

1 10,800 Semitool shares and helped other family members purchase another 4,000
2 Semitool shares.

3 2. When the acquisition was publicly announced on November 17, 2009,
4 the company's stock price jumped over 30 percent, and defendants immediately
5 profited that day, selling all of their Semitool shares for total realized profits of
6 \$68,160.

7 3. By trading on the basis of material nonpublic information that Angela
8 Milliard learned through her employment at Semitool, defendants violated Section
9 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C.
10 §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5] thereunder. In addition, because
11 the material nonpublic information regarding Semitool involved a tender offer,
12 defendants' trades in Semitool securities violated Section 14(e) of the Exchange
13 Act [15 U.S.C. §78n(e)] and Rule 14e-3 [17 C.F.R. §240.14e-3] thereunder.
14 Accordingly, the Commission seeks a court order requiring them to disgorge their
15 ill-gotten gains plus prejudgment interest; imposing civil monetary penalties; and
16 enjoining defendants from future violations of these provisions of the federal
17 securities laws.

18 JURISDICTION AND VENUE

19 4. The Commission brings this action pursuant to Sections 21(d), 21(e),
20 and 21A of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78u-1(c)].

21 5. This Court has jurisdiction over this action pursuant to Sections 21(e),
22 21A and 27 of the Exchange Act [15 U.S.C. §§ 78u(e), 78u-1 and 78aa].

23 6. Defendants, directly or indirectly, made use of the means or
24 instrumentalities of interstate commerce, or of the mails, or of the facilities of a
25 national securities exchange in connection with the transactions, acts, practices and
26 courses of business alleged herein.

27 7. Venue in this District is proper pursuant to Section 27 of the
28 Exchange Act [15 U.S.C. § 78aa] because defendants both reside within the

1 District of Montana, and acts and transactions constituting the violations alleged in
2 the Complaint occurred within the District of Montana.

3 8. Intradistrict assignment to the Missoula Division is proper pursuant to
4 Civil Local Rule 1.2 because a substantial portion of the events that give rise to the
5 claims occurred in Flathead County.

6 **DEFENDANTS**

7 9. Angela Milliard, age 36, resides in Kalispell, Montana. At all relevant
8 times, Angela was a legal assistant employed by Semitool.

9 10. Kenneth Milliard, age 66, resides in Columbia Falls, Montana.
10 Kenneth is Angela's father and is a retired business executive.

11 **RELEVANT ENTITY**

12 11. Semitool, Inc. was a Montana semiconductor corporation
13 headquartered in Kalispell, Montana. Prior to December 2009, Semitool's stock
14 was registered with the Commission pursuant to Section 12(g) of the Exchange Act
15 and quoted on NASDAQ under the ticker "SMTL." In December 2009, Applied
16 Materials, Inc. ("Applied Materials"), a California corporation, successfully
17 completed its acquisition of Semitool.

18 **FACTUAL ALLEGATIONS**

19 12. In 2009, defendant Angela Milliard was employed as the only legal
20 assistant in Semitool's legal department, which consisted of two attorneys (the
21 general counsel and another patent attorney). As part of her responsibilities, she
22 prepared all of Semitool's SEC filings, organized the corporate minute books, and
23 managed the patent portfolio.

24 13. From at least October 2009, Angela Milliard became a key member of
25 Semitool's deal team in connection with Applied Materials' acquisition of the
26 company through a tender offer. Among other things, Angela managed the due
27 diligence process and reviewed drafts of significant merger documents, including
28 the merger agreement and disclosure schedules, SEC filings in connection with the

1 tender offer for \$11 per share (which represented a substantial premium above
2 Semitool's then trading price of \$7.83), and board resolutions approving the
3 acquisition. This information was material and confidential.

4 14. After being entrusted with confidential information regarding the
5 acquisition, Angela Milliard secretly purchased Semitool shares in her boyfriend's
6 brokerage account as part of a scheme to conceal the trades. Between October 28,
7 2009 and November 16, 2009, Angela Milliard purchased 5,400 Semitool shares in
8 her boyfriend's online brokerage account, and another 300 Semitool shares in her
9 own brokerage account, at a total cost of over \$42,000.

10 15. During the same time period, Angela Milliard also began tipping her
11 father Kenneth Milliard confidential information about the acquisition. Based on
12 this information, Kenneth Milliard purchased 10,800 Semitool shares and helped
13 other family members purchase 4,000 Semitool shares. Kenneth and his family
14 members spent over \$113,000 acquiring Semitool securities.

15 16. Throughout the period that defendants were amassing Semitool
16 securities, Angela Milliard learned confidential details regarding the terms and
17 timing of the acquisition. In many instances, defendants' trades were precisely
18 coordinated with Angela Milliard's awareness of major developments regarding
19 the acquisition. For example:

- 20 a. On or about **October 27, 2009**, Angela Milliard discovered that
21 Semitool and Applied Materials had entered into advanced merger
22 negotiations, and she was placed in charge of the due diligence
23 process. Over the course of 50 phone calls spanning more than four
24 hours between Angela Milliard and Kenneth Milliard from October 27
25 through October 29, 2009, Kenneth Milliard purchased 500 Semitool
26 shares, while Angela Milliard purchased 400 Semitool shares.
- 27 b. On **November 9, 2009**, Semitool's outside counsel emailed Angela
28 Milliard a draft merger agreement for her review. Two hours after

1 Angela Milliard received the email, she called Kenneth Milliard. The
2 next morning at 7:20 AM, Angela Milliard called Kenneth Milliard.
3 As the conversation was ongoing, Kenneth Milliard placed an order to
4 buy 5,000 Semitool shares.

- 5 c. On early **November 12, 2009**, Semitool's outside counsel gave
6 Angela Milliard handwritten edits to a draft Board minute dated
7 November 16, 2009 approving the merger. On November 12, Angela
8 Milliard processed the edits and emailed the revised Board minute
9 back to Semitool's outside counsel. At or about the same time,
10 Semitool's Board convened a meeting to preliminarily authorize the
11 merger between Semitool and Applied Materials. Within minutes,
12 Angela Milliard called Kenneth Milliard, and subsequently wired
13 \$38,000 to her boyfriend's brokerage account. That afternoon,
14 Angela Milliard logged into her boyfriend's brokerage account from
15 her work computer at Semitool and purchased 5,000 Semitool shares.
- 16 d. On **November 12 and November 13, 2009**, Angela reviewed near-
17 final drafts of key merger documents, including the merger
18 agreement, Schedule 14D-9, and the board minute approving the
19 merger. These documents indicated that Semitool's Board would
20 convene on November 16, 2009 to approve the merger, and that the
21 tender offer would be announced on November 17, 2009 for \$11 per
22 share. Shortly before the November 16 Board meeting began, Angela
23 Milliard and Kenneth Milliard called each other three times. Kenneth
24 Milliard purchased 5,000 Semitool shares within minutes of the calls,
25 while Angela Milliard logged into her boyfriend's brokerage account
26 and purchased another 300 Semitool shares in the account later that
27 morning.

1 17. Before the open of market on November 17, 2009, Applied Materials
2 issued a press release announcing the acquisition. Semitool's stock price rose
3 more than \$2.00 (i.e., over 30%) the same day, closing at \$11.02. Angela Milliard,
4 Kenneth Milliard, and certain of his family members sold off their Semitool shares
5 that morning.

6 18. By purchasing Semitool securities based on information she learned
7 through her employment at Semitool, Angela Milliard realized illegal profits of
8 \$20,355.

9 19. By purchasing Semitool securities based on information he received
10 from Angela Milliard, Kenneth Milliard realized illegal profits of \$33,667.11. In
11 addition, Kenneth Milliard told certain of his family members, causing them to
12 trade in Semitool securities for additional illegal profits of \$14,138. All told,
13 Kenneth and his family members (excluding Angela Milliard) realized net trading
14 profits of \$47,805.11.

15 20. Angela Milliard knew, or should have known, that the information
16 she learned regarding the acquisition and tender offer was confidential and that she
17 had a duty to her employer to keep the information confidential.

18 21. Kenneth Milliard knew, or should have known, that the information
19 passed by Angela Milliard regarding the acquisition was confidential, and that
20 Angela Milliard was breaching a duty to her employer by sharing the information
21 with him. Kenneth Milliard also knew, or had reason to know, that the inside
22 information regarding the Applied Materials acquisition came from Semitool, the
23 target company in a potential tender offer.

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FIRST 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] Thereunder*

22. Paragraphs 1 through 21 are re-alleged and incorporated herein by reference.

23. Defendants, with scienter, directly or indirectly:

- a. employed devices, schemes, or 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 the light of the circumstances under which they were made, not misleading; and
- c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons, including purchasers and sellers of securities;

in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, of the mails, or the facilities of a national securities exchange.

24. By reason of the foregoing, defendants violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF

*Violations of Section 14(e) of the Exchange Act [15 U.S.C. § 78n(e)]
and Rule 14e-3 [17 C.F.R. § 240.14e-3] Thereunder*

25. Paragraphs 1 through 21 are re-alleged and incorporated herein by reference.

26. After Applied Materials had taken a substantial step or steps to commence or had commenced a tender offer, defendants:

- a. Purchased or sold or caused to be purchased or sold the securities to be sought by the tender offer while in possession of material

1 information relating to such tender offer

2 b. which information they knew or had reason to know is nonpublic, and

3 c. which they knew or had reason to know had been acquired directly or
4 indirectly from the offering company, the issuing company, or any
5 officer, director, partner or employee acting on behalf of the offering
6 or issuing companies.

7 27. By reason of the foregoing, defendants violated, and unless restrained
8 and enjoined will continue to violate, Section 14(e) of the Exchange Act [15
9 U.S.C. § 78n(e)] and Rule 14e-3 [17 C.F.R. § 240.14e-3] thereunder.

10 **PRAYER FOR RELIEF**

11 WHEREFORE, the Commission respectfully requests that this Court:

12 **I.**

13 Permanently enjoin defendants Angela Milliard and Kenneth Milliard from
14 directly or indirectly violating Section 10(b) of the Exchange Act [15 U.S.C. §
15 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder;

16 **II.**

17 Permanently enjoin defendants Angela Milliard and Kenneth Milliard from
18 directly or indirectly violating Section 14(e) of the Exchange Act [15 U.S.C. §
19 78n(e)] and Rule 14e-3 [17 C.F.R. § 240.14e-3] thereunder;

20 **III.**

21 Order defendants Angela Milliard and Kenneth Milliard to disgorge ill-
22 gotten gains derived from the unlawful trading alleged herein, plus prejudgment
23 interest;

24 **IV.**

25 Order defendants Angela Milliard and Kenneth Milliard to pay civil
26 penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

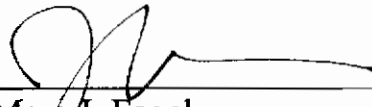
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V.

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

Respectfully submitted,



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