UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF CONNECTICUT

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JOHN N. MILNE,

Defendant.

Civil Action No.

COMPLAINT

Plaintiff Securities and Exchange Commission (the "Commission") alleges as follows:

NATURE OF THE ACTION

1. From 2000 through 2002, John N. Milne ("Milne"), the former Vice-Chairman, President, Chief Acquisition Officer and Chief Financial Officer of United Rentals, Inc. ("URI" or "the Company"), engaged in a series of fraudulent accounting schemes in order to meet the Company's earnings forecasts and analyst expectations, in violation of the federal securities laws. In the face of deteriorating business conditions at URI, Milne and Michael J. Nolan ("Nolan"), URI's then-Chief Financial Officer, carried out the fraud primarily through a series of interlocking three-party sale-leaseback transactions, in which URI sold used equipment to a financing company ("Financing Company") and then leased the equipment back for a short period. To induce the Financing Company to participate in these transactions, Milne and Nolan arranged for a third-party equipment manufacturer to guarantee the Financing Company against any losses. At the same time, URI guaranteed the equipment manufacturer against any losses

it might incur under its guarantee to the Financing Company. The deals were fraudulently structured to inflate URI's profits and allow URI to recognize immediately the revenue generated from the sales to the Financing Company.

2. As a result of the fraud, URI materially misstated its financial condition and operating results in filings with the Commission. URI materially overstated its originally reported earnings per share ("EPS") for the fourth quarter and full year 2000, the second quarter 2001, the fourth quarter and full year 2001, and the first quarter of 2002. In addition, URI materially overstated its pre-tax income for the fiscal years 2000 and 2001. The misstatements were reflected in its Forms 10-K for fiscal years 2000 and 2001, and its Forms 10-Q for the periods ended June 30, 2001 and March 31, 2002, as well as in other public releases.

3. In both 2001 and 2002, shortly after URI announced year-end financial results for the preceding fiscal year, Milne sold millions of dollars of URI stock knowing that the published financial results had materially overstated URI's true financial condition.

4. By engaging in the conduct described in this Complaint, Milne, directly or indirectly, violated, and unless restrained and enjoined will continue to violate Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§78j(b) and 78m(b)(5)], and Rules 10b-5, 13b2-1, and 13b2-2, [17 C.F.R. §§240.10b-5, 13b2-1 and 13b2-2], thereunder, and aid and abet URI's violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§78m(a), 78m(b)(2)(A)

and 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§240.12b-20, 13a-1, and 13a-13], thereunder.

5. The Commission brings this action pursuant to Sections 21(d) and (e) of the Exchange Act [15 U.S.C. §§78u(d) and (e)] for an order permanently restraining and enjoining Milne, seeking disgorgement and prejudgment interest from him, prohibiting him from acting as an officer or director of any issuer whose securities are registered pursuant to Section 12 of the Exchange Act [15 U.S.C. §78l], and granting other equitable relief.

JURISDICTION AND VENUE

6. The Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(e) and 78aa]. Milne has, directly or indirectly, made use of the means or instrumentalities of interstate commerce and/or of the mails in connection with the transactions in this Complaint. Certain of the acts, practices and courses of business constituting the violations alleged herein occurred within this judicial district.

DEFENDANT

7. John N. Milne, age 48, a resident of Connecticut, served as Vice Chairman and Chief Acquisition Officer ("CAO") from the Company's formation in September 1997. In June 2001, Milne became the President of URI and beginning on December 9, 2002, he concurrently held the office of CFO. On August 15, 2005, URI's Board of Directors terminated Milne's employment with the Company based on Milne's refusal to respond to questions from the Special Committee reviewing matters relevant to this Complaint. Milne holds both a Master of Business Administration and a law degree from

the University of Western Ontario. As Vice-Chairman, CAO, President and CFO, Milne prepared or oversaw the preparation of materials concerning URI's earnings forecasts and financial performance. He also reviewed or oversaw the preparation of, and signed, URI's Forms 10-K and 10-Q, prior to their filing with the Commission. Milne also reviewed and participated in the preparation of URI's earnings releases and participated in, and assisted in the preparation of, presentations to investors and financial analysts.

RELATED PARTIES

8. United Rentals, Inc. is a Delaware corporation with headquarter offices located in Greenwich, Connecticut. URI is one of the largest equipment rental companies in the world. URI's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act [15 U.S.C. §78l(b)] and listed on the New York Stock Exchange ("NYSE"). URI files periodic reports with the Commission pursuant to Section 13(a) of the Exchange Act.

9. Michael J. Nolan, age 46, a resident of North Carolina, served as URI's Chief Financial Officer ("CFO") from the Company's formation in September 1997 until December 2002.

10. Joseph F. Apuzzo, age 52, a resident of Connecticut, served as CFO of Terex Corporation from October 1998 to September 2002.

11. Terex Corporation ("Terex") is a Delaware corporation based in Westport, Connecticut. Terex is a manufacturer of equipment primarily for the construction, infrastructure, and surface-to-mining industries. Terex's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act [15 U.S.C. §78l(b)] and trades on the NYSE.

FACTS

Introduction

12. From 2000 through 2002, Milne and Nolan engaged in six fraudulent sale-leaseback transactions designed both to allow URI to recognize revenue prematurely and to inflate the profit generated from the sales. Milne knew, or was reckless in not knowing, that URI's accounting for the transactions was not in accordance with generally accepted accounting principles ("GAAP") and, as a result, that the profits URI recognized materially overstated its financial results.

13. Milne and Nolan purported to structure the transactions on behalf of URI as "minor sale-leasebacks," which under GAAP would allow URI to recognize immediately the profit generated by the sale of the equipment only if, among other criteria, the risks and rewards of ownership were transferred to the Financing Company. GAAP also requires that before revenue from the sale of equipment can be recognized, the sale price must be fixed and determinable. If any commitments related to the sales remain unsettled, the sales price is not deemed to be fixed and determinable, and any gain from the sales must be deferred until the commitments are settled.

14. The Financing Company was involved in four of the six sale-leaseback transactions. In each of the four instances, URI sold used equipment to the Financing Company and then leased the equipment back for a period of 8 months. In order to obtain the Financing Company's agreement to the sale-leaseback, URI was required to do two things: first, to pay the Financing Company a fee; and second, to arrange for a third-party equipment manufacturer to enter into a "remarketing agreement" with the Financing Company, pursuant to which the equipment manufacturer agreed to remarket

(resell) the equipment at the end of the lease period and to guarantee the Financing Company a residual value for the equipment. Under the agreements, the residual values were specified to be no less than 96% of the purchase price paid by the Financing Company. The manufacturers were willing to provide the Financing Company with these guarantees because URI in turn agreed to indemnify each of the equipment manufacturers against any losses it might incur and to make substantial purchases of new equipment from the manufacturer.

15. Milne and Nolan engaged in extensive efforts to hide from URI's independent auditor both the fees paid to the Financing Company and the guarantees made to the third-party manufacturers.

16. Because Milne and Nolan on behalf of URI had offered guarantees to the equipment manufacturers that URI would cover losses the manufacturers might incur under their remarketing agreements with the Financing Company, URI's obligations relating to the sale-leaseback agreements were not complete in the reporting period in which the agreements were executed. As a result, GAAP prohibited the Company from recording any revenue in each of those reporting periods. By hiding the interlocking agreements from the Company's independent auditor, Milne and Nolan were able to prevent discovery of URI's continuing obligations under the three-party agreements.

17. Because the manufacturers were required to guarantee the Financing Company at least 96% of the prices set forth in those lease agreements ("residual value guarantees"), Milne and Nolan also knew that the valuations they assigned to the used equipment in the lease agreements would cause millions of dollars in losses to the third-party manufacturers.

18. Moreover, the manufacturers were also aware that the prices URI had established in the lease agreements would likely cause substantial losses when the equipment was resold. As a result, the manufacturers insisted that URI protect them by guaranteeing to indemnify them for any losses they might incur. URI agreed to provide the indemnification guarantees, but in each case disguised the indemnification payments through various devices, such as undisclosed "premiums" on the purchase of new equipment from the manufacturers.

19. The two additional sale-leaseback transactions did not involve the Financing Company or another third-party financing entity. Nevertheless, the two transactions were also fraudulently structured as purported "minor sale-leaseback" transactions in order to allow the Company to meet earnings guidance and analyst expectations.

The December 2000 Sale-Leaseback Transaction ("Terex I")

20. Late in the fourth quarter of URI's 2000 fiscal year, Milne, Nolan and other senior managers realized that the Company would not meet its earnings forecast and analyst expectations for either the fourth quarter or the full fiscal year-ending 2000. On December 18, 2000, URI issued a press release announcing that, due to a weakening economy, it would miss Wall Street earnings estimates for the fourth quarter. The Company announced that it expected fourth-quarter earnings of 40 cents per share, well below the average analyst expectations of 62 cents per share, and for the current full year, earnings of $1.89 per share, again well below analyst expectations of $2.11 per share for the year.

21. Notwithstanding the lowered guidance, Milne and Nolan realized that the Company would be unlikely to meet even the reduced expectations without boosting the Company's reported income before year-end. As a result, Milne and Nolan commenced negotiations with the Financing Company to structure a sale as a minor sale-leaseback transaction so as to allow URI to record immediately the gain on the sale and thereby meet the reduced earnings expectations for both the fourth quarter and the fiscal year. With Milne's knowledge and participation, URI entered into a three-party transaction involving the Financing Company and Terex, an equipment manufacturer and one of URI's vendors.

22. Nolan and Milne initiated discussions with Terex. Nolan explained the terms of the proposed transaction to Apuzzo, Terex's CFO, who expressed a willingness to participate as long as URI agreed to provide Terex with protection against any losses Terex might incur in providing guarantees to the Financing Company. In addition, Apuzzo insisted on URI's agreement to make additional new equipment purchases from Terex in the current fiscal year.

23. On December 29, 2000, URI entered into a Master Lease Agreement ("MLA") with the Financing Company pursuant to which URI sold a fleet of used equipment to the Financing Company for $25.3 million and leased the equipment back for a period of 8 months. The MLA specified that the depreciated residual value of the equipment at the end of the lease period would be 96% of the sale price. Simultaneously, and as an express condition of the Financing Company for entering into the MLA, the Financing Company and Terex entered into a Remarketing Agreement, pursuant to which Terex agreed to remarket the equipment at the end of the MLA lease period and to

indemnify the Financing Company for any shortfall between the guaranteed residual values and the proceeds that were generated by the re-sale of the equipment. Terex also agreed that, at the Financing Company's option, Terex would be required to buy, at the pre-determined residual values, any equipment that remained unsold at the end of the remarketing period. Lastly, as a result of negotiations between Milne, Nolan and Apuzzo, URI agreed to purchase from Terex approximately $20 million of new equipment before the end of the 2000 calendar year, and to pay Terex approximately $5 million immediately to cover Terex's anticipated losses from its residual value guarantee to the Financing Company. In accordance with the agreement between Milne, Nolan and Apuzzo, URI and Terex also executed a "backup" remarketing agreement, which Milne signed, under which URI effectively assumed Terex's remarketing obligations and guarantees to the Financing Company and agreed to cover any losses to Terex over the $5 million advance payment through guaranteed future purchases.

<u>Concealing URI's Risks and Continuing Obligations</u>

24. Knowing that the discovery of the three-party agreements and URI's continuing obligations would cause the Company's independent auditor to object to URI booking an immediate gain on the sale, Milne and Nolan hid from the auditor evidence of the interlocking structure of the agreements and of the residual value guarantees contained in them. Thus, an initial draft of the MLA between URI and the Financing Company was edited to remove references to Terex's agreement to remarket the equipment.

25. Similarly, an initial draft of the backup remarketing agreement between URI and Terex was edited by Milne and Nolan to remove explicit references to the

Remarketing Agreement between Terex and the Financing Company. Apuzzo sent to Nolan an initial draft of the proposed backup agreement, explicitly describing Terex's residual value guarantee to the Financing Company on the fleet of equipment being leased by URI. The draft laid out URI's agreement to remarket that fleet of equipment and to indemnify Terex for any shortfalls (i.e. the difference between the resale price and the residual value guarantee) incurred in reselling the equipment.

26. In response to Apuzzo's initial draft, Milne provided to Apuzzo a draft agreement that deleted all explicit references to the Financing Company and URI's agreement to remarket the fleet. Instead, Milne's draft referred to URI's obligation to remarket a fleet of equipment "which is typically in United Rentals rental fleet and is then owned by a leasing company which is not less than investment grade, and is required to be remarketed by Terex from such leasing company for a period commencing in August, 2001." Nowhere in the revised draft was any language identifying the name of the leasing company or the fact that the fleet to be remarketed was the same fleet URI had sold to the Financing Company. In place of the residual value that Terex had agreed to pay the Financing Company, Milne's revised draft referred to URI's guarantee to pay Terex "the total cost incurred or that would be incurred by Terex to purchase such equipment…."

27. Milne signed the revised backup remarketing agreement on behalf of URI, knowing that it was designed to hide URI's risks and continuing obligations under the three-party transaction.

28. When questioned by the Company's outside auditor, Nolan denied the existence of any agreements or commitments beyond those reflected in the MLA. Nolan

subsequently repeated the misrepresentations in the Company's representation letter dated February 23, 2001. In February 2003, in the Company's representation letter to its auditor, sent in connection with the audits for each of the three years in the period ended December 31, 2002, Milne also falsely represented that all significant contracts and agreements had been provided to its auditor.

29. In an amendment to a registration statement on Form S-3 filed with the Commission in September 2001, and contrary to the terms of the backup remarketing agreement with Terex, URI misrepresented that it "currently" had no obligations to purchase equipment from Terex. Milne reviewed the disclosure in advance of the filing and approved of the misrepresentation to investors.

Hiding URI's Fee Payments to the Financing Company

30. In addition, believing that the fee that the Financing Company was charging on the sale-leaseback financing would prevent URI from accounting for the transaction as a "minor sale-leaseback," and thus from recognizing immediately the profit from the sale, Nolan and Milne arranged with the Financing Company to characterize the fee payment as being related to a separate financing transaction that the Financing Company and URI had essentially agreed upon one month earlier.

Disguising URI's Indemnification Payments

31. Pursuant to its commitment to indemnify Terex against losses incurred in Terex providing a residual value guarantee to the Financing Company, URI made two lump-sum payments to the manufacturer. Knowing that the gains booked on the sale of the equipment should have been reduced by the amount of the indemnification payments,

Milne and Nolan disguised the real purpose of the payments and made false entries in URI's books and records.

32. Both URI and Terex anticipated that the residual value guarantee provided to the Financing Company would result in Terex suffering a large shortfall when the equipment was resold. As a result, Terex insisted that URI make an immediate advance payment of $5 million, simultaneously with the execution of the various written agreements. Nolan and Milne agreed that the $5 million indemnification payment would be included as part of URI's purchase of $20 million of new equipment from Terex before the end of the calendar year. Terex issued invoices for the new equipment showing that the purchase price was approximately $25 million, when in fact the real price for the equipment was approximately $20 million. Aware that the invoices included a hidden indemnification payment of $5 million, Nolan nevertheless forwarded the inflated invoices to URI's accounting department, knowing that the accounting department would enter the incorrect prices in the Company's books and records.

33. During 2001 and 2002, as an industry recession continued, URI and Terex were unable to resell the equipment at or near the residual values that had been guaranteed to the Financing Company. The recession also generated losses even greater than the initial estimated $5 million shortfall. Towards the end of 2002, following extensions to the remarketing period contained in the original agreement between Terex and the Financing Company, the Financing Company prepared a final reconciliation of the remaining financial obligation owed by Terex under the residual value guarantee. Simultaneously, Terex and URI prepared a final reconciliation of URI's financial obligation under the backup remarketing agreement.

34. Milne signed a "Contract" between URI and Terex, dated Deceomber 31, 2002, which purported to extend the remarketing and purchase agreements between the two companies that would otherwise expire. Further, the contract provided that URI "agrees" to make an $8 million "prepayment," to be applied as a "surcharge" on the purchase of additional equipment from Terex in the following 6 months. The contract specified that Terex could keep the prepayment even if URI failed to make those additional purchases.

35. Milne knew that the contract purporting to characterize URI's $8 million payment as a "prepayment" and "a surcharge" on the purchase of new additional equipment was intended to disguise the real purpose of the payment, which was to cover Terex's losses under its Remarketing Agreement with the Financing Company. On January 2, 2003, the Financing Company sent an email to both Terex and URI notifying them that a reimbursement for approximately $8.3 million was to be paid the same day to the Financing Company. Milne received a copy of the email, and the next day, at his direction, URI made a final indemnification payment to Terex of approximately $8.7 million. Also at Milne's direction, URI improperly recorded the $8.7 million as expenses unrelated to the sale-leaseback transaction.

36. As a result of the fraudulent accounting, the financial statements and results that URI incorporated into its periodic filings and other materials disseminated to the investing public were materially false and misleading. By fraudulently characterizing the transaction as a minor sale-leaseback, Nolan and Milne had improperly recorded for the fourth quarter and the fiscal year a profit of $12.2 million, or $0.08 and $0.07 per

share respectively, which allowed URI to meet its revised earnings per share targets for both the fourth quarter and the fiscal year 2000.

The 2001 Sale-Leaseback Transactions

37. For both the second quarter 2001 and the fourth quarter and full year 2001, URI engaged in four additional sale-leaseback transactions, three of which involved the Financing Company. In each instance, Milne and Nolan wanted to generate immediate revenues and profits to allow URI to meet earnings expectations for the corresponding reporting period.

The June 2001 Transactions

38. In late June 2001, URI entered into two sale-leaseback transactions with the Financing Company, each involving a different third-party equipment manufacturer ("Manufacturers A and B"). As in the December 2000 transaction, Manufacturers A and B each entered into remarketing agreements with the Financing Company and agreed to provide the Financing Company with residual value guarantees for the equipment. URI in turn entered into backup agreements with the manufacturers, agreeing to purchase additional equipment from them and guaranteeing to indemnify the manufacturers against losses incurred in the remarketing of the equipment URI had sold to the Financing Company.

39. Milne signed the backup remarketing agreement between URI and Manufacturer A contemporaneously with the signing of the Master Lease Agreement between URI and the Financing Company and the Remarketing Agreement between the Financing Company and Manufacturer A. As with the Terex I transaction, the backup remarketing agreement was drafted to conceal the true nature of the transaction from

URI's auditor. Thus, although under the backup agreement URI effectively assumed Manufacturer A's remarketing obligations and guarantees to the Financing Company, the backup remarketing agreement omitted all explicit references to Manufacturer A's commitments to the Financing Company.

40. In March 2003, pursuant to its commitment to indemnify Manufacturer A against losses the equipment manufacturer incurred in providing a residual value guarantee to the Financing Company, URI made a lump-sum payment to Manufacturer A. As with the Terex I final reconciliation, Milne directed that the final indemnification payment of $4.03 million to Manufacturer A in March 2003 be disguised as a payment made for the "purchase of equipment." Subsequently, again at Milne's direction, the payment was improperly expensed on the Company's books and records.

41. URI executed a second three-party transaction in late June 2001, with the Financing Company and Manufacturer B. As with the other sale-leaseback transactions, Nolan and Milne agreed that URI would indemnify Manufacturer B for its losses if Manufacturer B agreed to provide a residual value guarantee to the Financing Company.

42. Nolan and Milne resisted requests to put URI's "promise" in writing. A draft agreement sent to URI by Manufacturer B, which made explicit URI's commitment to "make [Manufacturer B] whole" for any losses incurred by Manufacturer B in providing the guarantee to the Financing Company, was replaced by a URI-prepared "Agreement" which Milne signed referencing only URI's commitment to purchase additional equipment from Manufacturer B. The Agreement did not reveal that URI's purchases were designed to indemnify Manufacturer B for an anticipated loss of $3.5 million under its residual value guarantee to the Financing Company, by among other

things, URI paying undisclosed premiums and foregoing marketing allowances on the purchases.

43. Subsequently, Manufacturer B was advised by its auditor that without a written commitment from URI agreeing to indemnify Manufacturer B, Manufacturer B would have to report a loss under its Remarketing Agreement with the Financing Company. As a result, Manufacturer B insisted that URI put its "make whole" commitment in writing.

44. On October 12, 2001, Milne signed a "Remarketing Agreement" between URI and Manufacturer B, pursuant to which URI effectively assumed the remarketing obligations and guarantees that Manufacturer B had committed to under its Remarketing Agreement with the Financing Company. As with the other sale-leaseback transactions, the remarketing agreement between URI and Manufacturer B omitted all explicit references to Manufacturer B's obligations to the Financing Company. A separate letter signed by a senior URI Fleet Operations officer, however, specifically represented that the "Re-marketing Agreement dated October 12, 2001 and signed by John Milne on behalf of United Rentals, Inc. is the only agreement pertaining to the [Financing Company] Minor Sale Leaseback deal…."

45. In the two June 2001 transactions, URI's sales of used equipment to the Financing Company were for approximately $8.95 million (involving Manufacturer A) and $10.3 million (involving Manufacturer B). As a result of accounting for these two sales as minor sale-leaseback transactions, for the second quarter 2001, URI recorded profits of $6.29 million and $6.9 million, respectively.

The December 2001 Transactions

46. In December 2001, following earlier announcements by URI that the Company was lowering its fourth quarter and full year earnings guidance, Milne and Nolan initiated two additional fraudulent sale-leaseback transactions in order to allow URI to meet the revised guidance. The larger transaction involved the Financing Company, while the smaller was executed directly with the equipment manufacturer, without the participation of a third-party financing entity.

47. On December 28, 2001, URI and the Financing Company entered into a second sale-leaseback agreement involving Terex ("Terex II"). Terex II was structured similarly to the Terex I transaction: (1) URI sold used equipment to the Financing Company (for $13.7 million) and leased it back for a short period; (2) Terex agreed to remarket (re-sell) the equipment and provide the Financing Company with the same residual value guarantee as it had previously made; and (3) URI agreed to indemnify Terex for the losses it was expected to incur under the residual value guarantee.

48. Unlike the December 2000 transaction, URI did not enter into a backup remarketing agreement with Terex. URI did agree, however, to purchase new equipment from Terex and to provide an immediate indemnification payment of $4 million to cover Terex's expected losses in providing the Financing Company with the residual value guarantees. As with the Terex I transaction, Terex issued inflated invoices to URI for the purchase of new equipment: the aggregate invoice price of $28 million included an undisclosed indemnification payment of $4 million. Milne was aware of and acquiesced in URI's payment of the undisclosed "premium" to Terex. URI improperly capitalized the entire payment of $28 million. For the fourth quarter and year-ending December 31,

2001, URI recorded an immediate profit of approximately $6.1 million on the sale of approximately $13.7 million in used equipment.

49. As with the other sale-leaseback transactions, Milne and Nolan concealed from URI's auditor the existence of the interlocking three-party structure, URI's continuing risks and obligations and the indemnification payments URI agreed to make to Terex. In URI's 2001 management letter, Nolan falsely stated that all significant contracts and agreements had been made available to the auditor. In URI's 2002 management letter, Milne made identical misrepresentations to the auditor.

50. In addition, Nolan and Milne again arranged with the Financing Company to conceal the 6% fee charged by the Financing Company to agree to the sale-leaseback. Believing that the fee of $843,000, if disclosed, would prevent URI from accounting for the transaction as a minor sale-leaseback and thus prevent URI from recognizing immediately the profit from the sale, Milne and Nolan concealed the true purpose for the payment. Milne and Nolan directed that URI pay the Financing Company $546,000 of the $843,000 as a legal expense unrelated to the sale-leaseback transaction. The remaining $277,000 payment was hidden through an undisclosed credit on a separate financial obligation owed to URI by the Financing Company.

51. In April 2002, Milne engaged in additional efforts to conceal the fraudulent nature of the sale-leaseback transaction. Milne prepared a draft script for URI's Chairman and CEO to use in response to questions by analysts or investors regarding the minor sale-leaseback transactions. In the script, Milne asserted that (1) the "prices paid by buyers are all commercially arms-length, confirmed by third-party independent analysts" and (2) "URI's obligation after the sale is only to delivery (sic) fleet to buyer at

buyer's designated delivery point and pay rent during transition period." In fact, Milne knew that no independent appraisals of the equipment sold to the Financing Company were obtained and that URI had obligations to indemnify the third-party equipment manufacturers who had made undisclosed residual value guarantees to the buyer/Financing Company.

52. The second sale-leaseback transaction in December 2001 did not involve the Financing Company, but was negotiated directly with an equipment manufacturer ("Manufacturer D"). URI sold used equipment to the Manufacturer D for approximately $2.3 million, leased the equipment back for 8 months, and recorded an immediate gain on the sale of $917,000.

53. Both URI and Manufacturer D estimated that the fair market value of the used equipment was at a minimum approximately $700,000 below the values established in the sales price to Manufacturer D. As an inducement to Manufacturer D to agree to the sale-leaseback and the resultant shortfall, URI agreed to purchase new equipment from Manufacturer D, using the purchase as a means to cover that shortfall. URI agreed to indemnify Manufacturer D through paying a "premium" on the purchase of new equipment, as well as foregoing both a standard marketing allowance and cash payment discount. In March 2003, with Milne's knowledge and approval, URI made a final payment of $115,363 to Manufacturer D, to cover the shortfall incurred in the sale of various pieces of used equipment during the lease period.

54. As a result of the fraudulent scheme to account for the transactions as minor sale-leasebacks, the financial statements that URI incorporated into its periodic filings and other materials disseminated to the investing public were materially false and

misleading. For the second quarter of 2001, instead of deferring any gain until all its outstanding obligations related to the sales were resolved, URI improperly recorded gains of approximately $6.29 million and $6.9 million. In addition to recognizing the profit prematurely, the gains that URI recorded were inflated by $2 million and $3.3 million. Similarly, for the fourth quarter of 2001, URI improperly recorded gains of approximately $6.1 million and $1 million from the two December transactions. For the full fiscal year 2001, URI improperly recorded gains of approximately $20 million. In addition, of the approximately $20 million prematurely recognized by the Company, approximately $11.5 million represented inflated profits.

55. As a result of the fraudulently reported gains, URI was able to meet the Company's earnings guidance and analyst expectations for the second quarter 2001 and for the fourth quarter and full year 2001.

The March 2002 Transaction

56. Nolan and Milne initiated the last of the fraudulent minor sale-leaseback transactions in March 2002, once again in order to allow the Company to meet earnings expectations. The deal was negotiated directly between URI and Manufacturer B, with no third-party involvement.

57. Pursuant to a term sheet prepared by Manufacturer B and sent to URI, the Company sold the manufacturer used equipment for $2 million and then leased it back for 8 months. Because Manufacturer B valued the equipment at approximately $1 million, creating a $1 million shortfall, URI agreed to purchase from Manufacturer B $5 million in new equipment, with the shortfall covered through a combination of an undisclosed "premium" in the purchase price of the new equipment and URI foregoing a 6% discount.

URI recognized an immediate profit for the quarter ending March 31, 2002, of approximately $1 million.

58. As with the other sale-leaseback transactions, Nolan and Milne hid from URI's auditor the link between the sale-leaseback transaction and the purchase of new equipment and thus URI's continuing obligations under the purchase agreement.

Milne's 2001 and 2002 Stock Sales

59. On February 28, 2001, URI issued a press release that included materially overstated results for the fourth quarter and full year 2000. On March 22, 2001, the Company filed its FY 2000 Form 10-K, which also contained the fraudulent financial results for the fourth quarter and full year 2000.

60. On February 26, 2002, URI issued a press release that included the materially overstated results for the fourth quarter and full year 2001. On March 29, 2002, the Company filed its FY 2001 Form 10-K, which also contained those fraudulent financial results.

61. In March and May 2001 and in March 2002, knowing or with reckless disregard for the truth that the financial results URI had issued for each of the prior year reporting periods were materially misstated, Milne sold approximately 1.2 million shares of URI stock he had previously acquired. His overall proceeds from the sales totaled approximately $38 million.

Registration Statements

62. In 2001 and 2002, URI filed Forms S-4 and S-8 registration statements with the Commission, which incorporated the materially misstated financial results from FY 2000 and FY 2001.

FIRST CLAIM FOR RELIEF
Violations of the Antifraud Provision of the Securities Act
(Section 17(a))

63. Paragraphs 1 through 62 are realleged and incorporated by reference as if set forth fully herein.

64. At the times alleged in this Complaint, Milne, by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud.

65. In the offer and sale of securities and as part of the scheme to defraud, Milne made false and misleading statements of material fact and omitted to state material facts to investors and prospective investors as more fully described above.

66. Milne engaged in the conduct alleged herein knowingly or with reckless disregard for the truth.

67. By reason of the conduct described above, Milne violated Section 17(a) of the Securities Act of 1933 [15 U.S.C. §77q(a)].

SECOND CLAIM FOR RELIEF
Violations of the Antifraud Provision of the Exchange Act
(Section 10(b) and Rule 10b-5 thereunder)

68. Paragraphs 1 through 62 are re-alleged and incorporated by reference as if set forth fully herein.

69. At the times alleged in this Complaint, Milne, by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly and indirectly: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under

which there were made, not misleading; or (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities.

70. Milne engaged in the conduct alleges herein knowingly or with reckless disregard for the truth.

71. By reason of the conduct described above, Milne violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)], and Rule 10b-5 [17 C.F.R. §240.10b-5], thereunder.

THIRD CLAIM FOR RELIEF
Violations of Section 13(b)(5) of the Exchange Act

72. Paragraphs 1 through 62 are realleged and incorporated by reference as if set forth fully herein.

73. At the times alleged in this Complaint, Milne knowingly circumvented or failed to implement a system of internal accounting controls or knowingly falsified any book, record or account required to be filed with the Commission.

74. By reason of the conduct described above, Milne violated Section 13(b)(5) of the Exchange Act [15 U.S.C. §78m(b)(5)].

FOURTH CLAIM FOR RELIEF
Aiding and Abetting URI's Violations of the Reporting Provisions of the Exchange Act (Section 13(a) and Rules 12b-20, 13a-1 and 13a-13 thereunder)

75. Paragraphs 1 through 62 are realleged and incorporated by reference as if set forth fully herein.

76. At the times alleged in this Complaint, URI, whose securities were registered pursuant to Section 12 of the Exchange Act [15 U.S.C. §78l], failed to file

annual and quarterly reports with the Commission that were true and correct, and failed to include material information in its required statements and reports as was necessary to make the required statements, in the light of the circumstances under which they were made, not misleading.

77. By reason of the conduct described above, URI violated Section 13(a) of the Exchange Act [15 U.S.C. §78m(a)], and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§240.12b-20, 13a-1, and 13a-13], thereunder.

78. Milne knew or was reckless in his failure to know, that his activity, as described in paragraphs 1 through 62 above, was part of an overall activity by URI that was improper.

79. Milne knowingly provided substantial assistance to URI in the commission of some or all of the violations by URI of Section 13(a) of the Exchange Act [15 U.S.C. §78m(a)], and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§240.12b-20, 13a-1, and 13a-13], thereunder, as described in paragraphs 1 through 62 above.

80. By reason of the conduct described above, Milne, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. §78t(e)], aided and abetted URI's violations of Section 13(a) of the Exchange Act [15 U.S.C. §78m(a)], and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§240.12b-20, 13a-1, and 13a-13], thereunder.

FIFTH CLAIM FOR RELIEF
Aiding and Abetting URI's Violations of the Books and Records and Internal Control Provisions of the Exchange Act (Sections 13(b)(2)(A) and 13(b)(2)(B))

81. Paragraphs 1 through 62 are realleged and incorporated by reference as if set forth fully herein.

82. From at least 2000 to 2002, URI, whose securities were registered pursuant to Section 12 of the Exchange Act [15 U.S.C. §78l]:

a) failed to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of its assets;

b) failed to devise and maintain a system of internal controls sufficient to provide reasonable assurances that (i) transactions were recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (ii) to maintain accountability for assets.

83. By reason of the conduct described above, URI violated Sections 13(b)(2)(A) and (B) of the Exchange Act [15 U.S.C. §§78m(b)(2)(A) and (B)].

84. Milne knew or was reckless in his failure to know, that his activity, as describe in paragraphs 1 through 62 above, was part of an overall activity by URI that was improper.

85. Milne knowingly provided substantial assistance to URI in the commission of some or all of the violations by URI of Sections 13(b)(2)(A) and (B) of the Exchange Act [15 U.S.C. §§78m(b)(2)(A) and (B)].

86. By reason of the conduct described above, Milne, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. §78t(e)], aided and abetted URI's violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. §78m(b)(2)(A)].

87. By reason of the conduct described above, Milne, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. §78t(e)], aided and abetted URI's violations of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. §78m(b)(2)(B)].

SIXTH CLAIM FOR RELIEF
Violations of Exchange Act Rules 13b2-1 and 13b2-2

88. Paragraphs 1 through 62 are realleged and incorporated by reference as if set forth fully herein.

89. At the times alleged in this Complaint, Milne, directly or indirectly, falsified or caused to be falsified, books, records or accounts subject to section 13(b)(2)(A) of the Exchange Act [15 U.S.C. §78m(b)(2)(A)].

90. At the times alleged in this Complaint, Milne, as a director or officer of URI, directly or indirectly:

a) made or caused to be made a materially false or misleading statement to an accountant in connection with; or

b) omitted to state, or cause another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading, to an accountant in connection with:

    i. any audit, review or examination of the financial statements of the issuer; or

ii. the preparation or filing of any documents or report required to be filed with the Commission.

91. By reason of the conduct described above, Milne violated Exchange Act Rules 13b2-1 and 13b2-2 [17 C.F.R. §§240.13b2-1 and 13b2-2].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Permanently restrain and enjoin Milne, his agents, officers, servants, employees, attorneys, assigns and all those persons in active concert or participations with them, who receive actual notice of the Judgment by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices an courses of business alleged above, or in conduct of similar purport and object, in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 13(b)(5) of the Exchange Act [15 U.S.C. §78j(b) and §78m(b)(5)], and Rules
10b-5, 13b2-1, and 13b2-2, [17 C.F.R. §§240.10b-5, 13b2-1 and 13b2-2], thereunder, and from aiding and abetting violations of Section 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§240.12b-20, 13a-1, and 13a-13], thereunder;

II.

Order Milne to disgorge ill-gotten gains from the conduct alleged herein and to pay prejudgment interest thereon;

III.

Order Milne to pay a civil penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)] in an amount to be determined by the Court;

IV.

Order Milne to be barred from serving as an officer or director of any publicly held Company pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. §78u(d)(2)]; and

V.

Grant such other relief as this Court may deem just and appropriate

Dated: April _, 2008

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