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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

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CLERK OF DISTRICT COURT
ALEXANDRIA, VIRGINIA

SECURITIES AND
EXCHANGE COMMISSION
100 F Street, N.E.
Washington, DC 20549,

Plaintiff,

v.

Civ. Action No. 08cv 235
CBL-102P

LINDA WOOLF, DAVID GENGLER,
HANDS ON CAPITAL, INC., and
LASHAICO, INC.,

Defendants.

COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") alleges:

SUMMARY

1. This case involves a fraudulent scheme engaged in by defendants Linda Woolf and David Gengler (collectively, the "defendants"). Woolf and Gengler appeared in television infomercials and made presentations at workshops that took place in hotels throughout the United States entitled "Teach Me to Trade" ("TMTT"). The two used lies and misrepresentations to dupe unsuspecting, often inexperienced investors, including many seniors, into believing that they would make extraordinary profits trading securities if they purchased expensive TMTT packages consisting of personal mentoring, software and classes, and followed TMTT securities trading strategies. In furtherance of their fraudulent scheme, Woolf and Gengler also urged investors to engage in securities transactions and opined as to the advisability of securities transactions.

2. At the TMTT workshops, Woolf and Gengler told audiences of often inexperienced investors that they themselves had purchased mentoring, classes and software to learn to trade, and quickly profited by trading securities using TMTT's trading strategies.

3. In fact, Woolf and Gengler's tales of trading success were not true. They are not successful securities traders. They did not make millions by trading securities, but by selling TMTT packages. Woolf and Gengler's statements convinced unsuspecting investors that they too would make money in the stock market if they purchased TMTT packages and used the types of trading strategies advocated by Woolf and Gengler, including options trading and short-term swing trading. As a result of Woolf and Gengler's misrepresentations, investors purchased and sold securities.

4. The Commission requests that this Court permanently enjoin the defendants from violating federal securities laws and rules pursuant to Section 21(d)(1) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78u(d)(1)]; order disgorgement of all ill-gotten gains, with prejudgment interest thereon; and impose civil penalties pursuant to Exchange Act Section 21(d)(3) [15 U.S.C. §78u(d)(3)].

JURISDICTION AND VENUE

5. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§78u(d), 78u(e), and 78aa], to permanently enjoin the defendants from engaging in the acts, practices, and courses of business alleged herein, and to order other relief.

6. The defendants, directly or indirectly, have made use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national

securities exchange in connection with the acts, practices, and courses of business alleged herein, certain of which occurred within the Eastern District of Virginia. Venue is proper in this district pursuant to Section 27 of the Exchange Act [15 U.S.C. §78aa].

DEFENDANTS

7. **David Gengler**, age 33, is a resident of Utah. Gengler began selling TMTT packages to investors at TMTT workshops in December 2002, and continued doing so until early 2007. He was paid approximately \$2.25 million for selling TMTT packages from 2003 to approximately November 2006. Gengler was previously a registered securities broker, having obtained his Series 7 license in 1998. He held that license until approximately October 2003.

8. **Linda Woolf**, age 48, is a resident of Utah. Woolf made approximately \$4 million for selling TMTT packages from 2003 to November 2006. In November 2006 Woolf stopped selling TMTT packages.

9. **Lashaico, Inc.** (“Lashaico”), a Utah corporation, is Gengler’s alter ego. Gengler is Lashaico’s president. Gengler’s appearances at TMTT workshops were pursuant to an “independent contractor” arrangement between Lashaico and entities affiliated with TMTT. Monies (primarily commissions) from Whitney Information Network, Inc. (“Whitney”)—the owner of TMTT—were Lashaico’s primary income. References in this Complaint to Gengler’s activity in connection with TMTT workshops include Lashaico.

10. **Hands On Capital, Inc.** (“Hands On Capital”), a Utah corporation, is Woolf’s alter ego. Woolf is president of Hands On Capital, and she and her husband are the company’s directors. Woolf’s commissions from the sale of TMTT packages were

paid to Hands On Capital through an “independent contractor” agreement between Hands On Capital and entities affiliated with TMTT. References in this Complaint to Woolf’s activity in connection with TMTT workshops include Hands On Capital.

RELATED ENTITY

11. **Whitney Information Network, Inc.** (“Whitney”), based in Cape Coral, Florida, is a publicly-traded company that represents in its public filings that it offers “postsecondary educational and training courses.” At all times relevant to this Complaint, its common stock was registered under Section 12(g) of the Exchange Act and traded on the Nasdaq’s Over-the-Counter Electronic Bulletin Board. Whitney’s reported revenues for the fiscal year ended December 31, 2006, were \$224.7 million.

12. Whitney’s initial business was staging workshops on real estate investing, which are advertised on late-night television. In 2002 Whitney expanded by purchasing TMTT, and began to put on similar workshops concerning securities trading. For the fiscal year ended December 31, 2006, Whitney received \$112.6 million in cash from sales of its securities workshops—a 47.2% increase over the \$76.5 million it received in 2005.

FACTUAL ALLEGATIONS

Initial Advertising to Induce Attendance at “Investor’s Workshops”

13. During times relevant to this Complaint, TMTT advertisements appeared in print ads, direct mailings, and thirty-minute television infomercials. The infomercials and advertising enticed people to attend an upcoming free “investor’s workshop,” typically at a hotel in their area. Some of the free “investor’s workshops” took place in the Eastern District of Virginia.

14. At the free workshops—which typically took place twice daily in hotels in several different cities throughout the United States—speakers for the company sold an upcoming three-day workshop allegedly taught by expert traders.

15. Woolf and Gengler appeared in TMTT advertising and/or promotional material. Some of this advertising and promotional material was aired or otherwise made available to residents in the Eastern District of Virginia.

16. In a TMTT infomercial, Woolf told how she used to be an elementary school teacher and knew nothing about stocks before attending the free workshop. She told investors that, within weeks, she replaced her entire income, and now in twenty to thirty minutes a day made more money than she made in any of her prior careers. Woolf added that she “had no idea it was that easy to learn how to make money in the stock market.” She made a specific pitch to retirees, claiming she could show them how to make monthly income in the stock market. Some of these claims were also included in Whitney mailings and on its website. Woolf knew or was reckless in not knowing that many of the representations she made in TMTT advertising were false and misleading.

17. Gengler also appeared on TMTT infomercials portraying himself as a successful securities trader. In one infomercial Gengler emphasized that the TMTT system is designed for people who know nothing about the stock market. During the infomercial Gengler described how, as a young father deep in debt, he contacted TMTT six years earlier. In the same infomercial, Gengler went on to describe his life trading at home day-to-day, including how he is done by 9 am and can spend the rest of the day with his wife and children. He claimed “If you can simply follow steps and follow our principles you’ll make money. It’s that simple.” Gengler displayed photos of the large,

expensive “dream home” he had just finished building, thanks to Teach Me to Trade.

Gengler knew or was reckless in not knowing that many of the representations he made in TMTT advertising were false and misleading.

Three-Day Workshops Conducted By Woolf And Gengler

18. The three-day TMTT workshops sold to investors as a course taught by expert traders were often conducted by Woolf and Gengler. Woolf and Gengler were not expert securities traders, but salespeople for TMTT. Some of these workshops took place in the Eastern District of Virginia.

19. From at least 2003 through at least 2006, Woolf and Gengler made their sales pitch at three-day TMTT workshops to thousands of people in dozens of cities around the United States. For example, from September 2005 to September 2006, Woolf spoke at 27 three-day TMTT workshops. More than 4,400 investors registered for the workshops, and hundreds of investors purchased TMTT packages. Many investors traded securities utilizing TMTT strategies advocated by Woolf and Gengler after attending the three-day workshop.

Woolf and Gengler’s False and Misleading Workshop Presentations

20. At the three-day TMTT workshops, some of which were videotaped, Woolf and Gengler sold packages of TMTT courses, software, “mentoring” and “coaching”, for prices ranging from approximately \$11,000 to \$40,000. When describing the mentoring offered by TMTT, Woolf and Gengler explained that a personal mentor would sit with investors and show them how to trade. To facilitate communication with the mentor, Woolf and Gengler urged investors to familiarize themselves with the TMTT software—

which they alleged would assist investors in finding securities to trade—and take at least two classes before attending the mentoring sessions.

21. Woolf and Gengler were aware that some who attended the three-day TMTT workshops were inexperienced investors. Many attendees had never before traded securities. Other attendees had not done the types of trading Woolf and Gengler advocated, such as options trading.

22. During the workshops, Woolf and Gengler expanded on their false claims about their backgrounds and their claimed success as professional securities traders. They did so in an effort to convince the investors who attended the workshops that they too could achieve extraordinary profits by trading securities if they purchased the expensive TMTT packages and followed TMTT's trading strategies.

23. Woolf and Gengler told workshop attendees they themselves had gone into debt to pay tens of thousands of dollars for personal mentoring, classes and software. Woolf told attendees that she used four credit cards to pay \$40,000 for personal mentoring, classes and software. Gengler claimed that he “maxed out every credit card” to spend \$50,000 for his “education”, and had to borrow money to fund a trading account. Woolf and Gengler knew or were reckless in not knowing that these claims were false.

24. Woolf and Gengler urged investors to also go into debt by charging TMTT packages on credit cards, encouraging them to call their credit card companies and request to increase their credit limits. The defendants even provided a script for investors to use when speaking to their credit card companies. They told investors that they had quickly made profits trading securities using the TMTT strategies, which allowed them to pay off the charges on their credit card bills they incurred to purchase the TMTT

packages. Woolf and Gengler knew or were reckless in not knowing that these claims were false.

25. In videotaped presentations, Woolf and Gengler told investors about the wealth they allegedly obtained by trading securities using the TMTT strategies. Among other things, Woolf claimed that she cleared \$100,000 during her first year of trading using TMTT. She also claimed that she now makes her living in the market, profiting every month using “regular, consistent” strategies. Woolf told the audience that she wanted them to have a “full-time life” by trading just a few minutes a day, and walked them through the 20-30 minutes of daily tasks she allegedly performs to make her living in the securities market.

26. Among other things, Gengler claimed that he borrowed \$4,000 to begin trading, and within three months was able to pay back the \$50,000 he had spent on his “education.” He claimed that he made \$100,000 trading securities his first year after that, primarily by making short-term swing trades (buying and selling the same securities within two to five days—a strategy he discussed in his TMTT workshops). He also claimed that he doubled that the next year, doubled it again the next year, and nearly doubled it the following year—implying he made nearly \$800,000 in one year—before he was recruited by TMTT to teach people how to profit by trading securities using the TMTT strategies.

27. Gengler also claimed that because of his trading prowess, people seek him out and ask him to direct trading in their securities brokerage accounts, and that he sometimes does so for a twenty percent split of the profits. Gengler falsely claimed to have made more than a million dollars trading securities for other people.

28. Woolf and Gengler made assurances as to the success of the TMTT system and convinced investors they would make extraordinary profits trading securities if they “follow[ed] the recipe” or “follow[ed] our steps.” Woolf told investors that she “would give [them] recipes...and what you need to do is follow those step-by-step-by-step.” Woolf claimed that an investor’s purchase of personal mentoring was part of a “proven recipe that works.” Gengler claimed that “if you can simply follow our steps and follow our principles you’ll make money, it’s that simple,” and also emphasized the importance of personal mentoring to profitable securities trading.

29. Gengler claimed that because of constant improvements made by TMTT, investors would achieve the same “dramatic” success, but much more quickly than he had. He went on to tell investors that if they were to “follow the rules” provided by TMTT, on average they would make \$100,000 in the coming year. Woolf told investors that every TMTT class they bought would make them more money than it cost.

30. As a further sales pitch for TMTT’s packages and their short-term trading strategies, Woolf claimed that investors utilizing TMTT’s strategies could be “extremely accurate” at predicting short-term stock market movements. Woolf explained that the stock market follows “dependable, repeatable, predictable patterns.” She further assured investors that stock charts “literally will tell you exactly what’s going to happen.” Gengler, for his part, told investors that, using TMTT trading strategies, they could profit consistently by investing in covered call options. He described such investments as “ridiculously conservative,” and claimed they would result in annual profits exceeding 100%.

31. Woolf urged investors to spend their money available for investing to buy TMTT packages instead of investing it in the stock market, claiming they would ultimately make more money trading securities by first purchasing TMTT packages.

32. After hearing Woolf and Gengler's sales presentations at the three-day TMTT workshops, investors purchased the expensive TMTT packages, including personal mentoring, and embarked on securities trading as advised by Woolf and Gengler. Many of these investors were retirees, and some went into debt to purchase the packages.

33. Neither Woolf nor Gengler disclosed that they were actually paid commissions for selling TMTT packages. They typically received 10% or 15% of sales at the workshops. From 2003 through 2006, Gengler made approximately \$2.25 million by selling TMTT packages and Woolf made approximately \$4 million by selling TMTT packages.

34. Woolf and Gengler knowingly or recklessly made other material misrepresentations or omissions in their workshops regarding, among other things, their trading, their background, and the success of other TMTT students.

The Truth About Woolf and Gengler's Backgrounds and Trading Performance

35. Despite their claims, neither Woolf nor Gengler purchased TMTT packages or used TMTT strategies to become successful professional securities traders.

36. Woolf and Gengler knew, or were reckless in not knowing, that their representations regarding their profitable securities trading—an integral part of their sales presentations to potential investors—were not true. Neither Woolf nor Gengler made

anywhere near the profits they claimed to have made by trading securities. Woolf has never declared a securities trading profit on her federal income tax returns; during the period Gengler claims to have been a successful professional trader using the option and short-term trading strategies, he declared more short-term capital losses than short-term capital gains. His tax returns have typically reflected no short-term capital gains.

37. In addition to regaling students with fabricated stories of their own successful securities trading, both Woolf and Gengler made false claims about the success rate of former TMTT students. Woolf and Gengler falsely told investors that 96.5% of investors who purchased the “platinum” TMTT package (consisting of personal mentoring, four courses, and software) made enough money trading to pay for the TMTT package they purchased as well as make a profit, during the first year. Woolf and Gengler knew, or were reckless in not knowing, that there was no basis for this claim. Woolf and Gengler also knew, or were reckless in not knowing, that there was no basis for assurances of success if one purchased TMTT packages.

**Gengler and Woolf Advised Investors Who Attended TMTT Workshops
to Trade Securities**

38. As part of instructions they dubbed the “Success Plan”, both Woolf and Gengler explicitly advised investors who attended three-day TMTT workshops to trade securities.

39. Both defendants advised investors to open brokerage accounts and to actually trade with real money within two weeks after attending the three-day TMTT workshop. Woolf specifically directed investors to start trading securities the second week after the workshop, and admonished them that she had a “major problem” with them going slower than that, explaining that “this is the minimum you can do to maintain

what we've learned here. You can go faster than this, but you cannot go slower. So you're going to do one real trade a week."

40. Gengler also urged investors to trade securities the second week after attending the three-day TMTT workshop. He also claimed that attendance at his workshop would effect the investors' future securities trading, because he claimed they were done losing money.

41. Both speakers also specifically instructed investors to increase the size of their securities trades in the weeks following the three-day TMTT workshop as part of the "Success Plan."

42. During some of the TMTT workshops, Woolf and Gengler also discussed specific securities and whether or not they would be advisable trades.

43. Woolf and Gengler claimed that purchasers of TMTT packages would engage in actual securities trading while in a TMTT class called the "Trading Room." Woolf and Gengler claimed that in the Trading Room class investors would trade stocks for three days with the assistance of instructors who would help them find appropriate stocks to purchase and/or sell. Woolf claimed that investors made thousands of dollars trading in the Trading Room class.

44. Woolf and Gengler also encouraged investors to conduct securities transactions in their existing securities portfolios. During workshops, Woolf and Gengler invited investors to bring in their securities portfolios. Woolf and Gengler personally reviewed the portfolios, and advised investors to sell their existing securities and purchase TMTT packages so they could start purchasing and selling securities using TMTT trading strategies.

45. Gengler told attendees that they needed to go home and place stop loss orders—orders for securities transactions—on all the securities they currently owned. Gengler also encouraged investors to borrow against their existing accounts, including 401(k) accounts, to obtain money to fund a brokerage account that would enable them to trade options, sell short, and utilize the other short-term trading strategies he claimed to practice.

46. After hearing Woolf and Gengler, investors bought and/or sold securities in their existing portfolios. For example, after attending a Woolf TMTT workshop, an investor sold more than \$20,000 in mutual funds (realizing a capital loss) so he would have money to trade with his TMTT mentor.

The TMTT Mentor Program

47. During their presentations to investors, Woolf and Gengler stressed the importance of having a mentor and strongly encouraged workshop attendees to buy packages that included mentoring.

48. The defendants told investors that the mentors would trade with them. Woolf described the mentor as “somebody that you can sit with that will sit there in the passenger seat with you side-by-side, hip-by-hip and show you exactly how to trade.” Woolf also claimed that the goal of the mentor was to trade with the investors and make back the money they spent on TMTT packages.

49. Gengler described the mentoring program as “exceptionally unique and exceptionally effective” and credited it with his success. He compared the mentorship to a medical internship, saying,

You watch them, then they hand you the scalpel, and you do trade after trade after trade after trade. You cannot be done with your mentor until you’ve done a

handful of trades. We won't let it happen. If you haven't done real trades, you are not through with that program. Force you to do some trades. Once you've gotten through that process, as you're starting—"wait, wait, wait, don't do that one, cut that one. Don't buy that stock, do that one."

50. Both defendants claimed that the mentors were successful traders. Woolf represented that the mentors are "highly scrutinized and highly monitored" and that the company requires mentors to turn in their brokerage statements to ensure that they are successful traders making their living in the market. This was false.

51. Woolf and Gengler falsely claimed that they themselves had paid for mentoring services.

52. After hearing Woolf and Gengler's sales pitch, investors discussed specific trades during their mentoring sessions and traded securities with TMTT mentors.

Woolf and Gengler's Broker-Dealer Recommendations and Suggestions for Opening Brokerage Accounts

53. Woolf and Gengler also discussed some specific broker-dealers with TMTT workshop attendees and explained how to open a brokerage account.

54. Woolf explained how to fill out the account opening forms, telling students to specify on the forms that their investment objective was to speculate and that they wanted to trade on margin. Woolf warned investors that, if they failed to mark "speculation" and admitted that they had no experience trading securities, the broker-dealer wouldn't let them engage in the types of trading TMTT advocates. She urged investors to "tell them what they want to hear."

Investors Traded as a Result of Woolf and Gengler's Representations

55. Woolf and Gengler's fraudulent representations induced investors to purchase and sell securities using the trading strategies advocated by TMTT, which often

were distinctly different from the trading strategies they had previously used. Many investors around the country lost money trading securities as a result of Woolf and Gengler's inducements to purchase TMTT packages and trade securities. Some of these investors were in the Eastern District of Virginia.

56. At one broker-dealer that Woolf and Gengler recommended to attendees of the three-day TMTT workshops, investors opened more than 6,600 new accounts based on referrals they had obtained from TMTT, from another Whitney brand putting on similar investor seminars, or from Edutrades, the Whitney subsidiary encompassing both brands. Of these more than 6,600 new accounts, more than 3,000 traded securities. Likewise, many investors who opened accounts at another broker-dealer after being referred by TMTT actually traded securities.

57. Neither Woolf nor Gengler corrected their misrepresentations to investors at any time. Investors believed that Woolf and Gengler's false claims about their trading history and TMTT's effectiveness were true at the time they traded securities.

CLAIM

Woolf, Gengler, Hands On Capital and Lashaico Violated Exchange Act Section 10(b) and Exchange Act Rule 10b-5

58. The Commission re-alleges and incorporates paragraphs 1 through 57 as if fully set forth herein.

59. Woolf and Hands On Capital, from approximately December 2002 through approximately November 2006, and Gengler and Lashaico, from approximately December 2002 through approximately January 2007, by use of the means or instrumentalities of interstate commerce or the mails, in connection with the purchase or sale of securities, directly or indirectly: (a) employed devices, schemes, or artifices to

defraud; (b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and/or (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon persons.

60. By reason of their actions alleged herein, Woolf, Gengler, Hands On Capital and Lashaico each violated Exchange Act Section 10(b) and Rule 10b-5 thereunder [15 U.S.C. §78j(b); 17 C.F.R. §240.10b-5].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Enter a final judgment in favor of the Commission finding that Woolf, Gengler, Hands On Capital and Lashaico each violated the federal securities laws and rules promulgated thereunder as alleged herein.

II.

Permanently enjoin Woolf, Gengler, Hands On Capital and Lashaico from violating Exchange Act Section 10(b) and Rule 10b-5 thereunder [15 U.S.C. § 78j(b); 17 C.F.R. §240.10b-5].

III.

Order Woolf, Gengler, Hands On Capital and Lashaico to disgorge all ill-gotten gains in connection with the actions alleged herein, and to pay prejudgment interest thereon.

IV.

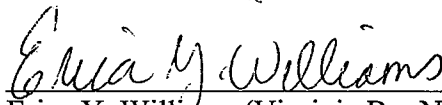
Order Woolf, Gengler, Hands On Capital and Lashaico to pay civil money penalties pursuant to Exchange Act Section 21(d)(3) [15 U.S.C. §78u(d)(3)].

V.

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

Dated: March 11, 2008

Respectfully submitted,



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