending acquisition of a controlling interest in SPEA, Lefford purchased SPEA securities on August 12, 2004.

30. The information that Lefford possessed on August 12, 2004 concerning RFX's pending acquisition of a controlling interest in SPEA was material and nonpublic.

31. By purchasing SPEA securities on August 12, 2004, Lefford breached a fiduciary duty, or other duty arising out of a relationship of trust and confidence, that he owed to Sillerman.

32. When Lefford purchased SPEA securities on August 12, 2004, Lefford knew or was reckless in not knowing that he possessed confidential information regarding RFX's pending acquisition of a controlling interest in SPEA, and he knew or recklessly disregarded that his purchase of SPEA securities constituted a breach of a fiduciary duty, or other duty arising out of a relationship of trust and confidence, that he owed to Sillerman.

33. By reason of the foregoing, Lefford, singly or in concert, directly or indirectly, violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

### **RELIEF SOUGHT**

**WHEREFORE**, Plaintiff respectfully requests a Final Judgment:

A. Permanently enjoining Lefford, his agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of the

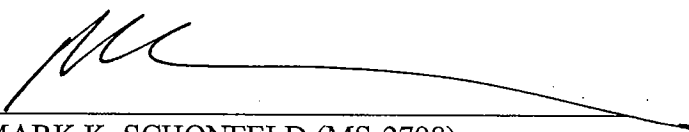
injunction by personal service or otherwise, and each of them, from future violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5;

B. Ordering Lefford to disgorge the ill-gotten gains he derived from the purchase of SPEA securities in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, and to pay prejudgment interest thereon;

C. Ordering Lefford to pay civil money penalties pursuant to Section 21A(a) of the Exchange Act, 15 U.S.C. § 78u-1(a); and

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

Dated: New York, New York  
September 26, 2006



MARK K. SCHONFELD (MS-2798)  
REGIONAL DIRECTOR  
Attorney for Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
Northeast Regional Office  
Three World Financial Center – Room 4300  
New York, New York 10281-1022  
Tel: (212) 336-1020

Of Counsel:

David Rosenfeld  
George N. Stepaniuk  
Joseph P. Dever  
Kenneth V. Byrne